

## Appendix 4E - Preliminary Final Report

Name of Entity	MEC Resources Ltd
ABN	44 113 900 020
Financial Year Ended	Year ended 30 June 2024
Previous Corresponding Reporting Period	Year ended 30 June 2023

### Results for announcement to the market

\$A'000

Revenues and other income from ordinary activities	Neutral	0%	to	0
Loss from ordinary activities after tax attributable to members	Down	11.81%	to	(492,526)
Net loss for the financial year attributable to members	Down	11.81%	To	(492,526)
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>		
Final dividend	Nil	Nil		
Interim dividend				
Previous corresponding period	N/A	N/A		

### Other notes to the condensed financial statements

	Current period	Previous corresponding Period
<b>Ratios</b>		
<b>Profit before tax / revenue</b>		
Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	(83.01)%	(201.48)%
<b>Profit after tax / equity interests</b>		
Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(83.01)%	(201.48)%

	Current period	Previous corresponding Period
<b>NTA Backing</b>		
Net tangible asset backing per ordinary security	(0.68) cps	(0.78) cps

	Current period	Previous corresponding period
<b>Statement of Retained Earnings</b>		
Balance at beginning of the year	(25,075,769)	(24,517,515)
Net loss attributable to members of the parent entity	(492,526)	(558,503)
Total available for appropriation	(25,568,295)	(25,075,769)
Dividends paid	-	-
Balance at year end	(25,568,295)	(25,075,769)

This Appendix 4E is to be read in conjunction with the 2024 Annual Report of the Company lodged on the ASX 30 August 2024.



MEC RESOURCES LTD

ABN 44 113 900 020

# Directors' Report

MEC Resources Ltd

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## Directors

David Breeze – Managing Director  
Andrew Jones – Non-Executive Director  
Anthony Hudson – Non-Executive Director  
Peter Richards – Non-Executive Director

## Company Secretary

Robert Marusco

## Registered Office

Level 1, 9 Bowman Street  
South Perth WA 6151

## Principal Business Address

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South Perth WA 6151  
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Website: [www.mecresources.com.au](http://www.mecresources.com.au)  
E-mail: [admin@mecresources.com.au](mailto:admin@mecresources.com.au)

## Auditor

Moore Australia Audit (WA)  
Level 15  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

## Share Registry

Boardroom Pty Ltd  
Level 12  
225 George Street  
Sydney NSW 2000

## Australian Securities

### Exchange Listing

Australian Securities Exchange Limited  
(Home Exchange: Perth, Western  
Australia)  
ASX Code: MMR

## Australian Business Number

44 113 900 020

# Directors' Report

MEC Resources Ltd

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The directors of MEC Resources Ltd ("**MEC**" or the "**Company**") present their report on the Company for the financial year ended 30 June 2024.

## Directors

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

D Breeze – Managing Director (appointed 20 April 2005)  
A Jones - Non-Executive Director (appointed 23 September 2020)  
A Huston - Non-Executive Director (appointed 22 October 2020)  
P Richards - Non-Executive Director (appointed 25 June 2024)  
S James – Non- Executive Director (appointed 4 March 2022 and resigned 25 June 2024)

Company Secretary

Robert Marusco was appointed as company secretary 18 September 2019.

## Principal Activities

MEC was formed to invest in a variety of industries, including companies in the energy and mineral resources sector. The Company is registered as a Pooled Development Fund ("**PDF**") under the Pooled Development Fund Act (1992).

MEC's aim is to provide carefully selected Australian companies with funding and is focused on opportunities with a number of specific characteristics including strong growth and near-term cash flow potential; a stage of development that permits a strategic investor or IPO within several years; strong and experienced management team and a definitive competitive advantage.

At present MEC currently holds three investments being:

- BPH Energy Ltd (**BPH**) (ASX:BPH), an ASX listed diversified company holding investments in medical technology and resources, whereby the Company holds 1,436,609 fully paid ordinary shares representing a 0.125% interest in BPH;
- Advent Energy Ltd (**Advent**), an Australian unlisted oil and gas company, whereby the Company holds 94,118,320 fully paid ordinary shares representing a 37.95% interest in Advent; and
- a loan asset to Advent which, as at 30 June 2024, is reported at \$4,161,135.

## Operating Results

The loss attributable to the owners of the Company after tax for the year was \$492,526, (2023: Loss \$558,503).

## 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 Company have increased by \$209,027 to \$7,082,935 at 30 June 2024.

# Directors' Report

MEC Resources Ltd

## Going Concern

The Company has assessed its ability to continue as a going concern, taking into account all available information, for a period of 12 months from the date of issuing of the financial report.

The Company's financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business.

Based on the Company's cash flow forecast, the Company will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due is therefore dependent upon:

- the Company's operating cash requirements not exceeding its historical levels;
- the creditors of the Company continuing to support it by not demanding repayment of amounts due to them, and
- the Directors being successful in obtaining future funding to meet the Company's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt, in relation to which the Company has demonstrated a history of success in this regard.

After consideration of the above factors, the Directors are of the opinion that it is appropriate for the Company to prepare the financial statements as a going concern and, as a result, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concern basis.

Notwithstanding this assessment, there exists a material uncertainty that casts doubt on the Company's ability to continue as a going concern for at least the next 12 months and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The independent auditor's report has highlighted this matter by including an Emphasis of Matter paragraph noting the existence of material uncertainty in relation to the Company's ability to continue as a going concern.

## Developments during the year included:

### MEC Resources Ltd

- On 12 January 2020, the securities of MEC were suspended from quotation on the ASX.
- The Company has been in dialogue with the ASX following its original submission on 16 December 2020 and subsequent submissions on 12 January 2022, 13 September 2022 and 27 June 2024. Subsequent to the end of the reporting period on 11 July 2024 the Company released an announcement which outlined a framework in consultation with the ASX aimed to reinstate the Company to trading status on the ASX. The Company is currently working on its prospectus. The shares in MEC remain suspended from trading.
- Following approval at a shareholder meeting on 4 July 2023 and 2 August 2023 the Company issued 109,502,463 and 14,169,468 shares respectively to settle outstanding directors and ex directors' fees.

# Directors' Report

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- On 7 July 2023 the Company issued 40,741,652 options with an exercise price of \$0.0055 and expiry 7 July 2025 as part of one free attached option issued for each new share issued under a placement announced on 26 April 2023 and approved by shareholders on 4 July 2023.
- On 5 April 2024 MEC raised A\$157,300 before costs by way of placement of 36,356,818 Shares to professional and sophisticated investors pursuant to section 708 of the Corporations Act 2001 (Cth) at an issue price of \$0.0044 per Share under the Company's LR7.1 placement capacity. This share issue was accompanied by one (1) free option for each Share subscribed with an exercise price of 0.0055 and expiry date of 5 April 2026. These Placement Shares are subject to holding lock pending release of a prospectus by the Company. The Placement was completed by LeMessurier Securities who received a 6% capital raising fee in the form of issue of 606,818 Shares and one (1) free option for each Share subscribed on the same terms and conditions as the Placement and Sixty-Two Capital Pty Ltd who received a 6% capital raising fee paid in cash.
- On 26 June 2024 Mr Steve James resigned as director and Mr Peter Richards joined the board.
- During the year MEC continued to monitor and manage its investment in investee Advent with the key announcements concerning Advent outlined below.

## Advent Energy Limited (MEC interest is 37.95%)

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

Advent holds a range of energy-based opportunities via its investee company Advent. Via Advent, the Company has been assessing new investment opportunities, where there are ever increasing obligations to provide energy solutions with a responsible management and protection against carbon emissions. The transitioning from hydrocarbons such as coal and oil to hydrogen, produced with no emissions is now presenting real economies and growth globally. Although natural gas also presents continued growth and will play a role for many years to come, it too will need to become a source of energy with no CO2 emissions.

Advent, with its recent acquisitions, has a range of significant investment assets including:

- (a) Advent, through its wholly owned subsidiary Asset Energy Pty Ltd (**Asset**), holds 85% of Petroleum Exploration Permit PEP-11, an exploration permit prospective for natural gas located in the Offshore Sydney Basin, with the other 15% being held by Bounty Oil and Gas (ASX:BUY).
- (b) RL1, in the Onshore Bonaparte Basin. Near term development opportunities of conventional resources for local markets complements the vast unconventional shale gas resources recently revealed.
- (c) Advent, BPH and MEC have secured an investment in a hydrogen technology company, Clean Hydrogen Technologies Corporation (**Clean Carbon**).

Details on Advent's investments and activities are set out below.

## PEP-11 Oil and Gas Permit

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.

## Directors' Report

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The offshore Sydney Basin has been lightly explored to date. Based on its location and it being the only New South Wales (**NSW**) offshore petroleum title, the Company is of the view that it provides a significant opportunity should commercial natural gas be discovered. Its position as the only petroleum title offshore NSW 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 has previously interpreted significant seismically indicated gas features in PEP-11. 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.

Advent has demonstrated considerable gas generation and migration within PEP-11, with the mapped prospects and leads highly prospective for the discovery of gas.

On 16 December 2021, MEC advised ASX that the then Prime Minister of Australia, Scott Morrison, had announced that the Federal Government would refuse the joint venture's applications to extend the PEP-11 Permit for gas exploration in the offshore Sydney Basin. Permit participants Advent and Bounty Oil received official notification of refusal from the National Offshore Petroleum Title Authority (**NOPTA**) and lodged a submission seeking a review of this decision.

On 30 March 2022 the PEP-11 Joint Venture announced to ASX that they had been given notice by NOPTA that NOPTA has refused the Joint Venture Application initially submitted on 24 December 2019 for a secondary work program variation and a 24- month suspension of the Permit Year 4 Work Program Commitment and the corresponding 24-month extension of the Permit Term.

In June 2022, Asset Energy applied to the Federal Court as Operator for and on behalf of the PEP-11 Joint Venture Partners pursuant to section 5 of the *Administrative Decisions (Judicial Review) Act 1977* (Cth) and section 39B of the *Judiciary Act 1903* (Cth) to review the decision of the Joint Authority, constituted under section 56 of the Act, to refuse to vary and suspend the conditions of the PEP-11 Permit, pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP-11 Permit, pursuant to section 265 of the Act. The application was made in December 2019.

On 25 November 2022, the Report on the Inquiry into the Appointment of the Former Prime Minister to Administer Multiple Departments was published, which outlines the former Prime Minister Scott Morrison's involvement with the PEP-11 Decision.

On 14 February 2023 Advent advised on behalf of the PEP-11 Joint Venture comprising Advent holding an 85% interest and Bounty Oil & Gas NL holding a 15% interest (**PEP-11 JV**) the resolution of the Federal Court Proceedings (WAD106/2022) between Asset Energy Pty Ltd (a wholly owned subsidiary of MEC's investee, Advent Energy Limited) and the Respondents (being the Commonwealth Minister for Resources et al).

The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (**Joint Authority**) to refuse Asset Energy's Application (as JV operator) for a variation and suspension of the conditions to which PEP-11 is subject and a related refusal to grant an extension of term (the Decision).

