Advent Energy Ltd

ACN 109 955 400

Financial Report 2019

Contents

Advent Energy Ltd and its controlled entities

Directors
Stephen Kelemen – Non-Executive Director
David Breeze – Executive Director
Steve James – Non-Executive Director (appointed 6 August 2019)
Tony Huston – Non-Executive Director (appointed 6 August 2019)
Tom Fontaine – Non-Executive Director (appointed 6 August 2019)

Company Secretary
David Breeze – (appointed 6 August 2019)
Andrew Bald - (appointed 29 April 2019, resigned 7 August 2019)
Debra Ambrosini – (resigned 29 April 2019)

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2 The Esplanade
PERTH WA 6000

Australian Business Number
39 109 955 400

The directors of Advent Energy Ltd ("Advent") or ("Company") present their report on the Company and its controlled entities ("consolidated entity" or "group") for the financial year ended 30 June 2019.

Directors

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

Stephen Kelemen – Non-Executive Director
David Breeze – Non-Executive Director
Steve James – Non-Executive Director (appointed 6 August 2019)
Tony Huston – Non-Executive Director (appointed 6 August 2019)
Tom Fontaine – Non-Executive Director (appointed 6 August 2019)
Matthew Battrick – Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)
Tobias Foster – Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)
Diana Hoff – Non-Executive Director (resigned 20 November 2018)
Hock Goh – Non-Executive Chairman (resigned 26 March 2019)
Debra Ambrosini – Executive Director (resigned 26 March 2019)

Mr Breeze was appointed a director of Advent on 10 November 2005 and was removed from the ASIC register by Advent directors on 26 November 2016. He neither resigned nor was removed by shareholders and disputes the actions taken by the Advent directors at that time. His continuing appointment as a director from 26 November 2016 was ratified by the Company's directors on 8 August 2019.

Company Secretary

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

David Breeze – (appointed 6 August 2019)
Andrew Bald - (appointed 29 April 2019, resigned 7 August 2019)
Debra Ambrosini – (resigned 29 April 2019)

Operating Results

The operating loss for the group after tax for the year was $251,774 (2018: $19,033,089).

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.

Financial Position

The net assets of the group have increased by $752,726 to $4,746,221 at 30 June 2019 primarily as a result of MEC Resources Limited converting $1,004,500 of debt due from Advent into equity during the period.

Principal Activities

Company Focus and Developments

Advent Energy Ltd is an unlisted oil and gas exploration and development company with onshore and offshore exploration and near-term development assets around Australia. 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.

PEP 11 Oil and Gas Permit

Advent, through wholly owned subsidiary Asset Energy Pty Ltd, holds 85% of Petroleum Exploration Permit PEP 11 – an exploration permit prospective for natural gas located in the Offshore Sydney Basin.

PEP 11 is a significant offshore exploration area with large scale structuring and potentially multi-Trillion cubic feet (Tcf) gas charged Permo-Triassic reservoirs. Mapped prospects and leads within the Offshore Sydney Basin are generally located less than 50km from the Sydney-Wollongong-Newcastle greater metropolitan area and gas pipeline network.

The offshore Sydney Basin has been lightly explored to date, including a multi-vintage 2D seismic data coverage and a single exploration well, New Seaclem-1 (2010). Its position as the only petroleum title offshore New South Wales provides a significant opportunity should natural gas be discovered in commercial quantities in this petroleum title. It lies adjacent to the Sydney-Newcastle region and the existing natural gas network servicing the east coast gas market.

Advent's two core prospects in PEP11 have previously been calculated via external assessment to have the potential for un-risked (P50) prospective gas resources of 472 and 2,131 billion cubic feet ("BCF") respectively, with multi-trillion cubic feet upside ("multi-TCF", Pmean).

Advent has previously interpreted significant seismically indicated gas features. Key indicators of hydrocarbon accumulation features have been interpreted following review of the 2004 seismic data (reprocessed in 2010). The seismic features include apparent Hydrocarbon Related Diagenetic Zones (HRDZ), Amplitude Versus Offset (AVO) anomalies and potential flat spots.

In addition, a geochemical report has provided support for a potential exploration well in PEP11. The report reviewed the hydrocarbon analysis performed on sediment samples obtained in PEP11 during 2010. The 2010 geochemical investigation utilised a proprietary commercial hydrocarbon adsorption and laboratory analysis technique to assess the levels of naturally occurring hydrocarbons in the seabed sediment samples.

The report supports that the area surrounding the proposed drilling site on the Baleen prospect appears best for hydrocarbon influence relative to background samples. In addition, the report found that the Baleen prospect appears to hold a higher probability of success than other prospects.

Importantly, "a recent review of more than 850 wildcat wells – all drilled after geochemical surveys – finds that 79% of wells drilled in positive anomalies resulted in commercial oil and gas discoveries." (Surface geochemical exploration for oil and gas: New life for an old technology, D. Schumacher, 2000, *The Leading Edge*)

Advent has demonstrated considerable gas generation and migration within PEP11, with the mapped prospects and leads highly prospective for the discovery of gas.

Advent Energy has conducted a focused seismic campaign around a key drilling prospect in PEP11 at Baleen, in the offshore Sydney Basin.

The high resolution 2D seismic survey covering approximately 200-line km was performed to assist in the drilling of the Baleen target approximately 30 km south east of Newcastle, New South Wales. A drilling target on the Baleen prospect at a depth of 2150 metres subsea has been identified in a review of previous seismic data. Intersecting 2D lines suggest an extrapolated 6000 acre (24.3 km2) seismic amplitude anomaly area at that drilling target. The report on this drilling target noted previous 2D seismic data showed that the Permian aged section of the Bowen Basin has producing conventional gas fields at a similar time and depth to PEP11 at the Triassic/Permian age boundary.

Advent's prior presentation 'Strategic Summary: Tactics to Success ' confirmed the strategy of "Complete current 2D seismic commitment to deliver shallow hazard survey work ...to deliver 'drill ready' gas prospect ....for early drilling ,capturing near-term rig availability off Australia's coast."

The high resolution 2D seismic data over the Baleen prospect designed to evaluate (amongst other things) shallow geohazard indications including shallow gas accumulations that can affect future potential drilling operations. It is a drilling prerequisite that a site survey is made prior to drilling at the Baleen location. On 31 December 2018 MEC announced that there were "no 'seismically defined shallow gas hazards "at the proposed well location on the Baleen Prospect.

