

ASX ANNOUNCEMENT

5 April 2022

INVESTEE ADVENT ENERGY LIMITED SIGNS FARM OUT AGREEMENT WITH OMV NEW ZEALAND LIMITED IN THREE OFFSHORE TARANAKI BASIN EXPLORATION PERMITS.

- **Advent Energy Limited, through its subsidiary Aotearoa Offshore Ltd NZ (AOLNZ), has the right to acquire a 30% participating interest in Petroleum Exploration Permits 57075, 60092 and 60093 covering an area of 5,180 km² in the Taranaki Basin from OMV New Zealand Limited.**
 - **Toutouwai-2 appraisal well is being assessed for drilling early in 2023.**
 - **OMV New Zealand Limited to remain operator of all three permits with a 40% participating interest.**
 - **SapuraOMV will continue to hold their 30% participating interest in the licences.**
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MEC Resources Limited ("**MEC**" or the "**Company**") (ASX:MMR) highlights the following information provided by its investee company, Advent Energy Limited ("**Advent**").

Advent is pleased to announce that through its subsidiary, Aotearoa Offshore Ltd NZ ("**AOLNZ**"), it has the right to acquire a 30% participating interest in Petroleum Exploration Permits ("**PEP**") 57075, 60092 and 60093 covering an area of 5,180 km² in the Taranaki Basin from OMV New Zealand Limited ("**OMV NZ**").

The three permits are governed by individual (but identical) Joint Venture Operating Agreements ("**JVOA's**") and, as such, each intersects in the same fashion with the Farm Out Agreement ("**FOA**"). The FOA covers all three permits. Mitsui E&P withdrew from the PEP 60092 and PEP 60093 JVOA's in April 2021 with OMV NZ being assigned their 30% participating interest. Following this assignment, the joint venture for PEP 57075, 60092 and 60093 consisted of OMV NZ with a 70% participating interest and SapuraOMV Upstream (NZ) SDN.BHD having a 30% participating interest ("**Joint Venture**").

In mid-2021 OMV NZ commenced a farmout process in respect of its 70% participating interest. Following engagement with OMV NZ, extensive review of their data room and significant due diligence, Advent submitted its bid in November 2021.

Early in December OMV NZ formally notified Advent that its bid submission, for a 30% participating interest in the offshore Taranaki Basin petroleum exploration permits 57075, 60092 and 60093, was successful and Advent signed the FOA on 24th December 2021. The material terms of the FOA are summarised in **Annexure A** and it is

subject to conditions precedent covering JV, regulatory and ministerial approvals and agreement by the JV to have responsibility for future liabilities, relating to any ongoing/future exploration activities.

The current JV has approved the farmout and it is expected that the remaining approvals will be in place by the middle of 2022, resulting in the respective participating interests of the parties in the Joint Venture being OMV NZ 40%, SapuraOMV Upstream (NZ) SDN.BHD 30% and AOLNZ 30%.

In the short term, Advent has agreed with BPH Energy Limited ("**BPH**"), an ASX listed entity that has a relevant interest in 36% of Advent, that BPH has provided loan funding for Advent of \$3.0 million on commercial terms to make a cash payment to cover expenditure on the licences over 2022 including a loan of \$800,000 to cover agreed work programme and budget expenditures for 2022 under the FOA, which means that sufficient funds for all 2022 commitments, are in place. The material terms of the funding by BPH are set out in Annexure A.

The FOA is considered to be a positive development for Advent and its major shareholders, BPH and MEC, as it provides a significant new project for Advent which enables it to diversify beyond its current oil and gas portfolio assets.

For BPH, as it has provided the initial funding to Advent, this reduced its cash at bank in the amount of \$3.0 million (as of 31st December 2021, BPH's cash at bank was \$7.66 million). The funding is unsecured and will be repaid by Advent on the terms of that loan in due course and after Advent has raised sufficient funds. It is intended by Advent that it will undertake a capital raising in due course, which may be a placement to third parties, its existing shareholders, or possibly via a future listing, or a rights issue. Advent is working through a plan at present. It is not intended that BPH will increase its relevant interest in Advent.