The presiding judge; Justice Jackson has agreed with the consent position reached by the parties quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias. This was because a fair-minded observer would have reasonably apprehended that the former Prime Minister of Australia the Hon Scott Morrison MP, as a member of the Joint Authority, did not bring a fair mind to determine Asset Energy's application.



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On 22 November 2023, the NSW Legislative Committee on Environment and Planning tabled its report into the Minerals Legislation Amendment (Offshore Drilling and Associated Infrastructure Prohibition) Bill 2023, which was referred to the Committee on 29 June 2023. The Bill sought to amend three Acts to prohibit offshore activities in NSW including drilling for petroleum. The inquiry investigated a range of issues, particularly whether the Bill raises any potential constitutional issues and unintended consequences, and its report sets out its findings and proposed recommendations.

The Committee heard from legal experts and has found that aspects of the proposed legislation may be constitutionally invalid and have unintended consequences. The report made 10 findings and 2 recommendations. The Committee recommended that the Bill not pass.

The NEATS Public Portal Application Tracking has been updated to show Asset's applications' status is now 'Under Assessment'. The Company understands that the next step in the application process is for the Joint Authority to make its decision on Asset Energy's applications.

While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered by NOPTA, Asset Energy is investigating the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect which would take approximately thirty-five days to complete. Asset is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore.

On 6 February 2024 the New South Wales (NSW) government issued a media release saying they had given notice to "introduce legislation that will prohibit seabed petroleum and mineral exploration and recovery in NSW coastal waters. The Bill will legislatively implement the Offshore Exploration and Mining Policy that was published in February 2022. The legislation aims to give our communities certainty and reaffirms the NSW Government's long held position of not supporting offshore mineral, coal or petroleum exploration or mining for commercial purposes in or adjacent to NSW coastal waters".

On 19 March 2024 MEC advised ASX that:

- (a) The State of NSW and the NSW Government only have jurisdiction and the power to control exploration and extraction in coastal waters up to 3 nautical miles (4.83 km) offshore from the NSW coast. PEP-11 is beyond that 3 nautical mile limit and all such matters touching PEP-11 are under the jurisdiction of the Commonwealth of Australia (ie. the Australian Government). Gas exploration operations including safety and environment are controlled by NOPSEMA, a Commonwealth of Australia authority.
- (b) The registered holders of PEP-11, including Bounty Oil & Gas NL (ASX:BUY), and the operator, Advent Energy (through Asset Energy Pty Ltd) are aware of the legislation and the titleholders will consider, if necessary, challenging the validity of the Bill under section 109 of the Commonwealth Constitution which provides: "When a law of a State is inconsistent with a law of the Commonwealth, the latter shall prevail, and the former shall, to the extent of the inconsistency, be invalid".
- (c) The holders of PEP-11 intend to pursue gas exploration by drilling around 26 km offshore, well beyond the limit of NSW coastal waters. No "mining" or pipeline construction is proposed.
- (d) Advent and MEC fully support protecting the coastal and offshore marine environment and note that in respect of PEP-11 any activity undertaken in the permit area would require specific approval of the independent regulator NOPSEMA.

In a media release dated 23 April 2024, Federal Resources Minister, the Honourable Madeline King recused

## Directors' Report

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herself as the decision maker with respect to the PEP-11 permit under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (Cth).

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

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

On 20 May 2024 MEC advised ASX that:

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

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

In the meantime, PEP-11 continues in force and the Joint Venture is fully in compliance with the contractual terms of PEP-11 with respect to such matters as reporting, payment of rents and the various provisions of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

### Northern Territory – Onshore Bonaparte Basin

Advent's wholly owned subsidiary, Onshore Energy Pty Ltd (**Onshore Energy**), holds 100% of Retention Licence 1 (**RL1**). RL1 is situated in the onshore Bonaparte Basin in northern Australia. The Bonaparte Basin is, in the Company's view, one of Australia's most prolific hydrocarbons producing basins with significant oil and gas reserves. Most of the basin is located offshore, covering 250,000 square kilometres, compared to just over 20,000 square kilometres onshore.

RL1 is 166 square kilometres in area, which covers the Weaber Gas Field in the Northern Territory. 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. 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 RL1.

Advent has been evaluating the commercialization of RL1 and intends to convert the Retention Licence into a Production Licence. Onshore Energy has commenced the regulatory processes to enable a re-entry

## Directors' Report

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to the Weaber-4 well and has prepared and submitted a Well Operations Management Plan (**WOMP**) and an Environmental Management Plan for the re-entry to Weaber-4. On 3 May 2024 Advent was issued a renewal of RL1 for a five-year term commencing on 8 May 2024.

### EP386

Onshore Energy made an application for suspension and extension of the permit conditions in relation to EP386 which was not accepted by the Department of Mines, Industry, Regulation and Safety (DMIRS). Onshore Energy lodged an appeal against this decision with the State Administrative Tribunal (**SAT**). The SAT determined that it did not have the coverage to hear the appeal and the decision allowed for the matter to be determined through the Supreme Court of Western Australia.

Clean Hydrogen Technologies Corporation (**Clean Hydrogen**) and Onshore Energy have entered into a hydrocarbon process agreement (**Process Agreement**). Clean Hydrogen has capabilities at processing hydrocarbons from natural gas and producing two products, hydrogen (sometimes referred to as turquoise hydrogen) and carbon black and carbon nanotube products where such products are produced with no CO<sub>2</sub> emissions in the core process. Carbon black is composed of fine particles of carbon produced by pyrolysis of natural gas at high temperatures which in pure form is a fine black powder. It is widely used in various applications for tyres, black colouring pigment of newspaper inks, resin colouring, paints, and toners, antistatic films, fibres, and floppy disks and as an electric conductive agent of high-technology materials.

By the Process Agreement, Onshore Energy and Clean Hydrogen propose to develop plans whereby Clean Hydrogen processes the hydrocarbons from Onshore Energy's Rights and produces hydrogen and carbon black products (**Clean Hydrogen Products**).

Clean Hydrogen is developing its "Commercial System" where it will satisfy scale and commercial objectives resulting in the development of income from sale of Clean Hydrogen Products. Clean Hydrogen's Commercial System means an end-to-end system which consumes and processes hydrocarbons, using Clean Hydrogen's own thermocatalytic reactor process and Clean Hydrogen's catalysts to produce hydrogen at commercial scale, enabling the sale of the Clean Hydrogen Products.

Under the material terms of the Process Agreement, Onshore will review the Commercial System once ready, conditional on the following.

- (a) Clean Hydrogen will keep Onshore Energy informed of progress and timing for completion of the Commercial System which is planned to be completed in 2023 in India.
- (b) Clean Hydrogen will share details on design and capabilities to assist Onshore Energy in understanding how its systems will integrate with Onshore Energy's supply of hydrocarbons.
- (c) The parties will work together to develop a plan to include timelines and needs for production of Clean Hydrogen Products from Onshore Energy's hydrocarbons.
- (d) Once Onshore Energy has a clear date for hydrocarbon production, both parties will endeavour to finalise the planning to produce Clean Hydrogen Products.
- (e) When Clean Hydrogen and Onshore Energy have agreed to a time for the production of Clean Hydrogen Products, Clean Hydrogen will be responsible for due diligence relating to the compliance with the local regulatory requirements for the operation of the systems to produce the Clean Hydrogen Products.

The Process Agreement is non-binding and binding material contractual terms have yet to be agreed.

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## Clean Hydrogen Technologies Corporation

Advent holds an investment in a hydrogen technology company, Clean Hydrogen Technologies Corporation (**Clean Hydrogen**) together with BPH. Advent and BPH (together, the Purchasers) had been assessing new investment opportunities, where there are ever increasing obligations to provide energy solutions with a responsible management and protection against carbon emissions. The transitioning from hydrocarbons such as coal and oil to hydrogen, produced with no emissions is now presenting real economies and growth globally. Although natural gas also presents continued growth and will play a role for many years to come, it too will need to become a source of energy with no CO2 emissions.

On 2 August 2022 BPH announced that, following its shareholders' meeting on 21 June 2022 at which shareholders voted unanimously to approve an investment in Clean Hydrogen, BPH and its investee Advent settled for the acquisition of a 10% interest in Clean Hydrogen for \$1,000,000 USD (**Cash Consideration**) (8% BPH and 2% Advent) under a Loan Conversion Agreement dated 25 July 2022, following the payment of US\$535,996 by the Purchasers, which was net of loans, accrued interest and deposits owed to the Purchasers by Clean Hydrogen.

At a proof-of-concept scale, Clean Hydrogen has developed and tested its processing capabilities which have successfully produced hydrogen, with no CO2 emissions achieving on average a 92% cracking efficiency. Clean Carbon's development activities have shown that, by processing (not burning) methane using their patented catalyst and a modified fluidised bed reactor, producing hydrogen with no CO2 emissions. This is referred to as turquoise hydrogen. In addition, Clean Carbon also produces a second product, used for battery manufacturing, called conductive carbon.

Clean Hydrogen uses methane as its current feedstock and in the future plans to consume natural gas. It does not burn the methane, it processes it, using its own patented catalyst and a bespoke designed fluidised bed reactor. The process it uses is called pyrolysis which is not new and has been used by the oil industry for many years. What is new is Clean Hydrogen's success in the efficiency of its cracking the methane into turquoise hydrogen with non-CO2 emissions and the quality of the carbon black produced being majority conductive carbon with some carbon nano tubes.

This process requires similar energy needs as Steam Methane Reforming (**SMR**) and in Clean Hydrogen's view can be produced at a similar price at scale. Also, it requires no water as part of its process to produce hydrogen.

Importantly, Clean Hydrogen's solution is being built with flexibility to work downstream at heavy transport fuelling hubs currently in use in the USA, mid-stream at steel plants replacing coking coal and upstream where the natural gas is processed into hydrogen, a much higher energy source which can be piped for all uses including the production of electricity. As such the technology being developed by Clean Hydrogen's solution requires very little change and impact to existing infrastructures and supply chains, unlike other solutions. Although Clean Hydrogen consider that electrolysis and other solutions will have their role in the future of hydrogen, they believe the majority of hydrogen will require the advancement of other technologies that can be more ubiquitous, cheaper to produce, use less electricity and operate within existing supply chains.

The Purchasers had a further right of first refusal (**ROFR**) to invest in Clean Hydrogen to a maximum of a further US\$1,000,000 for a further 10%, on or before 31 December 2022. The ROFR conditions were subsequently amended such that it exists when (i) the Vendor does not seek a Series A investment in its equity securities comprising a minimum investment of US\$3,000,000 by 30 April 2023, where such investment values the Vendor in excess of US\$20,000,000 (such investment, a **Qualified Financing**), and (ii) the Vendor determines, in its sole and absolute discretion, that it requires at least a further US\$1,000,000 investment for

## Directors' Report

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continued development and operations. The consideration payable is an aggregate of US\$1,000,000, comprising of \$US800,000 by BPH and US\$200,000 by Advent (**Additional Cash Consideration**) subsequent to which BPH shall hold a total 16% interest in Clean Hydrogen and Advent shall hold a total 4% interest in Clean Hydrogen (based on the assumption that Clean Hydrogen has not issued any additional Clean Hydrogen Shares prior to the ROFR being exercised).