Western Australia / Northern Territory – Onshore Bonaparte Basin

Advent Energy Ltd ("Advent"), through wholly owned subsidiary Onshore Energy Pty Ltd, holds 100% of each of EP 386 and RL 1 in the onshore Bonaparte Basin in northern Australia. The Bonaparte Basin is a highly prospective petroliferous basin, with significant reserves of oil and gas. Most of the basin is located offshore, covering 250,000 square kilometres, compared to just over 20,000 square kilometres onshore.

Within EP386, 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.

In the Northern Territory, Advent holds Retention Licence RL1 (166 square kilometres in area), which covers the Weaber Gas Field, originally discovered in 1985. Advent has previously advised that the 2C Contingent Resources for the Weaber Gas Field in RL1 are 11.5 billion cubic feet (Bcf) of natural gas following an independent audit by RISC. Significant upside 3C Contingent Resources of 45.8 Bcf have also been assessed by RISC.

The current rapid development of the Kununurra region in northern Western Australia, including the Ord River Irrigation Area phase 2, the township of Kununurra, and numerous regional resource projects provides an exceptional opportunity for Advent to potentially develop its nearby gas resources. Market studies have identified a current market demand of up to 30.8 TJ per day of power generation capacity across the Kimberley region that could potentially be supplied by Advent Energy's conventional gas projects in EP386 and RL1.

Unconventional Resources within EP 386 and RL1

The prospectivity of the Bonaparte Basin is evident from the known oil and gas fields in both the offshore and onshore portions of the basin. Advent has identified significant shale areas in EP386 and RL1. Advent has calculated a Prospective Resource (best estimate) of 9.8 TCF for the shale gas areas of the Bonaparte permits of EP386 and RL1.

Significant Changes in State Of Affairs

- Advent Energy published its Environmental Performance Report for the PEP11 2D Baleen HR Seismic Survey which was undertaken in April 2018. The report confirmed that procedures were undertaken in accordance with the requirements of the *Environmental Protection and Biodiversity Conservation* (EPBC) *Act* Policy Statement 2.1 describing the interaction between offshore seismic exploration and whales. No non-compliance events were documented in relation to marine fauna interactions, mitigation or source operational procedures.

- The conditional farmin agreement to PEP11 between Asset Energy Pty Ltd and RL Energy Pty Ltd was registered as a dealing by the National Offshore Petroleum Titles Administrator in September 2018. This registration was a condition precedent to the farmin agreement. This farmin agreement was terminated on 17 September 2019.

- On 6 July 2018, MEC Resources Limited (parent of Advent) increased its investment into Advent Energy Ltd from 47% to 50% after the conversion of loans owing to it following the funding of the 2D seismic campaign which was completed in April 2018.

- On 28 September 2018 it was announced the signing of a binding term sheet for the majority sale of Onshore Energy Pty Ltd ("OE") to Bonaparte Petroleum Pty Ltd ("BP"). OE is a wholly owned subsidiary of Advent Energy. As consideration for the purchase of the OE Shares, BP must submit suitable documentation to the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS) for the drilling of one or more exploration wells, decommissioning of two existing wells, and for the acquisition of at least 50 km new 2D seismic data within EP386, do all things necessary to cause OE to achieve the drilling and seismic, and fund 100% of the costs of the above scope of work. Further key terms of the agreement included Advent Energy receiving 10% of the fully paid ordinary shares in BP Advent to maintain back-in rights of up to 20% to future production titles pending reserves milestones being achieved. This agreement was terminated on 10 August 2019.

- On 6 March 2019, MEC Resources Limited increased its investment into Advent Energy Ltd from 50% to 53% after the conversion of loans owing to it following the funding of the 2D seismic campaign which was completed in April 2018.

- In May 2019 it was announced that Onshore Energy had been successful in its application to WA DMIRS for funding from their Exploration Incentive Scheme. The Government co-funded exploration drilling grant provides $200,000 to OE on the basis of 1:1 co-funding of drilling expenditure. OE's application described a new well targeting an as-yet untested formation exhibiting live oil shows in the Waggon Creek area, within EP386 in the onshore Bonaparte Basin, east Kimberley region. The co-funded drilling project must be completed before 30 June 2020 to ensure the EIS funding.

Subsequent Events

In August 2019 the Company entered into a deed of settlement and release with BPH Energy Limited (BPH"), MEC Resources Limited ("MEC"), Grandbridge Limited, Trandcorp and Mr David Breeze and other relevant parties. As part of the settlement it was agreed that Messrs Matthew Battrick and Tobias Foster would appoint Messrs Steven James, Tony Huston and Thomas Fontaine as directors of Advent, and that Messrs Matthew Battrick and Tobias Foster would then resign from the Board of Advent. The incoming directors have since confirmed and acknowledged Mr David Breeze as a duly elected director of Advent.

The other key terms of the settlement are as follows:

- Until 23 July 2021, MEC agrees to not directly or indirectly interfere with the board composition and/or management of Advent.
- For a period of one year commencing from 6 August 2019 MEC must not sell or otherwise dispose of any shares it holds in Advent, other than by an in-specie distribution to MEC if requested in writing to do so by Advent. If notice is given, MEC must do all that is required to effect and support the In-Specie Distribution.
- The loans owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances:

One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

On 17 September 2019 BPH announced that Advent has now terminated by mutual consent the RL Energy Joint Venture Agreement for the PEP11 permit. As a result Advent, through wholly owned subsidiary Asset Energy Pty Ltd, now holds an 85% interest and is operator of the permit (and RL Energy has no further interest). Bounty Oil and Gas NL (ASX: BUY) holds the remaining 15%. The Joint Venture is now reviewing the work program and evaluating proceeding with the drilling of a well at the Baleen drill target subject to approvals of NOPTA and other regulatory authorities.

On 19 September 2019 BPH announced Advent has been granted a renewal of Retention Licence 1 (RL1) in the Northern Territory by the NT Department of Primary Industry and Resources for a five-year term concluding July 2023. Advent, through its wholly owned subsidiary Onshore Energy Pty Ltd, holds a 100 % interest in RL1 and is operator of the Retention Licence. Advent, through Onshore Energy, also holds 100% of EP 386 in addition to RL 1 in the onshore Bonaparte Basin in northern Australia.