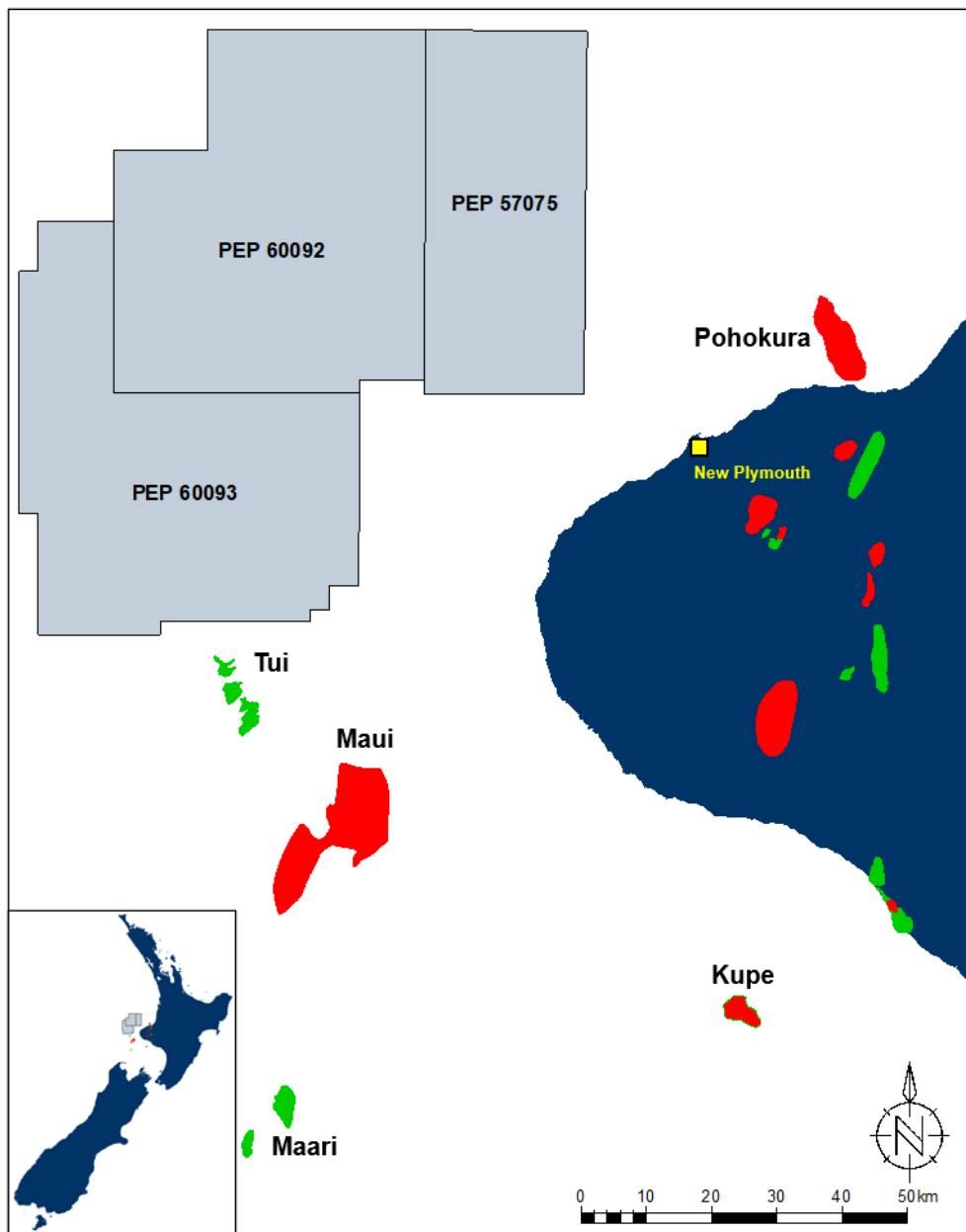
The loan does not have a conversion right into shares in Advent, and BPH confirms it presently does not intend to increase its shareholding or relevant interest in Advent.