Clean Hydrogen did not seek a Series A Investment in its equity securities comprising a minimum investment of US\$3,000,000 and made a request for additional funding from BPH. Advent has lent Clean Hydrogen US\$750,000 in accordance with unsecured loan agreements on normal commercial terms. The loans have been funded by monies loaned by BPH to Advent. Clean Hydrogen will allocate and issue up to 1,000 Options to Advent, with an exercise price of USD\$3,000 each, and exercisable immediately, with the option for conversion into shares in Clean Hydrogen expiring ten years from the date of issue (**Clean Hydrogen Options**). An advance of every US\$250,000 of the US\$1,000,000 loan facility will equate to 250 Clean Hydrogen Options allocated to Advent or, from time to time, BPH. The Purchasers and Clean Hydrogen have agreed to enter into a separate loan conversion agreement which will enable the conversion of the loan amount into the Subscription Shares Tranche 2, representing the Purchasers further 10% interest in Clean Hydrogen.

The Cash Consideration and Additional Cash Consideration, shall be used by Clean Hydrogen to design, build, produce and test a reactor that can produce a minimum of 3.2kgs and as high as 15kgs of hydrogen per hour and to submit at least 2 new patents in an agreed geography, relevant to the production of hydrogen from proprietary technology.

### Loan asset to Advent

As part of a 6 August 2019 legal settlement with Advent loans of \$4,122,155 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.

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## After Balance Date Events

### PEP 11 Permit

On 6 August 2024 Advent's wholly owned subsidiary Asset Energy Pty Ltd, as operator for and on behalf of the PEP 11 joint venture partners, filed an Originating Application for Judicial Review in the Federal Court seeking the following;

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

# Directors' Report

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## Various Announcements

The Company made a number of announcements after balance date as follows;

- 9 July 2024 – Proposed issue of securities
- 11 July 2024 – Reinstatement to trading update
- 22 July 2024 – Proposed issue of securities
- 31 July 2024 – Quarterly activities report and Appendix 4C Cash Flow Report
- 19 August 2024 – Advent Energy Limited 2024 Annual Report
- 19 August 2024 – 2022 & 2023 Appendix 4E

## Issue of Securities

The following securities were issued after balance date.

Issued	Type	Number	Purpose
10/7/2024	Ordinary Shares	7,327,273	Shares issued upon exercise of options.
22/7/2024	Ordinary Shares	50,295,453	Shares issued upon exercise of options

There are no other matters or circumstances that have arisen since the end of the financial year other than outlined elsewhere in this financial report that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

## Future Developments

The Company continues to manage its investment in Advent and researching new opportunities to invest in private and/or public, listed and/or unlisted Australian companies within its field of activity.

The Company continues to liaise with ASX as it works towards the return of its shares to trading status. On 27 June 2024, MEC made a further formal submission to the ASX, following its previous submissions on 16 December 2020, 12 January 2022, and 13 September 2022.

The Company announced on 11 July 2024 that as part of the process of moving MEC toward being readmitted to trading status on the ASX, the Company will shortly undertake a capital raising which will comprise an offer conducted pursuant to a full form prospectus (Capital Raising). It is intended that the Capital Raising will be an entitlement offer of one (1) Share for every one (1) Share held by shareholders at the record date, at an issue price of \$0.005 per Share, with one (1) free attaching option for every two (2) Shares subscribed or and issued to raise approximately \$5,260,000.

MEC is endeavoring to meet all ASX requirements for reinstatement by 31 October 2024. This will include finalisation and lodgment of a full form prospectus in relation to the Capital Raising by mid-August 2024.

## Information on Directors

### D Breeze (appointed 20 April 2005)

Managing Director

Shares held in MEC

- 7,172,540 ordinary shares held directly.
- 9,747,362 ordinary shares held indirectly via Grandbridge Ltd of which David Breeze is a director & shareholder

## Directors' Report

MEC Resources Ltd

- 6,227,238 ordinary shares in Trandcorp Superannuation Fund of which David Breeze is a director and shareholder
- 2,648,669 ordinary shares indirectly via Trandcorp Pty Ltd of which David breeze is a director & shareholder
- 65,780,777 ordinary shares held via the MEC Employee Share Trust

Shares held in Advent – 2,000,000

Listed Options held – nil Unlisted

Options held MEC – nil

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 Master of Business Administration and is 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 in Grandbridge Limited (from December 1999 to present, the company was delisted from ASX in February 2020) BPH (from February 2001 to present) and is an executive Director of Advent Energy Ltd and its subsidiaries.

### **A Jones (appointed 23 September 2020)**

*Non-Executive Director*

Shares held in MEC

- 4,000,000 shares held indirectly via AJ Superannuation Fund
- 8,000,000 shares indirectly via Jessica Brown
- 15,727,557 ordinary shares held via the MEC Employee Share Trust

Shares held in Advent – nil

Listed Options held – nil

Unlisted Options held MEC – nil

Andrew has over 14 years' experience in financial markets and is an established Corporate Advisor with a demonstrated history of working within the finance industry. He has worked with various stockbroking and capital firms in Perth providing corporate advice to ASX companies. Andrew is skilled in mergers & acquisitions, corporate finance, investor relations and corporate communications.

Andrew was awarded the Best Corporate Advisor in 2016 from Acquisition International for leading the Aziana Ltd/BrainChip Inc. merger through to a successful listing in September 2015. Andrew secured their initial funding and then secured Aziana as the acquisition company to complete a re listing on the ASX.

Andrew's primary focus is providing corporate advice to ASX companies and specialises in capital raising solutions as well as developing customised corporate strategies. He has worked primarily in the resources sector, however, has covered a range of other market sectors during his career raising capital and providing corporate advice and management. Recently, Andrew has been working with a few selected private companies to prepare them for a public listing on the ASX, whether that be a reverse takeover/backdoor listing or IPO.

Andrew has managed a range of transactions and corporate activities in the recent past raising in excess of \$10m for a variety of companies such as equity or convertible notes or both.

Mr Jones has not acted as a director of any other listed public company in the last 3 years.

## Directors' Report

MEC Resources Ltd

### **A Huston (appointed 22 October 2020)**

*Non-Executive Director*

Shares held in MEC – 13,736,648 ordinary shares for Anthony & Shelly Huston held via the MEC Employee Share Trust

Shares held in Advent – nil

Listed Options held – nil

Unlisted Options held MEC – nil

Anthony (Tony) Huston has been involved for over 40 years in engineering and hydrocarbon industries for both on and offshore exploration/development. Early career experience commenced with Fitzroy Engineering Ltd, primarily working on development of onshore oil fields. During the 1990's

Tony managed JFP NZ International, a Texas based exploration company that included a jack up rig operating in NZ waters. In 1994 Tony oversaw the environmental consent process required to drill a near inshore well that was drilled from "land" into the offshore basin during 1995. In 1996 Tony formed his own E&P Company to focus 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 20 years ago are still in operation. Recent focus (12 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 and is a non-executive Director of Advent Energy Ltd and Clean Carbon Technologies Corp.

### **P Richards (appointed 25 June 2024)**

*Non-Executive Director*

Shares held in MEC

- 1,136,364 ordinary shares held directly
- 29,562,094 ordinary shares held indirectly via Protax Nominees Pty Ltd <Richards Super Fund>

Shares held in Advent – nil

Listed Options held – nil

Unlisted Options held MEC

- 1,136,364 options exercise price of \$0.0055 expiry 5 April 2026 held directly
- 9,000,000 options exercise price of \$0.0055 expiry 21 February 2025

Peter has acted as a public company director in the financial services sector and understands the finance and investment industries and regulatory compliance. He has been a nominated Responsible Person on a number of Australian Financial Services Licences. His history includes being retained by the ASIC as a consultant on financial services industry regulatory compliance standards and he has acted for the ASIC as an expert witness. His related entity investment interests have been listed as top twenty investors in multiple ASX listed companies. He manages his own investment interests.

Mr Richards has not acted as a director of any other listed public company in the last 3 years.

### **S James (appointed 4 March 2022, resigned 25 June 2024)**

*Non-Executive Director*

Shares held in MEC – 2,083,333 ordinary shares for Steve James held via the MEC Employee Share Trust

Shares held in Advent – nil

Listed Options held – nil

Unlisted Options held MEC –  
nil

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.



## Directors' Report

MEC Resources Ltd

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 Master's Degree in Financial Services Law, a Master Stockbroker Qualification, and a Diploma of Financial Markets and is a graduate of the Australian Institute of Company Directors.

He is currently non-executive director of Advent Energy Ltd which is a substantial shareholder of MEC holding a 15.41% interest at present.

Mr James has not acted as a director of any other listed public company in the last 3 years.

### Remuneration Report (Audited)

This report details the nature and amount of remuneration for key management personnel of MEC Resources Ltd. The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

This information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The Directors and other key management personnel of the Group during or since the end of the financial year were:

- D Breeze – Managing Director (appointed 20 April 2005)
- A Jones - Non-Executive Director (appointed 23 September 2020)
- A Huston – Non-Executive Director (appointed 22 October 2020)
- P Richards – Non-Executive Director (appointed 25 June 2024)
- S James – Non-Executive Director (resigned 25 June 2024)

All the parties have held their current position for the whole of the financial year and since the end of the financial year unless otherwise stated.

### Remuneration Policy

The remuneration policy of MEC has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives as determined by the Board and/or shareholders. The remuneration report, as contained in the 2023 financial accounts was adopted at the Company's 2023 annual general meeting held on 29 November 2023. A total of 91.7% of shareholders voted for the adoption of this report, the Board noting that the remuneration policy is appropriate and effective in its ability to attract and retain the best executive and directors to run and manage the economic entity, as well as create goal congruence between the directors, executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was approved by the Board.

- All executives, unless otherwise agreed, receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.
- The Board reviews executive packages annually by reference to the Company's performance,

## Directors' Report

MEC Resources Ltd

executive performance and comparable information from industry sectors and other listed companies in similar industries.

### Remuneration philosophy

The performance of the Company depends upon the quality of the Directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high caliber employees.
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest caliber of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where agreed the executives receive a superannuation guarantee contribution required by the government, which is currently 11.5% and do not receive any other retirement benefits.

Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using an appropriate methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Payments to non-executive directors are based on market practice, duties and accountability. Independent external advice may be sought when required on payments to non-executive directors. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

A policy on Directors hedging their equity has not been implemented by the Consolidated Group.

### Compensation Practices

The Board's policy for determining the nature and amount of compensation of key management for the Group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon resignation, key management personnel are paid employee benefit entitlements accrued to date of resignation. Key management personnel are paid three months of salary in the event of redundancy and options not exercised before or on the date of termination will lapse after one month.