On 28 September 2018, the Company advised of the signing of a binding term sheet for the majority sale of Onshore Energy Pty Ltd ("OE") to Bonaparte Petroleum Pty Ltd ("BP"). This agreement was terminated on 10 August 2019.

Future Developments

The Company will continue to develop its investee portfolio projects including PEP11, EP 386 and RL1 and may evaluate and invest in a range of resource projects.

Information on Directors

D Breeze
Executive Director (appointed 10 November 2005 and Company Secretary (appointed 6 August 2019)

David Breeze is a Corporate Finance Specialist with extensive experience in the stock broking industry and capital markets. He has been a corporate consultant to Daiwa Securities; and held executive and director positions in the stock broking industry. David has a Bachelor of Economics and a Masters of Business Administration, and is a Fellow of the Financial Services Institute of Australasia, and a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act. He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of $250M. These capital raisings covered a diverse range of areas including oil and gas, gold, food, manufacturing and technology. In the past three years David has also held the following listed company directorships:

Grandbridge Limited (from December 1999 to present)
BPH Energy Limited (from February 2001 to present)
MEC Resources Limited (from April 2005)*

*David Breeze was a Director of MEC Resources Limited (“MEC”) from April 2005 and was removed from the ASIC register by MEC directors on 23 November 2016. He has neither resigned nor been removed by shareholders and disputes the actions taken by the Directors of MEC. David is also a director of Cortical Dynamics Limited, Molecular Discovery Systems Limited, Diagnostic Array Systems Limited, and Advent subsidiaries Asset Energy Pty Limited and Offshore Energy Pty Limited.

S Kelemen
Non-Executive Director (*appointed 8 February 2018)*

Stephen Kelemen has 40 years of experience in the upstream petroleum industry, primarily with Santos Ltd where he had leading roles involving exploration, development, field operations, reservoir engineering, drilling, geology, and mergers & acquisitions across conventional and unconventional assets. He oversaw Santos’ investment in Bayu-Undan & DLNG, and was responsible for the company’s entry into CSG and the concept of CSG to LNG. He has evaluated many of the Australian basins for the potential to deliver reserves.

Stephen is a Non-Executive Director for Galilee Energy, Elixir Energy as well as Advent Energy. He is also Adjunct Professor - Centre for CSG at University of Queensland, Deputy Chair Petroleum - Queensland Exploration Council, and on the Technical Advisory Council for Core Energy & Resources. Stephen has a BE from University of Adelaide.

T Huston
Non-Executive Director (*appointed 6 August 2019*)

Tony Huston has been involved for over 35 years in engineering and hydrocarbon industries for both on and off shore exploration/development. Early career experience commenced with Fitzroy Engineering Ltd, primarily working on development of onshore oil fields. In 1996 Tony formed his own E&P Company on re-entry of onshore wells, primarily targeting shallow pay that had been passed or ignored from previous operations. This was successful and the two plays opened up 15 years ago are still in operation. Recent focus (10 years) has been to utilise new technology for enhanced resource recovery and has been demonstrated in various fields, including US, Mexico, Oman, Italy and Turkmenistan. During the last 3 years Tony has been a director of listed company BPH Energy Limited from June 2017 to present.

Information on Directors (continued)

T Fontaine
Non-Executive Director (appointed 6 August 2019)

Tom is a reservoir engineer with over 25 years of experience in project evaluation management, development and capital raising. Tom has been part owner of petroleum engineering companies Epic Consulting in Canada and Focal Petroleum in Australia and has provided technical services to many companies worldwide. He is also primarily responsible for the startup and subsequent listing on ASX of Bounty Oil & Gas NL in 2002, and Coal Bed Methane Company Pure Energy Resources Pty Ltd in 2006 which was acquired in 2009 by BG Group Plc in a $1 billion takeover. Tom is also currently involved with several small exploration companies in Canada, Russia, Cuba, Nepal, Timor Leste and Africa. During the last 3 years Tom has held the following listed company directorships.

Magnum Gas and Power Limited (from August 2010 to December 2016)
BPH Energy Limited (from April 2015 to October 2017)

S James
Non-Executive Director (appointed 6 August 2019)

Steve has over 30 years' experience in the financial services industry having worked for Australia's largest banks as well as European and American institutions. Steve has a thorough knowledge across foreign exchange trading, financial planning, capital raisings and stockbroking where he was a key figure in developing Australia's largest wholesale broking business.

Steve is a highly experienced company director across both listed and unlisted entities in diverse operations from sporting bodies, financial services organisations and the property industry. Steve holds a Masters Degree in Financial Services Law, a Master Stockbroker Qualification, a Diploma of Financial Markets and is a graduate of the Australian Institute of Company Directors.

M Battrick
Non-executive Director (appointed 27 March 2019, resigned 7 August 2019)

T Foster
Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)

D Hoff
Non-executive Director (appointed 7 June 2017, resigned 20 November 2018)

G Hok
Non-executive Director (appointed 9 November 2007, resigned 26 March 2019)

D Ambrosini
Executive Director (appointed 2 June 2010, resigned 26 March 2019)

Meetings of Directors

During the financial year, four meeting of directors was held. The Board meets 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
M Battrick	2	2
T Foster	2	2
S Kelemen	4	4
H Goh	2	2
D Ambrosini	2	2
D Hoff	1	1

Indemnifying Officers or Auditors

During or since the end of the financial year the company has not given an indemnity or entered an agreement to indemnify, but has paid or agreed to pay insurance premiums.

The company has paid premiums to insure 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 company has not indemnified the current or former auditor of the Company.

Options

At the date of this report, there were no unissued ordinary shares of Advent under option (2018: nil). During the year ended 30 June 2019, nil ordinary shares of Advent were issued on the exercise of options granted under the Advent Energy Limited Employee Option Plan (2018: Nil). No amounts are unpaid on any of the shares. No options have been granted since year end. 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.

Environmental Issues

Advent Energy published its Environmental Performance Report for the PEP11 2D Baleen HR Seismic Survey which was undertaken in April 2018. The report confirmed that procedures were undertaken in accordance with the requirements of the *Environmental Protection and Biodiversity Conservation* (EPBC) *Act* Policy Statement 2.1 describing the interaction between offshore seismic exploration and whales. No non-compliance events were documented in relation to marine fauna interactions, mitigation or source operational procedures.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-Audit Services

No fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2019 (2018: nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 10.

Signed in accordance with a resolution of the Board of Directors.