While BPH is not intending to increase its shareholding or relevant interest in shares in Advent, if circumstances changed and it wished to increase its shareholding in Advent (whether it be by way of maintaining its current percentage interest in the event Advent undertook a capital raising, increasing its percentage interest, or a debt for equity conversion), it will need to consult with ASX regarding the application of Listing Rule 10.1.5.

On completion of exploration drilling in 2019/20, the focus for the Joint Venture has been on assessing the results of the Toutouwai-1 discovery whilst further maturing the prospectivity across these permits. There are positive indications that hydrocarbons are present within the Cretaceous and Palaeocene interval with potential also recognised in the shallower Miocene and early Pliocene.

David Breeze Executive Director of Advent said: *"Advent is excited to work with a company that has the global presence and technical calibre of OMV. Advent is also delighted to have been selected to join with OMV NZ and SapuraOMV and views this opportunity as an extremely positive investment in a proven basin which provides the opportunity for 1) near term appraisal drilling, development and monetization, 2) a diverse multi-play portfolio across the entire acreage position and 3) reasonably limited cost exposure with significant further exploration potential."*

Location of permits in the Taranaki Basin



Work Plan and Budget

The Work Plan and Budget for 2022 across the three PEP's includes seismic reprocessing, post drill benthic surveys relating to a well drilled in 2019 and other Geological and Geophysical studies.

There are also preliminary planning costs relating to the Toutouwai-2 well (currently being assessed) in advance of any future appraisal well decisions.

Please reference extracts from the NZPAM website below, accessible to the public, which show the current commitments for the three licenses.

Note that the drilling of the Gladstone-1 and Toutouwai-1 wells over the summer of 2019/20 have met the current licence commitment conditions. There are no further permit obligations to drill until April 2024 for PEP 60092 and PEP 57075 or April 2028 for PEP 60093.

PEP 60093

Minimum Work Programme	PEP Work Programme	05a - Stage 02 - Key - Committed - Well drilling - Due Date: 01/04/2022
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This was met by the drilling of the Toutouwai-1 well in 2020.

Minimum Work Programme	PEP Work Programme	08a - Stage 04 - Key - Contingent - Well drilling - Due Date: 01/04/2028
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PEP 60092

Minimum Work Programme	PEP Work Programme	07a - Stage 03 - Key - Contingent - Well drilling - Due Date: 01/04/2024
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PEP 57075

Minimum Work Programme	PEP Work Programme	09a - Stage 04 - Key - Contingent - Well drilling - Due Date: 01/04/2024
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Prospectivity / Exploration Results

The former Joint Ventures drilled two wells, Gladstone-1 and Toutouwai-1, in the Taranaki Basin over the summer of 2019/20.

A review of the results of these wells was undertaken as part of the overall due diligence process, within Advent, prior to the farmout bid offer.

Gladstone-1

The Gladstone-1 vertical exploration well was drilled, during December 2019, in Petroleum Exploration Permit (PEP) 57075, offshore Taranaki Basin, New Zealand approximately 47 km northwest of Port Taranaki. The Joint Venture participants were OMV New Zealand Limited (Operator) with a 70% participating interest, along with Sapura Exploration and Production (NZ) Sdn. Bhd. having a 30% participating interest.

Gladstone-1 intersected the targeted deep-marine channel fill complexes of Waiauan/late Middle Miocene age (T75) and the underlying Moki Formation Gladstone Channel sands of early Middle Miocene age (T66) in 12-1/4" hole between 2710 to 3027 mMDRT. The targeted reservoirs are interpreted as water-saturated (Gladstone Channel Complex) or did not have significant reservoir (Waiauan Channel). Well failure is considered to be due to lack of seal integrity.

Hydrocarbon fluorescence in cuttings, mudgas analysis (C1-C4) and assessment of the real-time and recorded Logging While Drilling ("LWD") data suggest that hydrocarbons migrated into the area at Miocene levels.

Geochemical analyses from gas shows (collected in isotubes) having up to 4% total gas peaks and trace hydrocarbon shows also suggest that migrated thermogenic hydrocarbons are present and active in this part of the Taranaki Basin.