The Board determines the proportion of fixed and variable compensation for each key management personnel.

# Directors' Report

MEC Resources Ltd

## Employment contracts of Directors

### Details of Remuneration for the year ended 30 June 2024

2024

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary and Fees	Bonus	Non-cash benefit	Other	Superannuation
D Breeze	-	-	-	65,000	6,500
A Jones	-	-	-	25,000	2,500
A Huston	-	-	-	25,000	2,500
P Richard (appointed 25 Jun 2024)	-	-	-	0	0
S James (resigned 25 Jun 2024)	-	-	-	25,000	2,500

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Shares	Options	\$	%	%
D Breeze	-	-	-	71,500 <sup>1</sup>	-	-
A Jones	-	-	-	27,500 <sup>2</sup>	-	-
A Huston	-	-	-	27,500 <sup>3</sup>	-	-
P Richards (appointed 25 Jun 2024)	-	-	-	0	-	-
S James (resigned 25 Jun 2024)	-	-	-	27,500 <sup>4</sup>	-	-

1. No cash directors' fees have been paid to Mr Breeze since his appointment, however director's fees of \$65,000 per annum plus SGC were payable to Mr Breeze payable monthly in arrears continue to accrue.
2. No cash directors' fees have been paid to Mr Jones since his appointment, however director's fees of \$25,000 per annum plus SGC were payable to Mr Jones payable monthly in arrears continue to accrue.
3. No cash directors' fees have been paid to Mr Huston since his appointment, however director's fees of \$25,000 per annum plus SGC were payable to Mr Jones payable monthly in arrears continue to accrue.
4. No cash directors' fees have been paid to Mr James since his appointment, however director's fees of \$25,000 per annum plus SGC were payable to Mr James payable monthly in arrears continue to accrue.

### Details of Remuneration for the year ended 30 June 2023

2023

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary and Fees	Bonus	Non-cash benefit	Other	Superannuation
D Breeze	-	-	-	65,000	6,500

# Directors' Report

MEC Resources Ltd

A Jones	-	-	-	25,000	2,500
A Huston	-	-	-	25,000	2,500
S James	-	-	-	25,000	2,500

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Shares	Options	\$	%	%
D Breeze	-	-	-	71,500 <sup>1</sup>	-	-
A Jones	-	-	-	27,500 <sup>2</sup>	-	-
A Huston	-	-	-	27,500 <sup>3</sup>	-	-
S James	-	-	-	27,500 <sup>4</sup>	-	-

1. No cash directors' fees have been paid to Mr Breeze since his appointment, however director's fees of \$65,000 per annum plus SGC were payable to Mr Breeze payable monthly in arrears continue to accrue.
2. No cash directors' fees have been paid to Mr Jones since his appointment, however director's fees of \$25,000 per annum plus SGC were payable to Mr Jones payable monthly in arrears continue to accrue.
3. No cash directors' fees have been paid to Mr Huston since his appointment, however director's fees of \$25,000 per annum plus SGC were payable to Mr Huston payable monthly in arrears continue to accrue.
4. No cash directors' fees have been paid to Mr James since his appointment, however director's fees of \$25,000 per annum plus SGC were payable to Mr James payable monthly in arrears have been accrued from his appointment as director.

## Interest in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by Directors as at the date of this report.

### Shareholdings

#### Number of Shares Held by Key Management Personnel 2024

	Balance 1.7.2023	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2024
D Breeze	91,576,586	-	-	-	91,576,586 <sup>1</sup>
A Jones	27,727,557	-	-	-	27,727,557 <sup>2</sup>
A Huston	13,736,648	-	-	-	13,736,648 <sup>3</sup>
S James (resigned 25 Jun 2024)	2,083,333	-	-	-	2,083,333 <sup>4</sup>
P Richards (appointed 25 Jun 2024)	30,698,458	-	-	-	30,698,458 <sup>5</sup>

1. Mr Breeze holds 7,172,540 ordinary shares held directly, 9,747,362 ordinary shares held indirectly via Grandbridge Ltd of which David Breeze is a director & shareholder, 6,227,238 ordinary shares in Trandcorp Superannuation Fund of which David Breeze is a director and shareholder, 2,648,669 ordinary shares indirectly via Tandcorp Pty Ltd of which David Breeze is a director & shareholder and 65,780,777 ordinary shares held via the MEC Employee Share Trust.
2. Mr Jones holds indirectly via the AJ Superfund 4,000,000 shares and his spouse Jessica Brown holds a direct interest in 8,000,000

## Directors' Report

MEC Resources Ltd

- shares and 15,727,557 ordinary shares held via the MEC Employee Share Trust.
- Mr Huston holds 13,736,648 ordinary shares held via the MEC Employee Share Trust.
  - Mr James holds 2,083,333 ordinary shares held via the MEC Employee Share Trust.
  - Mr Richards holds 1,136,364 ordinary shares directly and 29,562,094 ordinary shares held indirectly via Protax Nominees Pty Ltd <Richards Super Fund>.

### Shareholdings

#### Number of Shares Held by Key Management Personnel

2023

	Balance 1.7.2022	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2023
D Breeze	23,545,809	65,780,777	-	-	91,576,586 <sup>1</sup>
A Jones	12,000,000	15,727,557	-	-	27,727,557 <sup>2</sup>
A Huston	0	13,736,648	-	-	13,736,648 <sup>3</sup>
S James (resigned 25 Jun 24)	0	2,083,333	-	-	2,083,333 <sup>4</sup>

- Mr Breeze Shares holds 7,172,540 ordinary shares held directly, 9,747,362 ordinary shares held indirectly via Grandbridge Ltd of which David Breeze is a director & shareholder, 6,227,238 ordinary shares in Trandcorp Superannuation Fund of which David Breeze is a director and shareholder, 2,648,669 ordinary shares indirectly via Tandcorp Pty Ltd of which David Breeze is a director & shareholder and 65,780,777 ordinary shares held via the MEC Employee Share Trust.
- Mr Jones holds indirectly via the AJ Superfund 4,000,000 shares and his spouse Jessica Brown holds a direct interest in 8,000,000 shares and 15,727,557 ordinary shares held via the MEC Employee Share Trust.
- Mr Huston holds 13,736,648 ordinary shares held via the MEC Employee Share Trust.
- Mr James holds 2,083,333 ordinary shares held via the MEC Employee Share Trust.

Board payments may be made up to a level of \$250,000 per annum. Payments for Director fees are to be made up to \$25,000 per annum per director and \$50,000 per annum for the Chairman.

### Company performance, shareholder wealth, and director and executive remuneration

The following table shows the gross revenue and the operating result for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2020	2021 <sup>1</sup>	2022 <sup>1</sup>	2023 <sup>1</sup>	2024 <sup>1</sup>
Revenue	2,455	-	-	-	5,933
Net Profit/Loss	(2,669,798)	(1,034,051)	(715,322)	(558,503)	(492,526)
Share price at Year end	\$0.004	\$0.004	\$0.004	\$0.004	\$0.004
Loss per share	\$(0.004)	\$(0.001)	\$(0.001)	\$(0.001)	\$(0.0003)

Note 1: The Company's shares have been suspended from trading on the ASX since 17 January 2020

End of remuneration report.

## Directors' Report

MEC Resources Ltd

### Meetings of Directors

During the financial year, 3 meeting of directors (including committees of directors) was held. The Board meets much more regularly by telephone to make day-to-day decisions with respect to the business of the Company. Other decisions taken via circulating resolutions. Attendances by each director during the year were:

	Directors' Meetings	
	Number eligible	Number attended
D Breeze (appointed 20/4/2005)	3	3
A Jones (appointed 23/9/2020)	3	3
A Huston (appointed 22/10/2020)	3	3
P Richards (appointed 25/6/2024)	0	0
S James (appointed 22/10/2020, resigned 25/6/2024)	3	3

### Indemnifying Officers or Auditors

During or since the end of the financial year the company has not paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the Company.

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

### Options

During the year ended 30 June 2024 no ordinary shares of MEC were issued on the exercise of options (2023: Nil). Following Shareholder approval on 4 July 2023 options were granted since year end as noted below. 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.

Following the end of the balance date a total of 57,622,726 ordinary shares were issued on the exercise of options as follows:

Date Exercised	Number	Exercise Price	Cash Raised
10/7/2024	7,327,273	\$0.0055	\$40,300
22/7/2024	50,295,453	\$0.0055	\$276,625
	<b>57,622,726</b>		<b>\$316,925</b>

At the date of this report there were the following share options on issue:

Issued	Number	Exercise Price	Expiry Date
21/2/2023	28,988,180	\$0.0055	21/2/25
7/7/2023	13,514,381	\$0.0055	7/7/25
5/4/24	12,061,363	\$0.0055	5/4/26

# Directors' Report

MEC Resources Ltd

## Legal Proceedings on Behalf of Company

### Advent Energy Pty Ltd & Asset Energy Pty Ltd

MEC entered into a settlement agreement with both Advent Energy Pty Ltd (Advent) and Asset Energy Pty Ltd (Asset) in relation to writs and demands issued by both Advent and Asset on 27 August 2020 and 8 September 2020.

On 13 December 2021 the Company held a shareholder meeting where approval was granted to issue 124,708,409 fully paid ordinary shares to Advent as part settlement of Advent writs. These shares were issued by the Company on 17 December 2021 at a deemed issue price of \$0.0044 per Share to discharge the sum of \$548,717 of the Advent Debt. As a result, the outstanding Advent Debt had been reduced from \$872,741 to \$324,024. Pursuant to the Deed of Settlement announced by the Company on 14 December 2020 Advent will be able to participate in a future rights issue or capital raise of MEC Resources to the extent of the balance of the Shares at a deemed issue price of \$0.0044 per Share to settle the remaining balance of the Advent Debt being \$324,024. The Advent Debt Conversion allows the Company to improve its balance sheet position and pay down the remaining \$324,024 in outstanding debt which it would otherwise need to pay in cash.

Subsequent to the end of balance date, on 11 July 2024 the Company announced an update to reinstatement to trading of its securities on the ASX and as part of the process of moving MEC toward being readmitted to trading status on the ASX, the Company will shortly undertake a capital raising which will comprise an offer conducted pursuant to a full form prospectus (**Capital Raising**). It is intended that the Capital Raising will be an entitlement offer of one (1) Share for every one (1) Share held by shareholders at the record date, at an issue price of \$0.005 per Share, with one (1) free attaching option for every two (2) Shares subscribed or and issued to raise approximately \$5,260,000.

As part of this Capital Raising it is intended that the remaining \$324,024 in outstanding debt to Advent will be repaid by way of a share issue as an offset under the proposed prospectus. Should the Capital Raising be successfully completed Advent will be issued 64,804,800 shares to settle the Advent Debt in full.

### PDF Status

MEC is a registered Pooled development Fund ("PDF") of the Pooled Development Fund Act 1992 ("PDF Act").