David Breeze
Director
Dated this 31st day of October 2019

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF ADVENT ENERGY LIMITED & CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 31st day of October 2019.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

Advent Energy Ltd and its controlled entities

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue	2	4,481	1,402
Other income	2	2,727	-
Finance costs		(664)	-
Administration expenses		(7,981)	(5,428)
Consulting and legal expenses		(123,557)	(273,359)
Employee expenses	3	(34,932)	-
Accounting and auditing		(10,522)	(8,825)
Impairment of intangibles	8	(22,674)	-
Provision for doubtful debts		(8,494)	-
Termination fees	14	(128,640)	-
Exploration expenditure written off		-	(18,694,026)
Share sale agreement written back	13	81,844	-
Depreciation	11	(199)	(619)
Traveling expenses		(3,163)	(883)
Other expenses from ordinary activities		-	(51,351)
Operating loss before income tax		(251,774)	(19,033,089)
Income tax expense	9	-	-
Operating loss from continuing operations		(251,774)	(19,033,089)
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		(251,774)	(19,033,089)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2019

Advent Energy Ltd and its controlled entities

	Note	Consolidated 2019 $	Consolidated 2018 $
Current Assets			
Cash and cash equivalents	6	90,225	307,810
Trade and other receivables	7	1,570	153,549
Total Current Assets		91,795	461,359
Non-Current Assets			
Intangibles	8	-	22,674
Exploration and evaluation expenditure	10	10,033,103	9,926,841
Property plant and equipment	11	110	309
Total Non-Current Assets		10,033,213	9,949,824
Total Assets		10,125,008	10,411,183
Current Liabilities			
Trade and other payables	12	28,499	782,179
Provisions	13	-	81,844
Financial liabilities	14	667,891	5,553,665
Total Current Liabilities		696,390	6,417,688
Non-Current Liabilities			
Trade and other payables	12	519,483	-
Financial liabilities	14	4,162,914	-
Total Non- Current Liabilities		4,682,397	-
Total Liabilities		5,378,787	6,417,688
Net Assets		4,746,221	3,993,495
Equity			
Issued capital	15	42,196,146	41,191,646
Option reserve	16	792,019	792,019
Accumulated losses		(38,241,944)	(37,990,170)
Total Equity		4,746,221	3,993,495

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

Advent Energy Ltd and its controlled entities

	Consolidated			
	Issued Capital $	Accumulated losses $	Option Reserve $	Total Equity $
Balance at 1 July 2017	40,744,042	(18,957,081)	792,019	22,578,980
Loss attributable to members of the consolidated entity	-	(19,033,089)	-	(19,033,089)
Total comprehensive income	-	(19,033,089)	-	(19,033,089)
Transactions with owners in their capacity as owners	-	-	-	
Shares issued	447,604	-	-	447,604
Balance at 30 June 2018	41,191,646	(37,990,170)	792,019	3,993,495
Loss attributable to members of the consolidated entity	-	(251,774)	-	(251,774)
Total comprehensive loss	-	(251,774)	-	(251,774)
Transactions with owners in their capacity as owners	-	-	-	-
Shares issued in extinguishment of debt	1,004,500	-	-	1,004,500
Balance at 30 June 2019	42,196,146	(38,241,944)	792,019	4,746,221

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 30 June 2019
Advent Energy Ltd and its controlled entities

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash Flows From Operating Activities			
Payments to suppliers and employees		(283,924)	(246,484)
Finance costs		(664)	-
Interest Received		4,481	1,402
Net cash used in operating activities	17	(280,107)	(245,082)
Cash Flows From Investing Activities			
Exploration expenditure (net of reimbursements)		(83,478)	(560,839)
Net cash provided by investing activities		(83,478)	(560,839)
Cash Flows From Financing Activities			
Amounts received from other entities		146,000	1,022,950
Proceeds from shares issued		-	31,250
Net cash provided by financing activities		146,000	1,054,200
Net (decrease) / increase in cash held		(217,585)	248,279
Cash at the beginning of the financial year		307,810	59,531
Cash at the end of the financial year	6	90,225	307,810

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

Corporate Information

The financial report includes the consolidated financial statements and the notes of Advent Energy Ltd and its controlled entities ('consolidated entity' or 'group').

Advent Energy Ltd is an unlisted public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 31 October 2019 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 and the Corporations Act 2001. Advent Energy 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 the Advent Energy Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Financial Position

The group has incurred a net loss before tax for the year ended 30 June 2019 of $251,774 (2018: $19,033,089) and has a working capital deficiency of $604,595 note15 (b) (2018: $5,874,485) at that date.

Included in non-current liabilities are loans payable to MEC of $4,162,914 (2018: current liabilities $5,014,414) which will be recoverable by MEC only by the following means and only in the following circumstances; one month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of: (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

Included in non-current trade and other payables are balances totalling $519,483 (2018: current $484,551) payable to current and former directors. The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors, as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources until such time that the consolidated entity has sufficient cash resources.

1. Statement of Significant Accounting Policies (continued)

Financial Position (continued)

The directors have prepared cash flow forecasts that indicate that the 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. Based on the cash flow forecasts and the monitoring of operational costs, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For further disclosure concerning the exploration permits and expenditure commitments of the group and the ability of the group to realise the associated capitalised exploration expenditure please refer to Note 10.

Accounting Policies

(a) Principles of Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 21 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.

The purchase method of accounting is used to account for business combinations by the group (see Note 1 (b) below).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial performance.

1. Statement of Significant Accounting Policies (continued)

(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.

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 substantively enacted by the statement of financial position date. Deferred tax is accounted for using the balance sheet liability method 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 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 or tax credits can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

Advent Energy Ltd and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime on 1 July 2010.

1. Statement of Significant Accounting Policies (continued)

(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 is measured on the cost basis.

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	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 and 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.

(e) Exploration, Evaluation and Development Expenditure

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.

1. Statement of Significant Accounting Policies (continued)

(e) Exploration, Evaluation and Development Expenditure (continued)

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) 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.

(g) 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.

1. Statement of Significant Accounting Policies (continued)

(h) Revenue and Other Income

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 time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(i) Revenue and Other Income (continued)

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract.

Investments in listed entities are revalued at each balance date. An increase in the value of these investments is recognised as a gain in the profit and loss.

All revenue is stated net of the amount of goods and services tax (GST).

(j) 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.

