

ASX ANNOUNCEMENT

1 September 2023

PEP-11 UPDATE

HIGHLIGHTS

- **Extension and Variation Applications for PEP-11 Permit to Enable Drilling of Seablue 1 Gas Well at Baleen**
 - **The Importance of New Gas Projects & Gas Supply**
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MEC Resources Limited ("**MEC**" or the "**Company**") (ASX:MMR) highlights the following information in relation to its 38.27% investee company, Advent Energy Ltd ("**Advent**") with reference to the Company's previous announcement dated 21 July 2023 in relation to PEP 11.

EXTENSION AND VARIATION APPLICATIONS FOR PEP-11 PERMIT TO ENABLE DRILLING OF SEABLUE 1 GAS WELL AT BALEEN

Asset Energy Pty Ltd ("**Asset**" a wholly owned subsidiary of Advent Energy Limited, an investee of MEC Resources Limited) continues to progress the Joint Venture's applications for the variation and suspension of work program conditions and related extension of PEP-11.

Asset has provided additional information to the National Offshore Petroleum Titles Administrator ("**NOPTA**") in response to NOPTA's recent requests for further information.

While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered, Asset is continuing to investigate the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect and is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024. Further updates will be provided in the MEC Quarterly report to ASX .

PEP-11 continues in force and the Joint Venture is 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 (Cth).

THE IMPORTANCE OF NEW GAS PROJECTS AND GAS SUPPLY

Asset and its Joint Venture partner Bounty Oil & Gas NL (ASX:BUY) have continued to monitor gas market demand. The analysis contained in the Australian Energy Market Operator ("**AEMO**") report 'Gas Statement of Opportunities'¹ ("**GSOO**") has made a number of key findings.

- Despite increased production commitments from the gas industry since the 2022 GSOO, gas supply in southern Australia is declining faster than projected demand.
- As Australia transforms to meet a net zero emissions future, gas will continue to complement zero emissions and renewable forms of energy, and to provide a reliable and dispatchable form of electricity generation.

¹ Australian Energy Market Operator 'Gas Statement of Opportunities' March 2023

- The 2023 GSOO highlights continued risks of short-term gas supply shortfalls and long-term gas supply gaps arising from reducing production from southern Australia. In particular, the risk of peak day shortfalls continues to be forecast under very high demand conditions in the southern states from winter 2023.

Short-term critical gas adequacy conditions include:

- Extreme weather conditions across southern regions that drive high coincident peak demand for gas consumption may lead to gas shortfalls, particularly if combined with high gas generation (if alternative electricity generation resources are unavailable).
- Peak day gas shortfall risks would increase if committed infrastructure developments to reduce transmission constraints were not delivered to schedule.

The GSOO report confirms:

- Production (from existing sources) is projected to decline significantly with much of the decline occurring in the Gippsland Basin (Victoria).
- New sources of gas supply will be needed.

David Breeze (Managing Director) authorised the release of this announcement to the market.

For further information please contact:

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Location of PEP 11 permit offshore Australia (Figure 1) and location of Baleen well site (Seablue 1 Figure 2) MEC has an interest of 38.27% in Advent Energy Ltd. Advent holds an 85% interest in the PEP-11 permit, the remaining 15% interest is held by Bounty Oil and Gas NL (ASX:BUY).

