



31 October 2018

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

via e-lodgement

Dear Sir/Madam

APPENDIX 4C - QUARTERLY CASH FLOW REPORT

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) ("**MEC**" or "**the Company**") is pleased to provide its Appendix 4C (Quarterly Cashflow Report) for the quarter ending 30 September 2018.

Operating expenses were higher than usual this quarter as MEC's subsidiary, Advent Energy finalised the costs associated with the 2D seismic activities in Petroleum Exploration Permit 11 ("PEP 11"). This resulted in a further amount of approximately \$230,000 being paid to service providers for these activities.

The Company is pleased to report that the data obtained during the recent 2D seismic survey, undertaken in PEP11 earlier in 2018, has been processed. It is presently being integrated with existing data for interpretation.

As previously advised RL Energy are continuing their preparation of the environment plan for the planned 3D seismic survey in PEP11. In addition to this RL Energy have also commenced the necessary stakeholder consultation process.

Further a site visit was undertaken by Bonaparte Petroleum to the EP386 and RL1 areas recently. This activity was conducted to allow Bonaparte Petroleum to continue their due diligence, commence stakeholder consultation and further work program preparation.

Additional updates the PEP11 and EP386/RL1 farmout transactions will be provided in due course.

Management are continuing to minimise all costs of the Company with the administration costs continually being scrutinised to ensure they are in line with or better than expectations. A cost reduction plan previously developed by the Board continues to remain in place within the organisation to ensure costs are reduced where possible. The Company expects to receive an R&D Tax Incentive rebate in the quarter ending 31 December 2018.

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

Yours faithfully

A handwritten signature in blue ink, appearing to read 'D Ambrosini', is positioned above the name of the signatory.

Ms Deborah Ambrosini
Managing Director and Company Secretary

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

MEC Resources Limited

ABN

44 113 900 020

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(7)	(7)
(d) leased assets	-	-
(e) staff costs	(55)	(55)
(f) administration and corporate costs*	(506)	(506)
1.3 Dividends received (see note 3)		-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(562)	(562)

*includes operational expense support for Advent Energy Ltd

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	(4)	(4)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(29)	(29)
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(33)	(33)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	84	84
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	84	84

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	979	979
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(562)	(562)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(33)	(33)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	84	84

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	468	468

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	468	979
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	468	979

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	30
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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

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

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	40
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Operational expense support to MEC investee Advent Energy

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

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	55
9.6 Administration and corporate costs	130
9.7 Other (provide details if material)	75
9.8 Total estimated cash outflows	260

* The company has lodged its 2018 tax return and anticipates the receipt of an RD rebate in this quarter

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

Compliance statement

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

Sign here: 
(Managing Director/Company secretary)

Date: 31 October 2018

Print name: Deborah Ambrosini

Notes

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