(k) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1. Statement of Significant Accounting Policies (continued

(l) 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 recognized 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 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 non-tradeable nature of the option, 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 group 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.

(m) 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.

(n) Comparative Figures

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

1. Statement of Significant Accounting Policies (continued)

(o) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the 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 recoverable reserves, refer to the accounting policy stated in note 1(e). Refer to Notes 10 and 23 for further discussion on the commitments of the exploration permits held by the group.

(p) Application of New and Revised Accounting Standards

Standards and Interpretations applicable to the 30 June 2019 financial year

In the 12 month period ended 30 June 2019, 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.

<u>AASB 9 Financial Instruments</u>

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value. Financial instruments are carried at amortised cost if the business model concept can be satisfied. All equity instruments are carried at fair value and the cost exemption under AASB 139 which was used where it was not possible to reliably measure the fair value of an unlisted entity has been removed. Equity instruments which are non-derivative and not held for trading may be designated as fair value through other comprehensive income (FVOCI). Previously classified available-for-sale investments, now carried at fair value are exempt from impairment testing and gains or loss on sale are no longer recognised in profit or loss. The AASB 9 impairment model is based on expected loss at day 1 rather than needing evidence of an incurred loss, this is likely to cause earlier recognition of bad debt expenses. Most financial instruments held at fair value are exempt from impairment testing. The company has applied AASB 9 with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information Accordingly, the information presented for 30 June 2018 has not been restated.

1. Statement of Significant Accounting Policies (continued)

(p) Application of New and Revised Accounting Standards (continued)

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations, Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

There is no material impact to profit or loss or net assets on the adoption of these new standards in the current or comparative years.

Standards and Interpretations in issue not yet adopted

The Directors have reviewed new accounting standards and interpretations that have been published that are not mandatory for 30 June 2019 reporting periods. 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 likely to company accounting policies.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases*. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases. AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.

Impact on operating leases

AASB 16 will change how the group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. The group has elected not to early adopt AASB 16 but has conducted an assessment of the impact of the new standard and have determined that there is no material impact.

Impact on finance leases

The main differences between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. The consolidated entity does not have any finance leases.

1. Statement of Significant Accounting Policies (continued)

(q) Financial Instruments

Current year

Recognition and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

1. Statement of Significant Accounting Policies (continued)

(q) Financial Instruments (continued)

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than ‘hold to collect’ or ‘hold to collect and sell’ are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as ‘available-for-sale’ under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

(iv) Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI. The group accounts for financial assets at FVOCI if the assets meet the following conditions:

• they are held under a business model whose objective it is to “hold to collect” the associated cash flows and sell financial assets; and

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

1. Statement of Significant Accounting Policies (continued)

(q) Financial Instruments (continued)

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the group first identifying a credit loss event. Instead the group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').

• 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

1. Statement of Significant Accounting Policies (continued)

(q) Financial Instruments (continued)

Prior year

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 or loss immediately. Financial instruments are classified and measured as set out below.

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 or loss.

Classification and Subsequent Measurement

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

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of profit taking, where they are derivatives not held for cash flow 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 profit or 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 and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Available-for-sale financial assets

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

Listed shares held by the group that are traded in an active market are classified as AFS and are stated at fair value. The group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured).

1. Statement of Significant Accounting Policies (continued)

(q) Financial Instruments (continued)

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 are subsequently measured at amortised cost using the effective interest rate method.

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 valuation models using non-market inputs prepared by independent experts.

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 equity financial instruments, a significant or prolonged decline in the value of the instrument below cost 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.

	Consolidated 2019 $	Consolidated 2018 $
2. Revenue		
Interest Revenue	4,481	1,402
	4,481	1,402
3. Expenses		
Employee Expenses		
Director Fees	34,932	-
	34,932	-
Exploration expenditure written off	-	18,694,026
	-	18,694,026

In the prior year capitalised costs were assessed for impairment by reference to the value implied for PEP 11 by virtue of a conditional farmin agreement entered into with RL Energy Pty Ltd. Based on this assessment the asset was considered to be impaired and an adjustment to the fair value was booked at 30 June 2018. This farmin agreement was terminated on 17 September 2019 and therefore the writedown of $18,694,026 booked to the fair value at 30 June 2018 was pre-emptive and is now misleading. The Company does not have adequate evidence as required by the accounting standards to reverse this impairment at this time.

4. Auditors' Remuneration

	2019 $	2018 $
Remuneration of the auditor of the parent entity for:		
Moore Stephens	7,322	5,000
	7,322	5,000

5. Key Management Personnel Compensation

Names and positions held of consolidated entity key management personnel in office at any time during the financial year are as follows. They were appointed for the whole year unless stated otherwise:

Key Management Personnel

Stephen Kelemen – Non-Executive Director
David Breeze – Executive Director
Matthew Battrick – Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)
Tobias Foster – Non-Executive Director (appointed 27 March 2019, resigned 7 August 2019)
Diana Hoff – Non-Executive Director (resigned 20 November 2018)
Hock Goh – Non-Executive Chairman (resigned 26 March 2019)
Debra Ambrosini – Executive Director (resigned 26 March 2019)

5. Key Management Personnel Compensation (continued)

Directors	Amount Owing 30 June 2019 ($)
D Breeze	67,986
S Kelemen	34,932
Previous Directors	416,476
Balance owing at 30 June 2019	519,394

Mr Breeze was appointed a director of Advent on 10 November 2005 and was removed from the ASIC register by Advent directors on 26 November 2016. He neither resigned nor was removed by shareholders and disputes the actions taken by the Advent directors at that time. His continuing appointment as a director from 26 November 2016 was ratified by the Company's directors on 8 August 2019.

Mr Kelemen ($34,932) was the only key management person to accrue remuneration during the current period. There was no key management person compensation accrued in the prior period.

	Consolidated 2019 $	Consolidated 2018 $
6. Cash and cash equivalents		
Cash at bank and in hand	90,225	307,810

The average effective interest rate on short-term bank deposits was 1.25%: (2018: 1.25%)

7. Trade and other receivables

	2019 $	2018 $
Current		
Trade receivables	-	124,436
Other receivables	1,570	29,113
	1,570	153,549

In the prior period $9,343 of trade and other receivables were past due but not impaired.

8. Intangibles

	2019 $	2018 $
Intangibles – contacts database	-	22,674
	-	22,674

The contacts database was not considered to have any remaining value at period end and has been fully impaired in the current year.