Based on real-time LWD data, mud gas and cuttings responses indicating that no moveable hydrocarbons were present over the objective 12-1/4" hole section, no success-case formation evaluation operations were conducted. On reaching TD at 3076mMDRT, Gladstone-1 was successfully plugged and abandoned and is classed as a dry well with hydrocarbon shows.

The Gladstone-1 result is a valuable control point from an exploration perspective in that it proves the Arawa kitchen to the east is working and de-risks charge in the Cretaceous and possibly within the Miocene in the northern Taranaki permits PEP 57075 and PEP 60092, which continue to be assessed.

Toutouwai-1

The Toutouwai-1 vertical exploration well was drilled, during March 2020, in Petroleum Exploration Permit (PEP) 60093, offshore Taranaki Basin, New Zealand approximately 54 km west of the Taranaki Peninsula coast. The Joint Venture participants were OMV New Zealand Limited (Operator) with a 40% participating interest, along with Mitsui E&P Australia Pty Limited and Sapura Exploration and Production (NZ) Sdn. Bhd. both having a 30% participating interest.

Toutouwai-1 intersected shallow marine and lower coastal plain sandstone reservoir objectives, in 12-1/4" hole between 3700 to 4296 mMDRT, within the Paleocene lower Farewell (T10), Upper Cretaceous North Cape (K90), Lower North Cape/Wainui Member Coal Measures (K80) and Rakopi (K70) formations. The uppermost section of Basement (K00) was also intersected as it was also considered as potentially prospective.

Elevated mud gas readings (C1-C5), fluorescence in cuttings samples and zones of probable hydrocarbon saturation on Logging While Drilling (LWD) i.e., GR, Res, Neutron, Density & Sonic data, were encountered within the sandstones in all the target intervals.

An independent petrophysical due diligence assessment by VPPS (a specialist petrophysical consultancy) was commissioned by Advent over the objective T10, K90, K80 and K70 reservoir intervals to determine hydrocarbon potential prior to making a farmout offer. The conclusions from VPPS were that:

- LWD measurements were of excellent quality with encouraging hydrocarbon indications from the acquired logs.
- K80/K70 objectives exhibit good hydrocarbon shows and reservoirs appear to be variably charged.
- Resistivity shoulder-bed effects and coal log responses may impact reasonable reservoir assessment, thus making verification between reservoir and non-reservoir in the formations unclear. It is not possible to really know if the sand layers between the coals could represent one connected column or isolated layers.
- K80/K70 Thin Bed laminae are probably masking and diluting true resistivity and therefore underestimating hydrocarbon saturation.
- As calculated deterministically, Total Net Pay ranges from ~45 to 52m.
- With no Core, Wireline or MDT data available due to the COVID-19 pandemic, evaluation risks persist.

Drilling of the latter stages of Toutouwai-1 took place whilst the global/government responses were increasing to the Covid-19 pandemic in March 2020. As a result, rotating the rig crew and getting specialist personnel and equipment to the rig was severely limited. Success-case operations which included wireline logging and drilling a sidetrack borehole to acquire cores and DSTs to confirm reservoir quality and the nature and movability of the hydrocarbon zones were, therefore, not undertaken.

On reaching TD at 4317.3 mMDRT, Toutouwai-1 was successfully plugged and abandoned as a play-opening technical discovery without achieving its success case exploration objectives.

The Toutouwai-1 result is positively encouraging from a prospectivity perspective in that it proves the presence of an active working petroleum system sourced from a kitchen in the Tane Trough, and thus de-risks similar prospective structures in the northern Taranaki permits PEP 60093 and PEP 60092, which continue to be assessed.

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

For further information please contact:

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Technical Information

The technical information in this announcement is based on and fairly represents information and supporting documentation reviewed by Mr Michael Collins who is engaged by Advent Energy Ltd as Exploration Advisor. Mr Collins has over 35 years' experience as a petroleum geoscientist. He holds a Master's degree in Basin Evolution and Dynamics from the University of London and a BA (Hons) in Geology from Trinity College, Dublin. Mike is a member of the Geological Society of London, the Petroleum Exploration Society of Australia (PESA), the Petroleum Exploration Society of Great Britain (PESGB) and the European Associations of Geoscientists and Engineers (EAGE).