The Company's PDF registration remains in force and brings a number of benefits to both the Company and its shareholders. Some of the key elements are:

- PDFs raise capital & make equity investments complying with a structure established under the Australian Government's PDF Act, enacted in 1992.
- MEC's PDF status means it is taxed at 15% on its income and capital gains received from its investments.
- MEC shareholders are exempt from capital gains when selling their MEC shares.
- Australian residents receiving franked and unfranked dividends from their MEC shares are also exempt from tax.

## Directors' Report

MEC Resources Ltd

### Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:


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

Fees for non-audit services paid/payable to the external auditors during the year ended 30 June 2024 were Nil (2023: Nil).

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 22.

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

A handwritten signature in black ink, appearing to read 'D Breeze', with a stylized flourish at the end.

David Breeze

Managing Director

Dated this 30 August 2024



## **Auditor's Independence Declaration**

### **Under Section 307c of the Corporations Act 2001**

#### **To the directors of MEC Resources Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

- a) no contraventions of the auditor independence requirements of 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.



Suan-Lee Tan  
Partner – Audit and Assurance  
[Moore Australia Audit \(WA\)](#)



Moore Australia Audit (WA)  
Chartered Accountants

Perth  
30<sup>th</sup> August 2024

## Corporate Governance Statement

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The Board of Directors of MEC is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

A copy of the Company's Corporate Governance Statement can be found on the Company's website at [www.mecresources.com.au](http://www.mecresources.com.au)

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2024  
MEC Resources Ltd

	Note	2024 \$	2023 \$
Revenue	2	5,933	2,772
Share of associates' losses	10	(250,972)	(183,865)
Administration expenses		(63,895)	(210,182)
Consulting and legal expenses		(31,403)	(53,089)
Depreciation and amortisation expense		-	(1,536)
Director/Employee expenses	5	(119,896)	(13,155)
Interest expenses		(11,623)	(10,370)
Compliance expenses		(20,670)	(89,067)
Loss before Income Tax		(492,526)	(558,503)
Income tax expense	8	-	-
<b>Loss from continuing operations</b>		(492,526)	(558,503)
Profit/(loss) for the Period		(492,526)	(558,503)
Other Comprehensive Income		-	-
Total Comprehensive loss for the period		(492,526)	(558,503)
<b>Loss attributable to non-controlling interest</b>		-	-
Loss attributable to members of the parent entity		(492,526)	(558,503)
Total Comprehensive loss attributable to non-controlling interest		-	-
Total Comprehensive loss attributable to the owners of the company		(492,526)	(558,503)
Earnings Per Share –		(0.00)	(0.00)
Basic and diluted earnings per share (cents per share)	6		

The accompanying notes form part of these financial statements.

# Statement of Financial Position

as at 30 June 2024

MEC Resources Ltd

	Note	30 June 2024 \$	30 June 2023 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	221,359	223,509
Other current assets	9	2,394	2,394
<b>Total Current Assets</b>		<b>223,753</b>	<b>225,903</b>
<b>Non-Current Assets</b>			
Financial assets	10	8,001,510	8,252,482
Property, plant & equipment	11	-	-
<b>Total Non-Current Assets</b>		<b>8,001,510</b>	<b>8,252,482</b>
<b>Total Assets</b>		<b>8,225,263</b>	<b>8,478,386</b>
<b>Current Liabilities</b>			
Trade and other payables	12	643,489	1,117,261
Financial liabilities	13	498,839	487,216
<b>Total Current Liabilities</b>		<b>1,142,328</b>	<b>1,604,477</b>
<b>Total Liabilities</b>		<b>1,142,328</b>	<b>1,604,477</b>
<b>Net Assets</b>		<b>7,082,935</b>	<b>6,873,908</b>
<b>Equity</b>			
Issued capital	14	32,208,956	31,507,403
Reserves	15	442,274	442,274
Accumulated losses		(25,568,295)	(25,075,769)
<b>Total Equity</b>		<b>7,082,935</b>	<b>6,873,908</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

## for the year ended 30 June 2024

MEC Resources Ltd

	Issued Share Capital \$	Accumulated losses \$	Option Reserve \$	Contribution Reserve \$	Total attributable to owners \$	Non- controlling Interest \$	Total Equity \$
<b>Balance at 1 July 2022</b>	31,193,095	(24,517,515)	442,274	-	7,117,854	-	7,117,854
Loss attributable to continuing operations	-	(558,503)	-	-	(558,503)	-	(558,503)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(558,503)	-	-	(558,503)	-	(558,503)
Shares issued during the period	333,651	-	-	-	333,651	-	333,651
Capital raising costs	(19,343)	-	-	-	(19,343)	-	(19,343)
<b>Balance at 30 June 2023</b>	<b>31,507,403</b>	<b>(25,075,769)</b>	<b>442,274</b>	<b>-</b>	<b>6,873,908</b>	<b>-</b>	<b>6,873,908</b>
<b>Balance at 1 July 2023</b>	31,507,403	(25,075,769)	442,274	-	6,873,908	-	6,873,908
Loss attributable to continuing operations	-	(492,526)	-	-	(492,526)	-	(492,526)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(492,526)	-	-	(492,526)	-	(492,526)
Shares issued during the period	704,253	-	-	-	704,253	-	704,253
Capital raising costs	(2,700)	-	-	-	(2,700)	-	(2,700)
<b>Balance at 30 June 2024</b>	<b>32,208,956</b>	<b>(25,568,295)</b>	<b>442,274</b>	<b>-</b>	<b>7,082,935</b>	<b>-</b>	<b>7,082,935</b>

The accompanying notes form part of these financial statements.

**Statement of Cash Flows**  
**for the year ended 30 June 2023**  
MEC Resources Ltd

	Note	2024 \$	2023 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(165,383)	(186,233)
Other		-	16,555
Interest received		5,933	2,772
<b>Net cash used in operating activities</b>	<b>16</b>	<b>(159,450)</b>	<b>(166,906)</b>
<b>Cash Flows from Investing Activities</b>			
Cash items from investing activities		-	-
Repayment of loans from other entities		-	367
Sale of property, plant & equipment		-	1,536
<b>Net cash provided by/(used) in investing activities</b>		<b>-</b>	<b>1,902</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from share issue		157,300	314,308
BPH Loan Funding Agreements		-	62,840
<b>Net cash provided by financing activities</b>		<b>157,300</b>	<b>377,148</b>
<i>Net increase/(decrease) in Cash Held</i>		<i>(2,150)</i>	<i>212,144</i>
<i>Cash at the Beginning of the Period</i>		<i>223,509</i>	<i>11,365</i>
<b>Cash at the End of the Period</b>	<b>7</b>	<b>221,359</b>	<b>223,509</b>

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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## 1. Statement of Material Accounting Policies

### Corporate Information

The financial report includes the consolidated financial statements, for part of the prior financial year and the notes of MEC and its controlled entities ('Consolidated Group' or 'Group').

MEC is a public listed company on the ASX, which is incorporated and domiciled in Australia. The financial report was authorised for issue on 30 August 2024 by the Board of Directors.

### Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. MEC is a for-profit entity for the purpose of preparing financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where stated below.

### Compliance with IFRS

The consolidated financial statements of MEC Resources Ltd comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Financial Position/Going Concern Basis of Preparation

The Consolidated Group has incurred losses for the year ended 30 June 2024 of \$492,526 (2023: \$558,503) and has a net cash outflow from operating and financing activities of \$2,150 (2023: \$212,144).

The Consolidated Group has a working capital deficit of \$918,575 (Note 18b) as at 30 June 2024 (2023: \$1,378,574) which includes cash assets of \$221,359 as at 30 June 2024 (2023: \$223,903), trade receivables of \$nil (2023: nil), trade creditors and other payables of \$643,489 (2023: \$1,117,261) and financial liabilities of \$498,839 (2023: \$487,216).

Included in the trade creditors and payables are director fee accruals of \$320,974 (2023: \$735,657). The directors have reviewed their expenditure and commitments for the Consolidated Group and have implemented methods of cost reduction. The directors, as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees prior to and as at the date of this report to conserve cash resources of the Company.

The Company has assessed its ability to continue as a going concern, taking into account all available information, for a period of 12 months from the date of the issuing of the financial report.

The Company's financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities, including the realisation of assets and settlement of liabilities in the normal course of business.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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## 1. Statement of Material Accounting Policies (continued)

### Financial Position/Going Concern Basis of Preparation (continued)

Based on the Company's cash flow forecast, the Company will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realization of assets and extinguishment of liabilities as and when they fall due.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due is therefore dependent upon:

- the Company's operating cash requirements not exceeding its historical levels;
- the creditors of the Company continuing to support it by not demanding repayment of amounts due to them, and
- the Directors being successful in obtaining future funding to meet the Company's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt, in relation to which the Company has demonstrated a history of success in this regard.

After consideration of the above factors, the Directors are of the opinion that it is appropriate for the Company to prepare the financial statements on a going concern basis and, as a result, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concern basis.

Notwithstanding this assessment, there exists a material uncertainty that casts doubt on the Company's ability to continue as a going concern for at least the next 12 months and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

### Accounting Policies

#### (a) Principles of Consolidation

A controlled entity is any entity which MEC is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 20 to the financial statements. All controlled entities have a June financial year-end. As of the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All inter-company balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

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



# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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## 1. Statement of Material Accounting Policies (continued)

### (a) Principles of Consolidation (continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

### (b) 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 substantially enacted by the balance sheet date. Deferred tax is accounted for in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is recognised in the statement of profit or loss and other comprehensive income except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or unused tax losses and tax credits can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### (c) 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.

### (d) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## 1. Statement of Material Accounting Policies (continued)

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract. All revenue is stated net of the amount of goods and services tax (GST).

### (e) 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.

### (f) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Group. The amounts are unsecured and are usually paid within 30 days. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (g) Share based payments

Share based compensation benefits are provided to employees via the Company's Employee Option plan.

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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## 1. Statement of Material Accounting Policies (continued)

### (h) Earnings per share

Basic earnings per share (EPS) is calculated as net profit/loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### (i) Investments in Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The equity method of accounting recognises the Group's share of post-acquisition reserves of its associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends receivable from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Where an investment is classified as a financial asset in accordance with AASB 9, at the date significant influence is achieved, the fair value of the investment needs to be assessed. Any fair value gains are recognised in accordance with the treatment the classification the financial asset as required by AASB 9.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The consolidated entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When a consolidated entity retains an interest in the former associate or joint venture and the retained interest is a financial asset, the consolidated entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gains or loss on disposal.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## 1. Statement of Material Policies (continued)

of the associate or joint venture. In addition, the consolidated entity accounts for all amounts previously recognised other comprehensive income in relation to that associate or joint venture on the same basis

as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the consolidated entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

### (j) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to statement of financial position. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits using a corporate bond rate.

### (k) Financial Instruments

The Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The Group subsequently measures all equity investments at fair value. The Group has not elected to present fair value gains and losses on equity investments in OCI, where there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per AASB 139. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc).