	Consolidated 2019 $	2018 $
9. Income Tax Expense		
a. *The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:*		
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)	(69,237)	(5,234,100)
Add tax effect of:		
- Other non-deductible items	-	5,148,356
- Revenue losses and other deferred tax balances not recognised	69,237	85,744
Income tax expense	-	-
b. *Deferred tax recognised at 27.5% (2018: 27.5%):*		
Deferred tax liabilities:		
Exploration expenditure	2,759,103	2,736,033
Deferred tax assets:		
Carry forward revenue losses	2,759,103	2,736,033
Net deferred tax	-	-
c. *Unrecognised deferred tax assets at 27.5% (2018: 27.5%):*		
Carry forward losses	9,994,629	9,741,037
Other	-	155,734
	9,994,629	9,896,791

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits

Prior year comparatives have been adjusted where required to comply with the current year format.

	Consolidated	
	2019	**2018**
	$	**$**

10. Evaluation Exploration Expenditure

Exploration and evaluation expenditure	10,033,103	9,926,841
	10,033,103	9,926,841

Reconciliation of the movement during the year:

Opening balance at 1 July	9,926,841	28,060,028
Capitalised expenditure written off – PEP 11	-	(18,694,026)
Capitalised expenditure – PEP 11	50,842	548,222
Capitalised expenditure – EP 386 / RL 1	55,420	12,617
Balance at 30 June	10,033,103	9,926,841

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of natural gas. Capitalised costs amounting to $83,478 (2018: $560,839) have been included in cash flows from investing activities in the statement of cash flows.

The capitalised costs were assessed for impairment at 30 June 2018 by reference to the value implied for PEP 11 by virtue of a conditional farmin agreement entered into with RL Energy Pty Ltd. On 4 May 2018, MEC advised that a conditional farm-in agreement had been entered into between Asset Energy Pty Ltd (a wholly owned subsidiary of Advent) and RL Energy Pty Ltd (RL Energy), whereby RL Energy may earn an interest of up to 60% in PEP11 by completing a 3D seismic survey in PEP11 and carrying Asset Energy's costs in that survey up to $4 million. Based on this assessment the asset was considered to be impaired and a $18,694,026 writedown to the fair value was booked at 30 June 2018.

This farmin agreement was terminated on 17 September 2019 and therefore the writedown of $18,694,026 booked to the fair value at 30 June 2018 was pre-emptive and is now misleading. The Company does not have adequate evidence as required by the accounting standards to reverse this impairment at this time. No further impairment was considered necessary at 30 June 2019.

In MEC's June 2019 Annual Financial Report it was stated that in order to maintain an interest in the exploration tenements, the group is committed to meet the conditions under which the tenements were granted. These are the subject of applications for variation that remain outstanding in PEP 11. It is planned that appropriate application will be made to the Department of Mines, Industry Regulation and Safety ("DMIRS") in due course to allow Advent to complete these works in a suitable timeframe.

Capital expenditure forecasted for at the reporting date but not recognised as liabilities within a period of one year were $12,750,000, and greater than one year and less than 5 years were $5,475,000.

10. Evaluation Exploration Expenditure (continued)

Advent is continually seeking and reviewing potential sources of both equity and debt funding. Advent is now embarking on a fresh marketing campaign to attract new investors and/or joint venture partners. Management has confidence that a suitable outcome will be achieved however there is no certainty at this stage that this will result in further funding being made available. Asset Energy Pty Ltd has invested over $25 million in the PEP11 title 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. If Advent is unable to source further funding for each of PEP11, RL1 and EP 386 each of these permits are at risk.

The above conditions indicate a material uncertainty that may affect the ability of Advent to realise the carrying value of the exploration assets in the ordinary course of business and may affect the ability of the Company to realise the carrying value of its loan receivables and its investment in Advent in the ordinary course of business.

	Consolidated	
	2019	**2018**
	$	**$**

11. Property Plant and Equipment

Plant and equipment:		
At cost	21,133	21,133
Accumulated depreciation	(21,023)	(20,824)
Total Property, plant and equipment	110	309
Movements in carrying value:		
Balance at the beginning of the year	309	928
Depreciation expense	(199)	(619)
Carrying amount at the end of the year	110	309

12. Trade and other payables

Current:		
Trade payables - unsecured	28,499	130,144
Sundry payables and accrued expenses - unsecured	-	652,035
	28,499	782,179
Non-current:		
Sundry payables and accrued expenses - unsecured	519,483	-
	547,483	-

The average credit period on payables is 45 days.

	Consolidated	
	2019 $	2018 $

13. Provisions

Current		
Provision – Share sale agreement		
Opening balance 1 July	81,444	81,844
Provision written back	(81,444)	-
Balance at 30 June	-	81,844

The provision has been written back during the period on the basis that no evidence has been found to support the continued reporting of such a provision.

14. Financial liabilities

Current		
Secured loan payable to MEC Resources Ltd (a)	-	3,600,000
Unsecured loan payable to MEC Resources Ltd (b)	-	1,414,414
Unsecured loan payable to BPH Energy Limited (c)	162,566	39,486
Unsecured loan payable to Grandbridge Limited (c)	505,325	499,765
	667,891	5,553,665
Non-Current		
Secured loan payable to MEC Resources Ltd (a)	3,600,000	-
Unsecured loan payable to MEC Resources Ltd (b)	562,914	-
	4,162,914	-

(a) Secured loan - MEC

Advent entered into a secured loan agreement with MEC Resources Ltd in November 2010. The principal amount of the loan is $1 million, with further advances of up to an additional $3 million payable at MEC Resources' discretion. The loan is secured by a second ranking charge over Advent's present and future undertakings, assets and rights. An amount of $3.6 million has been drawn down at period end. MEC's security is in the process of being released as part of a legal settlement reached in August 2019.

As part of the same August 2019 legal settlement the loans of $4,162,914 owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances: One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of: (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

14. Financial liabilities (continued)

(b) Unsecured loan – MEC

During the year MEC Resource converted an amount of $1,004,500 of its unsecured loan from Advent to equity at a price of $0.05 per share and advanced a further net $146,000 to Advent.