Background Information

About Advent Energy Ltd

Advent Energy Ltd is an unlisted oil and gas exploration company held by major shareholders, MEC Resources Limited (ASX: MMR), BPH Energy Limited (ASX: BPH) and Grandbridge Limited. Advent holds a strong portfolio of near-term development and exploration assets spanning highly prospective acreage onshore and offshore Australia in proven petroleum basins. Advent asset base also incorporates both conventional and unconventional petroleum targets.

ANNEXURE A

Farmout Agreement (FOA)

Parties: OMV New Zealand Limited (**OMV NZ**), Advent Energy Ltd (**Advent**) and Aotearoa Offshore Limited (**AOLNZ**).

Earning Costs: AOLNZ agreed to payment of back costs of US\$1.62 million, which were paid in January 2022, and an amount equal to 30% of the actual costs incurred from signing of the FOA to the CP Satisfaction Date (see below).

Transfer of Participating Interest: On AOLNZ making payment of the Earning Costs, and subject to satisfaction of the CP's, OMV NZ will assign to AOLNZ a 30% participating interest in the Joint Venture and AOLNZ assumes all obligations and liabilities in respect of its participating interest.

Ongoing Expenditure: Upon assignment of the participating interest, further funds will be payable by AOLNZ for its share of the work programme and budget across the three PEP's.

Conditions Precedent (CP): The following are conditions precedent of the FOA:

1. AOLNZ obtains any necessary Governmental Agency approvals;
2. OMV NZ obtains the consent of the Joint Venture to the transaction;
3. the Joint Venture has agreed and signed an amendment to the Joint Venture to enable OMV NZ to require additional security, (on terms reasonably acceptable to the farminee), from the Joint Venture parties in respect of liabilities arising out of future exploration activities; and
4. OMV NZ has obtained the approval of the Minister for Energy required under section 41 of the Crown Minerals Act.

CP Satisfaction Date: If CP's 1 to 3 are not satisfied within 6 months of signing, either party may terminate the FOA and the agreement will cease to be of any effect. If CP's 2 and 3 are satisfied, OMV NZ is directed to submit the approval to the Minister for the satisfaction of CP 4. The date that CP 4 is satisfied is the CP Satisfaction Date.

Timing in respect of CP Satisfaction Dates: CP1 involves providing information to and seeking approval from two NZ Government agencies, under the Crown Minerals Act. First, the regulator which manages New Zealand's Crown Minerals estate; New Zealand Petroleum and Minerals (NZPAM). Second, the NZ Ministry for Business, Innovation & Employment (MBIE).

The process requires the provision of information concerning Advent's financial and technical capability.

The process under the Crown Minerals Act requires a Deed of Guarantee between Advent and the NZ Government such that AOLNZ will perform its obligations and meet its liabilities under the Act.

CP4 is linked to Condition 1 such that the information provided to NZPAM and to MBIE will enable the Minister to make the decision on approval or otherwise required under section 41 of the Crown Minerals Act with respect to the Deed of Assignment and Assumption.

The process will take approximately 6 months from the date of signing of the FOA (24th December 2021) CP2 has been met by the signing of the Deed of Assignment and Assumption of the pre-existing JV partners for each of the three permits.

CP3 is in progress, pending the regulator working to operationalise the new requirements, under the recent

Crown Minerals (Decommissioning and Other Matters) Amendment, which was enabled in December 2021. It is Advent's view that as the three licences in the FOA are for exploration activities and any exploration wells which have been/may be drilled over the licences are/will be permanently plugged and abandoned, there is no material liability arising from this legislation. This will be completed in advance of CP4.

Operator: OMV NZ is the current operator of the Joint Venture.

BPH Loan

The key terms of the loan are as follows:

Amount of Advance: the initial loan was advanced by BPH to Advent under an agreement made on 24 December 2021 for an amount of \$2,220,000 on an unsecured basis with the funds advanced on 14 January 2022. A further loan amount of \$800,000 has been provided on 11 February 2022.

