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MEC RESOURCES LTD
ABN 44 113 900 020

Directors' Report

MEC Resources Ltd

Page Number

Directors' Report	2
Auditor's Independence Declaration	22
Corporate Governance Statement	23
Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Notes to the Consolidated Financial Statements.....	28
Directors' Declaration	60
Independent Auditor's Report	61
Additional Securities Exchange Information.....	65

Directors

David Breeze – Managing Director
Andrew Jones – Non-Executive Director
Anthony Hudson – Non-Executive Director
Steve James – Non-Executive Director

Company Secretary

Robert Marusco

Registered Office

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South Perth WA 6151

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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

The directors of MEC Resources Ltd ("MEC" or the "Company") present their report on the Company for the financial year ended 30 June 2022.

Directors

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

D Breeze – Managing Director (appointed 22 October 2020)
A Jones – Non-Executive Director (appointed 23 September 2020)
A Huston – Non-Executive Director (appointed 22 October 2020)
S James – Non-Executive Director (appointed 4 March 2022)
D Verley – Non-Executive Director (appointed 11 February 2020 & resigned 4 March 2022)
G Murray – Non-Executive Director (appointed 22 October 2020 & resigned 4 March 2022)

Company Secretary

Robert Marusco was appointed as company secretary 18 September 2019.

Principal Activities

MEC was formed to invest into a variety of industries, including companies in the energy and mineral resources sector. Up until 8 February 2021 it was registered as a Pooled Development Fund ("PDF") under the Pooled Development Fund Act (1992) at which time the registration was revoked. The Company has completed an appeal process via the Administrative Appeals Tribunal ("AAT") which as at the date of this annual report no final decision has yet been handed down by the AAT.

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.

MEC's current major investment lies in unlisted Australian oil and gas exploration investee company, Advent Energy Ltd ("Advent") in which it holds a 38.27% interest.

Operating Results

The loss attributable to the owners of the Company after tax for the year was \$715,322 (2021: Loss \$1,034,051).

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 decreased by \$166,605 to \$7,117,853 at 30 June 2022.

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.

Directors' Report

MEC Resources Ltd

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 17 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 and 13 September 2022, which included a shareholder meeting seeking approval of various resolutions the aim of which is to have MEC readmitted to trading status. The ASX are currently assessing the submission. Noting that in anticipation of feedback from the ASX the Company is also working of an entitlement offer document aimed at recapitalising MEC. The shares in MEC remain suspended from trading.
- Following suspension from the ASX the Company has provided the market with Voluntary Suspension updates in the previous financial year and further updates on 26 August 2021, 21 October 2021, 14 January 2022 and 6 April 2022.
- During the year MEC continued to monitor and manage its investment in investee Advent with the key announcements concerning Advent outlined below.

Directors' Report

MEC Resources Ltd

- Advent's assets include PEP11 (85%) in the offshore Sydney Basin and RL1 (100%) in the onshore Bonaparte Basin in the Northern Territory. On 16 December 2021 MEC Resources announced to market that the Federal Government would refuse the first one of two of the joint venture's applications to extend the PEP 11 Permit for gas exploration in the offshore Sydney Basin. Advent received a formal notification of this decision from the National Offshore Petroleum Title Administrator (NOPTA). This is subject to legal appeal.
- The Company has a new investment project during the last quarter via its investee company Advent.
- On 7 December 2021 BPH Energy Ltd ("BPH") (ASX:BPH) requested a trading halt which centered around participation of MEC's investee company Advent in a Farm In Agreement, released to market by both BPH and MEC.
- 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.
- On 21 January 2022 the Company held its AGM noting that all resolutions were approved by Shareholders.
- On 4 March 2022 the Company announced that both Mr Douglas Verley and Mr Geoff Murray had resigned as non-executive directors and concurrently Mr Steve James has joined the board as a non-executive director.
- On 5 April 2022 MEC announced to the market that investee Advent had signed a farm out agreement with OMV New Zealand Limited in three offshore Taranaki Basin exploration permits.
- On 27 May 2022 information regarding a second proposed new investment in hydrogen production technology was released to market by BPH whereby BPH and MEC's investee company Advent entered into a binding term share with Clean Hydrogen Technologies Corporation to subscribe for fully paid shares in Clean Hydrogen Technologies Corporation representing a total of 2% of the total issued capital of Clean Hydrogen Technologies Corporation after the issue of the subscription shares noting that the investment approved at a shareholder meeting set on 21 June 2022. The investment was subsequently settled following the BPH shareholder meeting where approval was granted by shareholders of BPH.
- On 2 June 2022 MEC announced to market that investee Advent had lodged an appeal in relation to the Federal Government decision to refuse extension of the PEP 11 Permit.
- On 28 October 2022 MEC announced to market further detail provided by investee Advent in relation to PEP 11 Federal Court proceedings including;