(c) Unsecured loans – BPH Energy Limited ("BPH") and Grandbridge Limited ("GBA")

BPH and GBA entered into a debt assignment on 30 June 2017 whereby $123,080 of the debts owning from the group to GBA were assigned from GBA to BPH. The directors of Advent at that time disputed the validity of this assignment and it was not recorded in the financial statements of the group. The assignment has been recorded in the financial statements of the group in the current financial period.

BPH's first ranking security over its loan is in the process of being reinstated.

In December 2016 GBA charged Advent $128,640 for termination fees in relation to the termination of the Advent Services Agreement on or around 24 November 2016. Pursuant to the Advent Services Agreement, payment for termination became due and payable by Advent to GBA at that time. GBA has previously made demand for payment of the termination payments and no payment was made or settlement offer made. The directors of Advent at that time disputed the validity of this termination fees and they were not recorded in the financial statements of the group. The termination fees have been recorded in the financial statements of the group in the current financial period.

15. Issued Capital

	Consolidated	
	2019 $	2018 $
177,595,414 (2018: 157,505,414) fully paid ordinary shares of no par value	42,837,622	41,833,122
Less: Capital raising costs	(641,476)	(641,476)
Issued Capital	42,196,146	41,191,646

	2019	2018	2019	2018
(a) Ordinary Shares	$	$	Number	Number
At the beginning of reporting period	41,191,646	40,744,042	157,505,414	148,353,334
Shares issued during the year	1,004,500	447,604	20,090,000	9,152,080
At reporting date	42,196,146	41,191,646	177,595,414	157,505,414

Fully Paid Ordinary Share Capital

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

15. Issued Capital (continued)

(a) Options

There were nil employee options on issue at the end of the year:

(b) Capital risk management

The group's objectives when managing capital are to safeguard their ability to continue as a going concern.

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. 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 at 30 June 2019 and 30 June 2018 are as follows:

	Consolidated	
	2019	**2018**
	$	**$**
Cash and cash equivalents	90,225	307,810
Trade and other receivables	1,570	153,549
Trade and other payable	(28,499)	(782,179)
Financial liabilities	(667,891)	(5,553,665)
Working capital position	(604,595)	(5,874,485)

Refer to Note 1 for disclosure on financial position.

16. Reserves

Option Reserve

The option reserve records items recognized as expenses on the valuation of director and employee share options.

	Consolidated	
	2019	**2018**
	$	**$**
Opening balance 1 July	792,109	792,109
Closing balance 30 June	792,109	792,109

17. Cash Flow Information

	Consolidated	
	2019	**2018**
	$	**$**
a) Reconciliation of Cash Flow from Operations with Loss after income tax		
Operating loss after income tax	(251,774)	(19,033,089)
Non-cash items:		
Exploration expenditure written off	-	18,694,026
Impairment of intangibles	22,674	-
Termination fees	128,640	-
Depreciation	199	619
Provision for doubtful debts	8,494	-
Changes in net assets and liabilities		
Decrease / (increase) in trade and other receivables	143,486	(141,657)
(Decrease) / increase in trade payables and accruals	(249,982)	235,019
(Decrease) in provisions	(81,844)	-
Net cash outflow from operating activities	(280,107)	(245,082)
(b) 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	90,225	307,810
(c) Financing facilities	-	-
	-	-

(d) Changes in liabilities arising from financing activities – unsecured borrowings

Balance 1 July	1,414,414
Net cash received from financing activities	146,000
Conversion of debt to equity	(1,004,500)
Other	7,000
Balance 30 June 2019	562,914

18. Financial Instruments

a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, short-term investments, 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.

i. Financial Risks

The main risks that the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The group's financial assets that are affected by interest rate risk are the group's cash and cash equivalents and term deposits held. The group's financial liabilities are currently not exposed to interest rate risk as the group has no variable rate interest bearing financial liabilities.

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.

Foreign currency risk

The group is not exposed to any material risks in relation to fluctuations in foreign exchange rates.

Equity price risk

The group is not currently exposed to any risks in relation to equity prices.

18. Financial Instruments (continued)

b) Financial Instruments

i. Interest rate risk
The economic entity'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:

Consolidated

2019	Effective Average Interest Rate %	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets				
Cash and cash equivalents	1.25	90,225	-	90,225
Trade and other receivables	-	-	1,570	1,570
		90,225	1,570	91,795
Financial Liabilities				
Trade and sundry Payables	-	-	547,982	547,982
Financial liabilities	-	-	4,830,805	4,830,805
		-	5,378,787	5,378,787

Consolidated

2018	Effective Average Interest Rate %	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets				
Cash and cash equivalents	1.50	307,810	-	307,810
Trade and other receivables	-	-	153,549	153,549
		307,810	153,549	461,359
Financial Liabilities				
Trade and sundry Payables	-	-	5,553,655	5,553,655
Financial liabilities	-	-	782,179	782,179
		-	6,335,834	6,335,834

18. Financial Instruments (continued)

b) Financial Instruments (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.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

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

	2019		2018	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Cash and cash equivalents	90,225	90,225	307,810	307,810
Trade and other receivables	1,570	1,570	153,549	153,549
	91,795	91,795	461,359	461,359
Financial Liabilities				
Financial liabilities	4,830,805	4,830,805	5,553,655	5,553,655
Trade and other payables	547,982	547,982	782,179	782,179
	5,378,787	5,378,787	6,335,834	6,335,834

18. Financial Instruments (continued)

b) Financial Instruments (continued)

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.

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	
	2019	**2018**
Change in profit		
— Increase in interest rate by 1%	902	3,080
— Decrease in interest rate by 0.5%	(451)	(1,540)

iv. Liquidity risk

Liquidity is the risk that the group 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 2019	Carrying amount	Total	2 mths or less	2-12 mths	2-5 years
Financial liabilities					
Trade and other payables	547,982	547,982	28,499	-	519,483
Unsecured loans	1,230,805	1,230,805	-	667,891	562,914
Secured loan	3,600,000	3,600,000	-	-	3,600,000
	5,378,787	5,378,787	28,499	667,891	4,682,397

The security held by MEC in relation to the $3,600,000 is in the process of being released as part of an August 2019 legal settlement.