Purpose: the loan is to be utilised for the specific purpose of Advent making payment of the back-costs as set out above under the FOA. The further loan, noted above, is to cover approved budgeted Work Programme costs for 2022.

Term: the advance is to be repaid within the period of 24 months after the date of the advance.

Interest: the loan attracts an interest rate of 5.1 % per annum. Interest is capitalised. The loan and capitalised interest can be repaid at any time prior to the end of the term. The loan otherwise contains standard terms including in the event of judgements, misrepresentations and a default interest rate of 7.6%.

Key terms of the JVOA's and key terms of the PEPs:

Parties and Participating Interests	OMV New Zealand Limited (OMV NZ) 70% OMVSapura Upstream (NZ) SDN. BHD (SAPURA) 30%
Permit(s) / Contract(s)	PEP 57075 (Cloudy Bay), PEP 60092 (Ridgeline) and PEP 60093 (Toutouwai)
Operator	OMV NZ
Operator Liability	Operator indemnified by the JV Parties (in proportion to their Participating Interest) from all losses, damages, expenses and liabilities arising out of the Joint Operations, except in the case of Gross Negligence of the Operator's senior personnel and will not bear any Consequential Loss or Environmental Loss (except as a Party to the extent of its Participating Interest).
Insurance	Operator shall ensure all industry standard insurance is maintained, covering Operator's extra expense, third party liability, construction all risks insurance and property damage, up to an insured amount agreed by the Operating Committee. JV Parties may put in place their own insurance.
Operating Committee	Each Party to appoint 1 representative and 1 alternate representative to serve on the Operating Committee. The Operating Committee has the power and duty to authorise and supervise Joint Operations to fulfil obligations arising under the Permit(s).
Voting procedure and threshold	The representative of a Party is to represent the Party with respect to matters within the power and duties of the Operating Committee. Each representative has a vote equal to the Participating Interest of the Party such person represents. Affirmative vote of 2 non-affiliates having collectively at least 65% of the Participating Interests is needed for "Majority" decisions. Operator's minimum PI = 15%. Minimum PI of any other party = 10% Unanimous vote is required in certain circumstances.
Work Programs	Operator provides an annual work program and budget (WPB) to the Operating

and Budgets	<p>Committee at least 60 Days before the commencement of each Calendar Year.</p> <p>Work programs and budgets are to be approved by majority vote.</p> <p>Operating Committee approves an AFE for each significant item in the WPB prior to the Operator making any commitments for cost and technical control purposes.</p> <p>Operator may incur commitments and expenditures up to ten percent (10%) over the authorised amount for such line item on any line item of an approved Work Programme and Budget; but the cumulative total of all over commitments and over-expenditures for a Calendar Year shall not exceed five percent (5%) of the total annual Work Programme and Budget.</p> <p>The JOA sets out procedures for contract awards, which depend on the amount and type of joint operations.</p>
Exclusive Operations	Exclusive Operations may be conducted for certain types of operations, and parties that do not initially take part may subsequently participate upon paying a premium.
Default	Parties are in default if they fail to pay when due their share of Joint Account expenses (including Cash Calls and interest) or provide and maintain any Security required of such Party under the Permit. A defaulting party's rights are limited under the JOA, and continued default without remedy may result in loss of interest.
Disposition of Production	Parties shall have the right and obligation to own, take in kind and separately dispose of its Entitlement share of oil or gas produced.
Pre-emptive rights / Change of Control	No pre-emptive rights. Consent to transfer can only be denied on grounds of financial capability or failure to provide Security required under JOA. Parties may assign their interest to an Affiliate, but still remain liable for Affiliate's obligations. A party subject to Change of Control must provide evidence reasonably satisfactory to other parties that it will continue to have the financial capability.
Governing Document	<p>JVOA in respect of PEP 57075 dated 8 March 2018</p> <p>JVOA's in respect of PEP 60092 and PEP 60093 dated 25 October 2016</p>