Directors' Report

MEC Resources Ltd

- In making the Decision, the Former Prime Minister breached the requirements of procedural fairness in that he predetermined the Application and the purported decision was infected by actual bias.
 - Further or in the alternative, there was a reasonable apprehension of bias, in the form of predetermination, on the part of the Former Prime Minister, such that there was a denial of procedural fairness.
 - Further or in the alternative, in making the Decision, the applicant was denied procedural fairness because the Former Prime Minister, before determining the merits of the Application, failed to take into account the submissions made by the applicant dated 22 January 2022.
 - Further or in the alternative, in making the Decision, the applicant was denied procedural fairness because the applicant was not provided the opportunity to respond to issues raised by NOPTA in relation to the applicant's financial capacity.
 - Further or in the alternative, the Decision is void and of no effect because the Former Prime Minister was not validly appointed as the responsible Commonwealth Minister of the Joint Authority to administer the Department.
- On 15 December 2022 MEC announced to market that investee Advent had given notice to terminate the farm out agreement with OMV New Zealand Limited in three offshore Taranaki Basin exploration permits.
 - During the year MEC investment in Advent reduced to 38.27% (from 48.2%) as a result of the issue of additional shares by Advent thereby diluting MEC interest in Advent.

Advent Energy Limited – MEC Interest 38.27%

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.

PEP 11 Oil and Gas Permit Sydney Basin (85%)

Advent, through wholly owned subsidiary Asset Energy Pty Ltd ("Asset"), holds 85% of Petroleum Exploration Permit PEP 11 – an exploration permits prospective for natural gas located in the Offshore Sydney Basin with the other 15% being held by Bounty Oil and Gas ("Bounty") (ASX:BUY).

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

The offshore Sydney Basin has been lightly explored to date, including a multi-vintage 2D seismic data coverage and a single exploration well, New Seaclem-1 (2010). Its position as the only petroleum title offshore New South Wales provides a significant opportunity should natural gas be discovered in commercial quantities in this petroleum title. It lies adjacent to the Sydney-Newcastle region and the existing natural gas network servicing the east coast gas market. The total P50 Prospective Resource calculated for the PEP11 prospect inventory is 5.9 Tcf with a net 5 Tcf to Advent (85%WI). The two largest prospects in the inventory are Fish and Baleen. The resource estimates referred to in this report were originally reviewed by previous director and competent person Mr Matthew Battrick in the 2018 Annual Report of the Company. Mr Battrick is a qualified person in accordance with the ASX Listing Rules and previously consented to the form and context statements appeared in the 2018 Annual Report which in turn have been reflected in the 2022 Annual Report.

Directors' Report

MEC Resources Ltd

Advent has previously interpreted significant seismically indicated gas features in PEP11. Key indicators of hydrocarbon accumulation features have been interpreted following review of the 2004 seismic data (reprocessed in 2010). The seismic features include apparent Hydrocarbon Related Diagenetic Zones (HRDZ), Amplitude Versus Offset (AVO) anomalies and potential flat spots.

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

The report supports that the Baleen prospect appears best for hydrocarbon influence relative to background samples. In addition, the report found that the Baleen prospect appears to hold a higher probability of success than other prospects. Advent has demonstrated considerable gas generation and migration within PEP11, with the mapped prospects and leads highly prospective for the discovery of gas.

Advent is a strong supporter of plans for Net Zero by 2050 and sees the company playing a direct role in achieving that target, especially in New South Wales. It aims to do this in two ways. First, by finding gas closest to Australia's biggest domestic energy market, gas which can be used to provide reliable back-up for increased uptake of renewable energy in NSW. Second, through its plans to explore for opportunities in offshore NSW for CCS, Carbon Capture and Storage (geo-sequestration of CO₂ emissions), a key clean energy technology.