### (l) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

### (m) Critical Accounting Estimates and Judgements

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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Key Judgments —Expected credit loss assessment of net investment in Advent Energy Ltd

The Company has significant assets invested in Advent Energy Ltd and its controlled entities, comprising loans receivable and an investment in the Company as disclosed in Note 13 and 21. The evaluation of the recoverability of these assets requires significant judgement because ultimately their recoverability and value is dependent upon the ability of Advent Energy Ltd to extract and realise value from its core

exploration assets. The Company assesses its investment in and loans to Advent Energy Ltd for expected credit losses in accordance with the accounting policy stated in note 1(o), which requires the application of significant judgement. Refer to Note 10 and 17 for further discussion on matters related to the investment in and loans to Advent Energy Ltd.

## **(n) Application of New and Revised Accounting Standards**

### ***Standards and Interpretations applicable to the 30 June 2024 financial year***

In the year ended 30 June 2024, the Directors have reviewed all of the new and revised Standards and

Interpretations issued by the AASB that are relevant to the consolidated entity and effective for the current reporting period beginning on or after 1 July 2023. The Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the consolidated entity and therefore, no material change is necessary to group accounting policies.

### ***Standards and Interpretations in issue not yet adopted***

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2024. 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 consolidated entity and, therefore, no change is necessary to the consolidated entity's accounting policies.

### ***Standards and Interpretations issued but not yet adopted by the Company***

The Directors have also reviewed all of the new and revised Standards and Interpretations Issued but not yet adopted that are relevant to the Company and effective for future reporting periods.

None are expected to have a significant impact on the Company.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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## 2. Revenue

	2024 \$	2023 \$
<b>Revenue</b>		
Interest revenue	5,933	2,772
<b>Total revenue</b>	5,933	2,772

## 3. Loss for The Year

	<b>Consolidated</b>	
	2024 \$	2023 \$
<b>Expenses</b>		
<b>Consulting and Legal</b>		
Consulting fees	-	-
Legal fees	31,403	53,089
	31,403	53,089

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## 4. Auditors' Remuneration

	Consolidated	
	2024 \$	2023 \$
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report of the parent		
Moore Australia Audit (WA)	18,000	16,350
- Other services - Moore Australia Audit (WA)		
Remuneration of the auditor of subsidiaries for:		
- auditing or reviewing the financial report of subsidiaries		
Moore Australia Audit (WA)	-	-
	18,000	16,350

## 5. Key Management Personnel Compensation

(a) Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

### Key Management Personnel

D Breeze - (appointed 20 April 2005)  
A Jones - (appointed 23 September 2020)  
A Huston - (appointed 22 October 2020)  
P Richards - (appointed 25 June 2024)  
S James - (appointed 4 March 2022, resigned 25 June 2024)

	Consolidated	
	2024 \$	2023 \$
Short term employee benefits	154,000	154,000
Share based payments (in lieu of directors' fees)	-	-
	154,000	154,000

Included in consolidated trade creditors and payables are director fee accruals (including ex directors) of \$320,974 (30 June 2023: \$735,657).

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## Key Management Personnel Compensation (continued)

Director	MEC Resources Ltd All Amounts Accrued & Owing up to 30 June 2024	MEC Resources Ltd Amount Accrued & Owing 1 July 2023 to 30 June 2024	Net Directors Fees owing following Share Based Payment as at 30 June 2023
<b>Current Directors</b>			
D Breeze	155,991	77,991	78,000
A Jones	54,996	27,500	27,496
A Huston	54,993	27,500	27,493
S James	54,994	27,500	27,494
<b>Previous Directors</b>			
R Marusco	-	-	-
D Verley	-	-	-
G Murray	-	-	-
<b>Balance owing</b>	<b>\$320,974</b>	<b>\$160,491</b>	<b>\$160,483</b>

Key management personnel remuneration is disclosed in the remuneration report included in the director's report.

### Share Based Payments in Lieu of Directors Fees

As noted on 7 July 2023 following shareholder approval at the Company's 2022 Annual General Meeting a total of 97,328,315 shares were issued at \$0.0044 per share in satisfaction of directors' fees with shares being issued to the MEC Employee Share Trust and will vest upon the Company's Shares being readmitted to trading status on the ASX (**Vesting Condition**);

Director	MEC Resources Ltd All Amounts Accrued & Owing up to 30 June 2023	Shares Issued to the MEC Employee Share Trust in lieu of Directors Fees	Value of Directors Fees paid by Share Based Payment	Net Directors Fees owing following Share Based Payment as at 30 June 2023
<b>Current Directors</b>				
D Breeze	360,935	65,780,777	289,435	78,000
A Jones	96,701	15,727,557	69,201	27,496
A Huston	87,941	13,736,648	60,441	27,493
S James	36,667	2,083,333	9,167	27,494
<b>Balance owing</b>	<b>\$582,244</b>	<b>97,328,315</b>	<b>\$428,244</b>	<b>\$160,483</b>
<b>Previous Directors</b>				
R Marusco <sup>1</sup>	8,761	1,990,832	8,761	-
D Verley <sup>2</sup>	91,086	12,178,636	53,586	-
G Murray <sup>3</sup>	53,566	12,174,148	53,566	-
	<b>\$153,413</b>	<b>26,343,616</b>	<b>\$115,913</b>	<b>-</b>

Note 1: Shares issued to Mr Marusco were issued to the MEC Employee Share Trust.

Note 2: Mr Verley is no longer a director of the company having resigned 4 March 2022 and as such the Shares were issued to Mr Verley's spouse Julie Verley. Mr Verley's outstanding directors' fees were discounted from \$91,086 to \$53,586 and the shares issued on the discounted amount outstanding.

Note 3: Mr Murray is no longer a director of the company having resigned 4 March 2022 and as such the Shares were issued directly to him.



## Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

### 6. Earnings per share

		Consolidated	
		2024	2023
		\$	\$
(a)	Reconciliation of Earnings to Profit or Loss		
	Net loss attributable to members of the parent	(492,526)	(558,503)
	Earnings used to calculate basic and diluted EPS	(492,526)	(558,503)
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	1,011,161,071	884,993,167
	Loss per share (cents per share)	(0.0005)	(0.0006)
	The company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options will result in a decreased net loss per share.		

### 7. Cash and cash equivalents

		Consolidated	
		2024	2023
		\$	\$
	Cash at bank and in hand	221,359	223,509
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	221,359	223,509

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## 8. Income Tax Expense

	<u>Consolidated</u>	
	2024	2023
	\$	\$
<b>a. The components of tax expense comprise:</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
<b>b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2023: 25%)	(123,132)	(139,626)
Add/(less) tax effect of:		
- Revenue losses and other deferred tax balances not recognised	123,132	139,626
- Other non-deductible items	-	-
- Other non-assessable items	-	-
Income tax expense	-	-
<b>c. Deferred tax recognised at 25% (2023: 25%) (Note 1): Deferred tax liabilities:</b>		
Exploration expenditure	-	-
<b>Deferred tax assets:</b>		
Carry forward revenue losses	-	-
<b>Net deferred tax</b>	-	-
<b>d. Unrecognised deferred tax assets at 25% (2023: 25%):</b>		
Carry forward revenue losses	4,444,402	4,494,121
Carry forward capital losses	1,954,762	1,954,762
Other	-	-
	6,399,164	6,448,883

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## Income Tax Expense (continued)

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.

### Note 1 - Corporate Tax Rate

The corporate tax rate for eligible companies is 25% as from 30 June 2024 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

### Note 2 - Comparatives

The 2023 comparatives have been updated to be consistent with the 2024 format. The current and deferred tax position has not changed.

## 9. Other Assets

	Consolidated	
	2024	2023
	\$	\$
<b>Current</b>		
Deposits	2,394	2,394
Prepaid expenses	-	-
	<u>2,394</u>	<u>2,394</u>

## 10. Financial Assets

	Consolidated	
	2024	2023
	\$	\$
<b>Non - Current</b>		
Fair Value through Profit and Loss financial assets (a)	-	-
Loan receivable – Advent Energy Ltd (b)	4,161,134	4,161,134
Investment in Associate - Advent Energy Ltd (c)	3,840,376	4,091,348
Other	-	-
	<u>8,001,510</u>	<u>8,252,482</u>

## Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

- (a) For financial instruments that are measured at fair value on a recurring basis, Level 1 and Level 3 applies to the company's non-current Fair Value through Profit and Loss financial assets.
- (b) This loan is recoverable only by conversion to shares of Advent Energy Ltd one month prior to the scheduled commencement date for the drilling of a well within the PEP-11 permit area. The shares are calculated at 80% of 5-day VWAP of Advent Energy Ltd immediately prior to that date or if as at that date Advent Energy Ltd shares are not listed on any securities exchange, the price at which ordinary shares in Advent Energy Ltd were last issued.
- (c) Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

A detailed statement concerning the status of the PEP 11 asset held by Advent is outlined in the directors report on this annual report.

The directors of Advent have confidence that a suitable outcome will be achieved, however there is no certainty at this stage that the application will be successful and/or of further funding being made available. If Asset Energy loses its right of tenure in respect of PEP 11 then the book value of capitalised exploration and evaluation will need to be written off to Advent's Statement of Profit or Loss and Other Comprehensive Income.

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 in turn 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.

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Investment in Associate – Advent Energy Ltd</b>		
Opening balance	4,091,348	4,275,213
Share of loss of Associate for the year	(250,972)	(183,865)
Closing balance carrying value	3,840,376	4,091,348

### 11. Property, Plant and Equipment

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Plant and Equipment:	-	14,624
Less: Accumulated depreciation	-	(14,624)
Total Property, Plant and Equipment	-	-

<b>Consolidated</b>	
<b>2024</b>	<b>2023</b>
<b>\$</b>	<b>\$</b>

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Consolidated Entity:

Balance at the beginning of the year	1,536
Additions	-
Disposal on deconsolidation	-
Depreciation expense	(1,536)
Carrying amount at the end of the year	-

## 12. Trade and other payables

	Consolidated	
	2024 \$	2023 \$
Trade Payables and accrued expenses	643,489	1,117,261
	643,489	1,117,261

## 13. Financial Liabilities

	Consolidated	
	2024 \$	2023 \$
Loans payable – Current Liabilities		
Loan from Asset Energy Limited (a)	324,024	324,024
Loan from BPH Energy Limited (b)	174,815	163,192
	498,839	487,216

a. The loan is unsecured and interest free.

b. The loan is unsecured and interest is 7%.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## 14. Issued Capital

	Consolidated	
	2024	2023
	\$	\$
1,045,021,916 (2023: 884,993,167) fully paid ordinary shares	32,208,956	31,526,746
Less: Capital raising costs	-	(19,343)
Issued Capital	32,208,956	31,507,403

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

	2024	2023	2024	2023
	\$	\$	No	No
<b>Ordinary Shares</b>				
At the beginning of reporting period	31,507,403	31,193,095	884,993,167	809,163,335
Shares issued – SPP	-	-	-	-
Shares issued – Rights Issue	-	-	-	-
Shares issued payment of directors fees	544,253	-	123,671,931	-
Placement shares issued	160,000	333,651	36,356,818	75,829,832
Capital Raising cost	(2,700)	(19,343)	-	-
At reporting date	32,208,956	31,507,403	1,045,021,916	884,993,167

### Fully Paid Ordinary Share Capital

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

### (a) Options

During the year ended 30 June 2024 no ordinary shares of MEC were issued on the exercise of options (2023: Nil). 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.