30 June 2018	Carrying amount	Total	2 mths or less	2-12 mths	2-5 years
Financial liabilities					
Trade and other payables	782,179	782,179	782,179	-	-
Unsecured loans	1,953,665	1,953,665	-	1,953,665	-
Secured loan	3,600,000	3,600,000	-	3,600,000	-
	6,335,844	6,335,844	782,179	5,553,665	-

19. Subsequent Events

In August 2019 the Company entered into a deed of settlement and release with BPH Energy Limited (BPH"), MEC Resources Limited ("MEC"), Grandbridge Limited, Trandcorp and Mr David Breeze and other relevant parties. As part of the settlement it was agreed that Messrs Matthew Battrick and Tobias Foster would appoint Messrs Steven James, Tony Huston and Thomas Fontaine as directors of Advent, and that Messrs Matthew Battrick and Tobias Foster would then resign from the Board of Advent. The incoming directors have since confirmed and acknowledged Mr David Breeze as a duly elected director of Advent.

The other key terms of the settlement are as follows:

- Until 23 July 2021, MEC agrees to not directly or indirectly interfere with the board composition and/or management of Advent.
- For a period of one year commencing from 6 August 2019 MEC must not sell or otherwise dispose of any shares it holds in Advent, other than by an in-specie distribution to MEC if requested in writing to do so by Advent. If notice is given, MEC must do all that is required to effect and support the In-Specie Distribution.
- The loans owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances:

One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

On 17 September 2019 BPH announced that Advent has now terminated by mutual consent the RL Energy Joint Venture Agreement for the PEP11 permit. As a result Advent, through wholly owned subsidiary Asset Energy Pty Ltd, now holds an 85% interest and is operator of the permit (and RL Energy has no further interest). Bounty Oil and Gas NL (ASX: BUY) holds the remaining 15%. The Joint Venture is now reviewing the work program and evaluating proceeding with the drilling of a well at the Baleen drill target subject to approvals of NOPTA and other regulatory authorities.

On 19 September 2019 BPH announced Advent has been granted a renewal of Retention Licence 1 (RL1) in the Northern Territory by the NT Department of Primary Industry and Resources for a five-year term concluding July 2023. Advent, through its wholly owned subsidiary Onshore Energy Pty Ltd, holds a 100 % interest in RL1 and is operator of the Retention Licence. Advent, through Onshore Energy, also holds 100% of EP 386 in addition to RL 1 in the onshore Bonaparte Basin in northern Australia.

On 28 September 2018, the Company advised of the signing of a binding term sheet for the majority sale of Onshore Energy Pty Ltd ("OE") to Bonaparte Petroleum Pty Ltd ("BP"). This agreement was terminated on 10 August 2019.

20. Related Party Transactions

(a) Key Management Personnel Remuneration & Equity Holdings

Details of key management personnel remuneration and retirement benefits are disclosed in note 5 to the financial statements.

(b) Related Entities

Advent entered into a secured loan agreement with MEC Resources Ltd in November 2010. The principal amount of the loan is $1 million, with further advances of up to an additional $3 million payable at MEC Resources' discretion. The loan is secured by a fixed and floating charge over Advent's present and future undertakings, assets and rights. An amount of $3.6 million has been drawn down at period end. MEC's security is in the process of being released as part of a legal settlement reached in August 2019.

As part of the same August 2019 legal settlement the loans of $4,162,914 owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances:

One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of: (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

The amount payable by the group to MEC reduced by $1,004,500 during the period as MEC converted debt into shares in Advent, and increased by $146,000 due to further cash advances from MEC.

(c) Related Entities

The parent entity in the group is Advent Energy Ltd.

(d) Related Entities

The ultimate parent entity in the economic entity is MEC Resources Limited.

21. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2019	2018
Parent Entity				
Advent Energy Ltd	Oil and Gas exploration	Australia		
Subsidiaries of Advent Energy Ltd				
Asset Energy Pty Ltd	Oil and Gas exploration	Australia	100	100
Onshore Energy Pty Ltd	Oil and Gas exploration	Australia	100	100

22. Share-Based Payments

No share-based payment arrangements existed at 30 June 2019 or 30 June 2018.

The movement in unlisted options over the period is as follows:

	2019		2018	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	-	-	-	-
Issued	-	-	-	-
Exercised	-	-	-	-
Expired /cancelled	-	-	-	-
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

23. Commitments

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company 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	
	2019 $	2018 $
Work Program Commitments – Exploration permits		
Payable:		
Within one year	12,750,000	-
Greater than one year less than five years	5,475,000	18,225,000
Total	18,225,000	18,225,000

Advent has been requested to provide a well management plan, environment plan and safety case for the decommissioning of Waggon Creek-1 and Vienta-1 in EP386. It is anticipated that appropriate application will be made to DMIRS in due course to allow Advent to complete these works in a suitable timeframe.

24. Contingent liabilities

The Company and consolidated entity have no contingent liabilities.

25. Parent Entity Disclosures

	Company 2019 $	Company 2018 $
Financial Position		
Assets		
Current assets	51,822	3,012,890
Non-current assets	11,930,879	8,979,105
Total asset	11,982,701	11,991,995
Liabilities		
Current liabilities	537,676	2,395,412
Non-current liabilities	4,681,850	-
Total liabilities	5,219,526	2,395,412
Issued Capital	42,196,146	41,191,646
Accumulated Losses	(36,224,990)	(35,987,082)
Option Reserve	792,019	792,019
Total equity	6,633,175	5,996,583
Financial Performance		
Loss for the year	(237,908)	(18,939,516)
Other comprehensive income	-	-
Total comprehensive income	(237,908)	(18,939,516)

Directors' Declaration

Advent Energy Ltd and its controlled entities

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 11 to 45 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 2019 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. 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.

………………………………………………………

David Breeze

Director

Dated this 31st day of October 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADVENT ENERGY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Advent Energy Limited (the Company) and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, 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:

a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

   ii. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

In forming our opinion on the Group financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group is dependent upon various funding initiatives in order to fund its working capital and discharge its liabilities in the normal course of business. This condition as explained in Note 1 to the financial statements indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Material Uncertainty Regarding Carrying Value of Exploration Expenditure

We draw attention to Note 10 to the financial statements which describes the uncertainty around the basis of continuing to recognise the carrying value of exploration and evaluation assets. These uncertainties may affect the ability of the Group to realise the carrying value of the exploration and evaluation assets in the ordinary course of business. Our opinion is not modified in respect of this matter.

Other Information

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 2019, 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 has 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 the 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, international omissions, misrepresentation, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADVENT ENERGY LIMITED (CONTINUED)

- 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.

Neil Pace   Moore Stephens

NEIL PACE
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 31st day of October 2019