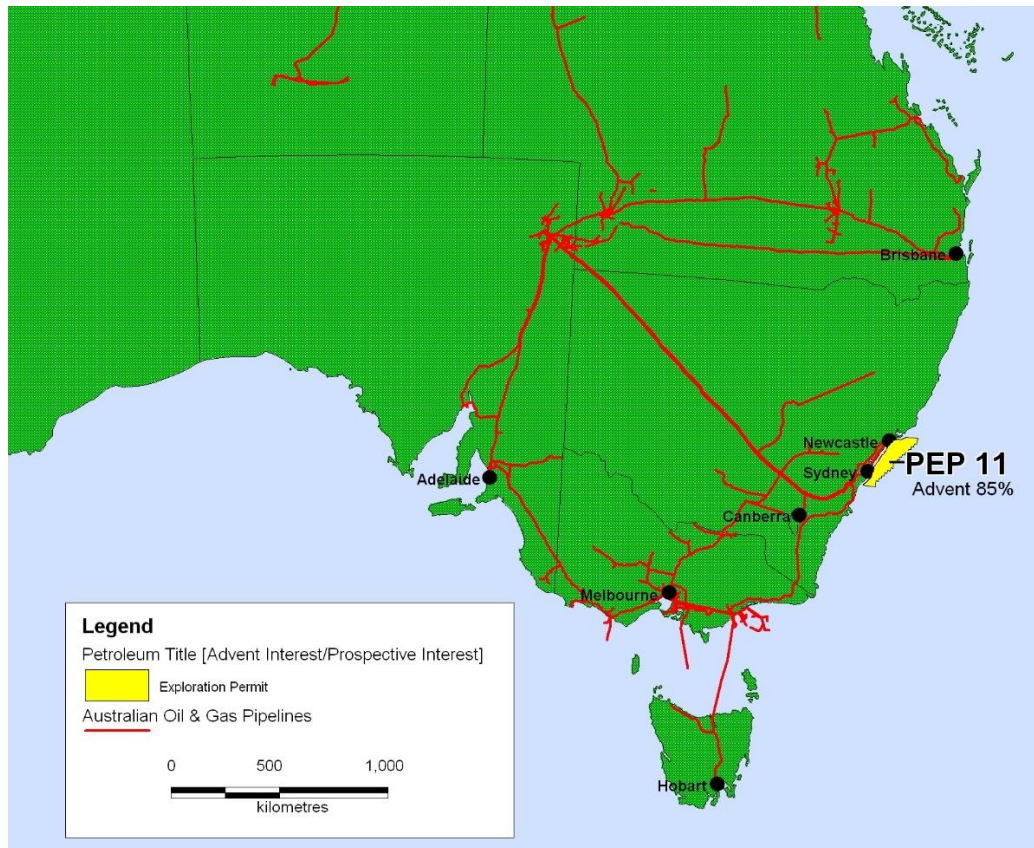


Figure 1

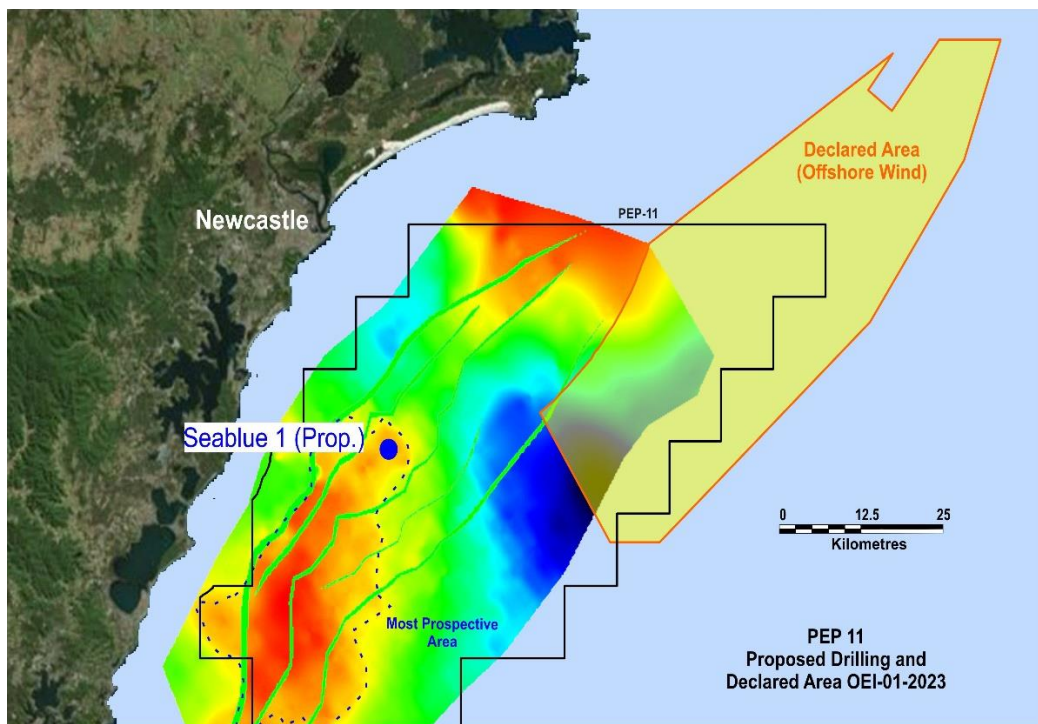


Figure 2