At balance date, there were the following share options on issue:

Issued	Number	Exercise	Expiry
21/2/2023	35,088,108	\$0.0055	21/2/25
7/7/2023	40,741,652	\$0.0055	7/7/25
5/4/2024	36,356,812	\$0.0055	5/4/26

The market price of the Company's ordinary shares at 30 June 2024 was \$0.004 cents noting that the Company's shares have been suspended from trading on the ASX since 17 January 2020.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## Issued Capital (continued)

The holders of options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

### (b) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads and exploration commitments. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group and the parent entity at 30 June 2024 and 30 June 2023 are as follows:

	Consolidated	
	2024	2023
	\$	\$
Cash and cash equivalents	221,359	223,509
Other receivables	-	-
Trade payables and financial liabilities	1,142,328	1,604,477
Working capital position	(920,969)	(1,380,968)

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

	Consolidated	
	2024	2023
	\$	\$
Options Reserve (a)	442,274	442,274
Contributions Reserve (b)	-	-
	442,274	442,274

- The option reserve records items recognised as expenses in respect of the granting of Director and Employee share options.
- The purpose of the contribution reserve is to reflect the effect on equity of changes in ownership of the outside equity interest.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## Reserves (continued)

### Option Reserve

#### Reconciliation of movement

	2024	2023
	\$	\$
Opening balance	442,274	442,274
Reversal on deconsolidation	-	-
Closing balance	442,274	442,274

## 16. Cash Flow Information

	Consolidated	
	2024	2023
	\$	\$
<b>(a) Reconciliation of Cash Flow from Operations with Profit after income tax</b>		
Operating loss after income tax	(492,526)	(558,503)
Non-cash flows in profit:		
Depreciation	-	1,536
Revaluation on investments/share of associates losses	250,972	183,865
Interest expenses	11,623	-
Exploration expenditure written off	-	-
Loss on legal settlement	-	-
Loss on loan impairment	-	-
Changes in net assets and liabilities, net of effects of purchase & disposal of subsidiaries	-	-
(Increase)/decrease in trade and other receivables	-	-
(Increase)/decrease in other assets	-	(230)
Increase/(decrease) in trade payables and accruals	70,481	206,426
<b>Net cash flow from/(expended on) operating activities</b>	<b>(159,450)</b>	<b>(166,906)</b>



# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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## 17. Financial Risk Management

### (a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, investments held for trading, accounts receivable and payable, and loans to and from related parties. The main purpose of non-derivative financial instruments is to raise finance for group operations policies.

#### Financial Risk Exposures and Management

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

##### *Interest rate risk*

Interest rate risk is managed with a mixture of fixed and floating rate debt. The Group's financial liabilities are currently not exposed to interest rate risk as the Group has no 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 counterparties to the contract to meet their obligations.

##### *Equity Price Risk*

The Group is exposed to equity price risks arising from equity investments. Material investments are managed on an individual basis.

##### *Foreign currency risk*

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

### (b) Financial Instruments

#### Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## Financial Risk Management (Continued)

2024	Effective Average Interest Rate Payable %	Floating Interest Rate \$	Fixed Interest Rate \$	Non- Interest Bearing \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents		221,359	-	-	221,359
Trade and other receivables		-	-	4,161,134	4,161,134
Financial Assets – current		-	-	2,394	2,394
Financial Assets - non-current		-	-	3,840,376	3,840,376
		221,359	-	8,003,904	8,225,263
<b>Financial Liabilities</b>					
Trade and sundry Payables		-	-	643,489	643,489
Financial liabilities	7%	-	174,815	324,024	498,839
		-	174,815	967,513	1,142,328

2023	Effective Average Interest Rate Payable %	Floating Interest Rate \$	Fixed Interest Rate \$	Non- Interest Bearing \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents	1.25%	223,509	-	-	223,509
Trade and other receivables		-	-	4,161,134	4,161,134
Financial Assets – current		-	-	2,394	2,394
Financial Assets - non-current		-	-	4,091,348	4,091,348
		223,509	-	8,254,876	8,478,385
<b>Financial Liabilities</b>					
Trade and sundry Payables		-	-	1,117,261	1,117,261
Financial liabilities	7%	-	163,192	324,024	487,216
		-	163,192	1,441,285	1,604,477

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## Financial Risk Management (Continued)

### Fair Values

The fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation based on valuation techniques that are not based on observable market data.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

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

### Consolidated

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash	221,359	221,359	223,509	223,509
Financial assets at fair value through profit or loss	8,001,510	8,001,510	8,252,482	8,252,482
Available for sale financial assets	-	-	-	-
Loans and receivables	2,394	2,394	2,394	2,394
	<u>8,225,263</u>	<u>8,225,263</u>	<u>8,478,386</u>	<u>8,478,386</u>
<b>Financial Liabilities</b>				
Other loans and amounts due	643,489	643,489	1,117,261	1,117,261
Other liabilities	498,839	498,839	487,216	487,216
	<u>1,142,328</u>	<u>1,142,328</u>	<u>1,604,477</u>	<u>1,604,477</u>

### iii. Sensitivity Analysis

#### Interest Rate Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## Financial Risk Management (Continued)

### Interest Rate Sensitivity Analysis

The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2024	2023
<b>Change in profit</b>		
— Increase in interest rate by 1%	-	-
— Decrease in interest rate by 0.5%	(-)	(-)

### iv. Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities at the end of the reporting period of financial liabilities.

### 30 June 2024

	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Trade and other payables	643,489	(643,489)	-	(643,489)	-	-	-
Unsecured loans	498,839	(498,839)	-	-	-	(498,839)	-
							-

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

30 June 2023

	Contractual cash flows						More than 5 years
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	
<b>Financial liabilities</b>							
Trade and other payables	1,117,261	(1,117,261)	-	(1,117,261)	-	-	-
Unsecured loans	487,216	(487,216)	-	-	-	(487,216)	-
							-

## (c) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
- Investments in listed entities	-	-	-	-
Financial assets at FVTPL				
- Investments in unlisted entities	-	-	8,001,510	8,001,510
Total	-	-	8,001,510	8,001,510

30 June 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
- Investments in listed entities	-	-	-	-
Financial assets at FVTPL				
- Investments in unlisted entities	-	-	8,252,482	8,252,482
Total	-	-	8,252,482	8,252,482

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

Reconciliation of Level 1 fair value measurements of financial assets:

	<b>2024</b>	<b>2023</b>
	<b>Investments in listed entities (Level 1)</b>	<b>Investments in listed entities (Level 1)</b>
Opening balance	-	-
Add: Purchases	-	-
Total gains or loss in the profit and loss	-	-
Proceeds from sale of listed investments	-	-
Closing balance	-	-

Reconciliation of Level 3 fair value measurements of financial assets:

	<b>2024</b>	<b>2023</b>
	<b>Financial assets at FVTPL (Level 3)</b>	<b>Financial assets at FVTPL (Level 3)</b>
Opening balance	8,252,482	8,436,684
Add: Purchases	-	-
Add: Reclassified balances on deconsolidation	-	-
Total gains or loss in the profit and loss	(250,972)	(184,202)
Closing balance	8,001,510	8,252,482

The Company has a 37.95% holding in Advent and, based on the 30 June 2024 book value of net assets of Advent the carrying value in Advent held by the Company as reflected at Note 10 is considered to reflect approximate fair value.

## 18. Events after the Balance Sheet Date

The Company made a number of announcements after balance date as follows;

- 9 July 2024 – Proposed issue of securities
- 11 July 2024 – Reinstatement to trading update
- 22 July 2024 – Proposed issue of securities
- 31 July 2024 – Quarterly activities report and Appendix 4C Cash Flow Report
- 19 August 2024 – Advent Energy Limited 2024 Annual Report
- 19 August 2024 – 2022 & 2023 Appendix 4E

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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## 19. Related Party Transactions

(a) *Equity interests in controlled and uncontrolled entities*

The % of ordinary shares held in controlled and uncontrolled entities is disclosed in Note 24 to the financial statements.

(b) *Directors' remuneration*

Details of directors' remuneration and retirement benefits are located in the Directors Report and Note 5.

(c) *Receivables, payables and transactions with associates*

Advent is a related party of the Company. Refer to Note 10 for the Company's investment and loan receivables.

(d) *Director related entities*

MEC and BPH have a common Managing Director, Mr David Breeze, and therefore BPH is a related party of the Company. During the period no further loans were made by BPH to MEC. BPH charged MEC \$11,623 in interest. At balance date \$174,815 (2023: \$163,192) was payable to BPH by MEC, classified as a current liability.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

## 20. Controlled Entities and Non-Controlling Interests

### (a) Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2024	2023
<u>Parent Entity</u>				
MEC Resources Ltd	Investment	Australia		
<b>Subsidiary of MEC Resources Ltd</b>				
Catalyst Two Pty Ltd	Passive Trustee Co	Australia	100	100
<b>Associate of MEC Resources Ltd</b>				
Advent Energy Ltd	Investment	Australia	37.95	38.27

### (b) Non-Controlling Interests

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues	Profit for the Year	Total Comprehensive Profit for the Year
<b>2024</b>							
Advent Energy Ltd	2,783,806	17,809,506	3,205,543	7,657,304	15,046	(661,213)	(661,213)
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues	Loss for the Year	Total Comprehensive Loss for the Year
<b>2023</b>							
Advent Energy Ltd	2,026,128	16,822,221	1,250,522	7,206,039	15,919	(480,442)	(480,442)

## 21. Share-Based Payments

A share-based payment arrangement occurred during 30 June 2024. A payment was made by way of issue of 606,818 ordinary shares at a deemed issue price of \$0.0044 per share on 5 April 2024 for the payment of capital raising services by LeMessurier Securities Pty Ltd. This share issue was also accompanied by the issue of 606,818 Options with exercise price of \$0.0055 per Option expiry 5 April 2026.

Following shareholder approval on 4 July 2023 a total of 123,671,931 shares were issued to settle outstanding directors and ex directors' fees. Of this a total of 99,319,147 were issued to Catalyst Two Pty Ltd <MEC Employee Share A/C> on behalf of current directors and company officers which will vest



## Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

upon reinstatement to trading on the ASX. A total of 24,352,784 shares were issued to settle ex directors fees outstanding with these shares issued to those ex directors.

At balance date, nil MEC share options have been exercised (2023: nil).

During the year ended 30 June 2024 no ordinary shares of MEC were issued on the exercise of options (2023: Nil). Following Shareholder approval on 4 July 2023 options were granted as noted below. 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.

Following the end of the balance date a total of 57,622,726 ordinary shares were issued on the exercise of options as follows:

Date Exercised	Number	Exercise Price	Cash Raised
10/7/2024	7,327,273	\$0.0055	\$40,300
22/7/2024	50,295,453	\$0.0055	\$276,625
	<b>57,622,726</b>		<b>\$316,925</b>

At the date of this report there were the following share options on issue:

Issued	Number	Exercise Price	Expiry Date
21/2/2023	28,988,180	\$0.0055	21/2/25
7/7/2023	13,514,381	\$0.0055	7/7/25
5/4/24	12,061,363	\$0.0055	5/4/26

## 22. Contingent Liabilities

On 13 December 2021 Shareholders approved the issue of shares under the Advent Debt Conversion (as announced by the Company on 14 December 2020, whereby MEC and Advent had agreed to a debt for equity conversion for the Advent Debt pursuant to which the total of the Advent Debt will convert to equity in the Company, known as the Advent Debt Conversion), the Company has agreed to issue up to 198,247,272 Shares at a deemed issue price of \$0.0044 per Share to Advent to settle \$872,288 of the Advent Debt.

This full and final settlement is proposed to be completed in the following manner:

- by the issue of 124,708,409 Shares at a deemed issue price of \$0.0044 per Share to discharge the sum of \$511,972 plus interest and costs of \$36,790 of the Advent Debt which was completed on 22 December 2021; and
- by allowing Advent to participate in a future rights issue or capital raise of MEC to the extent of the balance of the Shares at a deemed issue price of \$0.0044 per Share to settle the remaining balance of the Advent Debt being \$323,526.

The Advent Debt Conversion allows the Company to improve its balance sheet position and pay down \$872,288 in outstanding debt which it would otherwise need to pay in cash.

As at the date of this Annual Report part b) shares noted above have not been issued however the Company is working towards completion with a proposed capital raise following its ASX announcement on 11 July 2024.

# Notes to the Financial Statements

for the year ended 30 June 2024

MEC Resources Ltd

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## 23. Commitments

### Capital Commitments

The Company has no current capital commitments.

## 24. Operating Segments

Operating segments have been identified on the basis of internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the board receives financial information on the consolidated entity on a basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

The consolidated entity's only operating segment is investments. The consolidated entity holds investments in two principal industries and these are;

- Neurotechnology
- Oil, gas and hydrocarbon exploration and development

**Consolidated Entity Disclosure Statement as at 30 June 2024**

<b>Name</b>	<b>Entity Type</b>	<b>Tax Residency</b>	<b>Country of Incorporation</b>	<b>Ownership Interest %</b>
<b>Parent Entity</b>				
MEC Resources Ltd	Body Corporate	Australia	Australia	-
<b>Subsidiaries/Associates of MEC Resources Ltd</b>				
Catalyst Two Pty Ltd	Body Corporate	Australia	Australia	100
Advent Energy Ltd	Body Corporate	Australia	Australia	37.95

## Directors Declaration

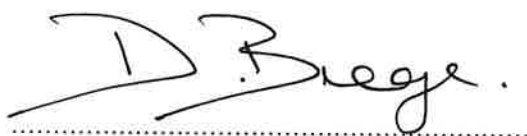
MEC Resources Ltd

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The directors of the company declare that:

1. the financial statements and notes, as set out on pages 24 to 56, 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 2024 and of the performance for the year ended on that date of the consolidated entity;
2. The Financial Statements and Notes comply with International Accounting Standards as disclosed in Note 1.
3. The consolidated entity disclosure statement for MEC Resources Ltd and its controlled entities as at 30 June 2024 is true and correct,
4. The directors have been given the declarations required by S295A of the Corporations Act 2001
5. 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  
Managing Director

Dated this 30 August 2024

## **Independent Audit Report**

### **To the members of MEC Resources Limited**

## **Report on the Audit of the Financial Report**

### **Opinion**

We have audited the financial report of MEC Resources Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, 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 2024 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 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 (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Emphasis of Matter - Material Uncertainty Related to Going Concern**

In forming our opinion on the Company's financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. The conditions explained in Note 1 to the financial statements indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. Given the significance of the matters set out in Note 1 we are not able to conclude that the Company will be able to continue to operate as a going concern for at least the next 12 months. The Company's financial statements do not include any adjustments in the way of reductions to asset values or increases in liabilities, that would result if the Company were unable to continue as a going concern.

### **Emphasis of Matter - Material Uncertainty Regarding Carrying Value of Loan Receivable from & Investment in Advent Energy Limited**

We draw attention to Note 10 of the financial statements and specifically to the loan receivable from Advent Energy Limited ("Advent") amounting to \$3,837,110 (net of a loan payable to a subsidiary of Advent of \$324,024). We also draw attention to the investment in Advent of \$3,840,376. The ability of the Company to recover the book values of the investment in and loan to Advent is dependent upon the ability of Advent to successfully commercialise and/or sell its core exploration assets (being an 85% interest in PEP11), thereby realising sufficient value from which the Company can recoup the value of its loan to and investment in Advent, the outcome and timing of which is subject to significant uncertainty. Our opinion is not modified in respect of this matter

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<b>Carrying value of Loan Receivable from and Investment in Associate - Advent Energy Limited</b>	
<b>Refer to Note 10 Financial Assets</b>	
<p>At 30 June 2024, the carrying value of the loan and investment in associate, Advent Energy Limited ("Advent") was \$3,837,110 (net of a loan payable to Advent of \$324,024) and \$3,840,376 respectively. The share of Advent's loss was \$250,972.</p> <p>Our audit focused on the Company's assessment of the carrying value of the loan receivable from and investment in Advent, as these are the most significant assets and their recoverability is ultimately dependent upon the ability of Advent to extract value from its core exploration assets. The evaluation of the recoverable amount of these assets requires significant judgment.</p> <p>We planned our work to address the audit risk that the loan to and investment in Advent might no longer be recoverable. In addition, we assessed whether facts and circumstances existed to suggest that the carrying value of these assets may exceed their recoverable amounts.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We agreed the share of losses to the Advent's audited financial statements.</li> <li>• Confirming or otherwise substantiating the accuracy of loan amount receivable from Advent to their audited financial statements.</li> <li>• Review of Company ASX announcements and Advent's financial statements so as to understand its assets and its future, including the status of the PEP 11 permit.</li> <li>• We reviewed the disclosures made in the financial statements.</li> <li>• We considered if there were indicators of impairment by reviewing management's expected credit loss assessment in respect of the loan receivable and investment in Advent.</li> <li>• We included an emphasis of matter paragraph above in relation to the material uncertainties regarding recoverability of the investment in, and loan receivable from Advent.</li> </ul>
<b>Group's ability to continue as a Going Concern</b>	
<b>Refer to Note 1</b>	
<p>The financial statements are prepared on a going concern basis in accordance with AASB 101 Presentation of Financial Statements. The Group continues to incur significant operating losses. As the directors' assessment of the Group's ability to continue as a going concern is subject to significant judgement, we identified going concern as a significant risk requiring special audit consideration.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• An evaluation of the directors' assessment of the Group's ability to continue as a going concern. In particular, we reviewed budgets and cashflow forecasts for at least the next 12 months and reviewed and challenged the directors' assumptions.</li> <li>• Reviewed plans by the directors to secure additional funding through the proposed capital raise announced to the ASX on 11 July 2024 and the exercise of options by holders in July 2024 which raised in excess of \$300,000.</li> </ul>

Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>• Consideration of the likely timing of payment of financial obligations, including payables and loans.</li> <li>• An evaluation of the directors' plans for future operations and actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year end, through discussion with management.</li> <li>• We reviewed the disclosures made in the financial statements.</li> <li>• Based on the results of our work, we consider there are reasonable grounds for the directors' assessment that the going concern basis of preparation is appropriate at this time. However, we also consider that there remains a material uncertainty which casts significant doubt on the Group's ability to continue as a going concern for at least the next 12 months because of the uncertainty over securing future funding and the extent &amp; timing of planned expenditures. The disclosures in the financial statements appropriately identify this risk.</li> </ul>

### 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 2024 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:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and
- c) for such internal control as the directors determine is necessary to enable the preparation of:
  - i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
  - ii. the consolidated entity disclosure statement that is true and correct and is free of 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.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of MEC Resources Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Suan-Lee Tan  
Partner – Audit and Assurance  
[Moore Australia Audit \(WA\)](#)



Moore Australia Audit (WA)  
Chartered Accountants

Perth  
30<sup>th</sup> August 2024.



# Additional Securities Exchange Information

MEC Resources Ltd

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this report as follows. The information is made up to 9 August 2024

## 1. Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 – 1,000	435	185,096	0.02
1,001 – 5,000	376	1,116,658	0.10
5,001 – 10,000	392	3,443,288	0.31
10,001 – 100,000	1,014	38,595,820	3.5
100,001 and over	554	1,059,303,780	96.07
	2,771	1,102,644,642	100

## 2. Voting Rights - Shares

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

## 3. Tenements and Interests Held via non controlled investee company Advent Energy Ltd

Permit Details	Interest Held	Entity
Petroleum Exploration Permit 386	Subject to legal resolution	Advent Energy
Petroleum Exploration Permit 11	85%	Advent Energy
Retention Licence 1	100%	Advent Energy

# Additional Securities Exchange Information

MEC Resources Ltd

## 4. Twenty Largest Shareholders (as at 30 June 2024)

The names of the twenty largest shareholders of the ordinary shares of the company are:

Name	Number of ordinary fully paid shares	% held of issued ordinary capital
ADVENT ENERGY LTD	124,708,409	11.93%
CATALYST TWO PTY LTD <MEC EMPLOYEE SHARE A/C>	99,319,147	9.50%
PROTAX NOMINEES PTY LTD <RICHARDS SUPER FUND A/C>	30,698,458	2.94%
SANDWICH HOLDINGS PTY LTD	26,250,000	2.51%
MARUSCO INVESTMENTS PTY LTD <MARUSCO S/F A/C>	25,396,100	2.43%
MRS LOUISE ANN EVANS	22,000,000	2.11%
MRS JULIE PAMELA VERLEY	21,574,736	2.06%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,875,450	2.00%
BUJO PTY LTD	20,000,000	1.91%
EASTWOOD FINANCIAL & INVESTMENT SERVICES PTY LTD <G & E SUPER FUND A/C>	16,400,742	1.57%
DAVID DOMINIC PEVCIC	14,401,591	1.38%
HERA INVESTMENTS PTY LTD	14,218,096	1.36%
CITICORP NOMINEES PTY LIMITED	14,125,104	1.35%
MR ANDREW STEPHEN EVANS	13,841,685	1.32%
GEOFFREY NEIL MURRAY	12,174,148	1.16%
MR ROBERT ANTHONY HEALY	11,868,108	1.14%
MR MARK JEROME FENTON	10,841,686	1.04%
GRIFFITHS SF PTY LTD <GRIFFITHS SUPER FUND A/C>	10,000,000	0.96%
MR SUFIAN AHMAD <SIXTY TWO CAPITAL A/C>	9,488,636	0.91%
MR BILAL AHMAD	9,488,636	0.91%
	<b>527,670,732</b>	<b>50.49%</b>