On 16 December 2021 MEC advised ASX that the Prime Minister of Australia at that time, 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 received official notification of refusal from the National Offshore Petroleum Title Authority (NOPTA).

Advent has two applications with NOPTA for suspension and extension of the PEP11 permit. The first application was accepted as lodged in January 2020 and the second in February 2021. NOPTA has issued a notice of intention to refuse the January 2020 application which was lodged on the basis of Force Majeure. The first is the only application which is the subject of the NOPTA notice. The second application was made under a COVID application process and was accepted but not dealt with pending an outcome on the first application made in January 2020. NOPTA is seeking additional information from Advent in respect of the application. Under the provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006, the existing permit will continue until relevant decisions are made.

On 31 March 2022 MEC, BPH and Bounty as 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.

Advent's 100% subsidiary Asset Energy Pty Ltd has applied to the Federal Court 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 Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (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. Asset Energy Pty Ltd is a 100 % owned subsidiary of Advent Energy Ltd and has lodged the appeal as Operator for and on behalf of the PEP11 Joint Venture Partners, Bounty and Asset Energy Pty Ltd. On 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The

Directors' Report

MEC Resources Ltd

court has set a date for a hearing in March 2023.

Following the end on the period on 3 February 2023 Advent announces on behalf of the PEP 11 Joint Venture that in Proceedings Number WAD106/2022 between Asset Energy Pty Ltd (a wholly owned subsidiary of MEC's investee, Advent Energy Limited) and the Respondents namely Commonwealth Minister for Resources et al. the parties have filed proposed consent orders in the Federal Court of Australia. The proposed orders seek to end the ongoing litigation concerning PEP 11 without the need for a trial. The consent orders will only be made if the Federal Court of Australia considers it appropriate and the parties await further direction by the Court.

On 14 February 2023 the Company announced 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.

The consent orders set aside the decision made by the Commonwealth-New South Wales Offshore Petroleum Joint Authority to refuse Asset Energy's Application for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term. If the decision of the Joint Authority is set aside, then it will need to be remade according to law. PEP 11 continues in force and the PEP 11 JV is fully in compliance with the contractual terms of PEP 11 permit with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

Clean Carbon Transaction

Advent and BPH (together, the Purchasers) have 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.

At a proof-of-concept scale, Clean Carbon 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 Carbon 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 Carbon Technologies 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.

Directors' Report

MEC Resources Ltd

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

Importantly, the Clean Carbon 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 Carbon's solution requires very little change and impact to existing infrastructures and supply chains, unlike other solutions.

Although Clean Carbon 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 entered into a binding term sheet ("Term Sheet") with Clean Carbon, pursuant to which the Purchasers have agreed to subscribe for fully paid shares in Clean Carbon (Subscription Shares), representing a total of 10% of the total issued share capital of Clean Carbon after the issue of the Subscription Shares (Subscription Shares Tranche 1).

In consideration for the issue of the Subscription Shares Tranche 1 the Purchaser has paid to Clean Carbon US\$1,000,000 less deposits, loans, and any accrued interest (Cash Consideration), specifically:

- a) BPH shall pay to Clean Carbon (or its nominee) US\$800,000; and
- b) Advent shall pay to Clean Carbon (or its nominee) US\$200,000,

upon which, 80% of the Subscription Shares Tranche 1 shall be issued to BPH and the remaining 20% issued to Advent, with the Cash Consideration to reflect the US\$464,004 relating to outstanding loans, deposits and accrued interest owing by Clean Carbon to the Purchasers, of which only \$20,000 is owed to BPH.

The Subscription Shares Tranche 1 issuance by Clean Carbon is under a Loan Conversion Agreement dated 25 July 2022 and followed the payment of US\$535,996 by the Purchasers. Where Clean Carbon (at its sole and absolute discretion) proposes to seek additional funding for the development and operations of the Technology, on or before 31 December 2022 (Additional Funding), it must first offer the right to subscribe for additional Subscription Shares representing an additional 10% (Subscription Shares Tranche 2) to the Purchaser and on the same terms and conditions as the Subscription Shares Tranche 1. In the event that Clean Carbon secures additional investments in excess of US\$3,000,000 (on or before 31 December 2022), the Right is relinquished. Noting that the Right conditions were amended as announced by BPH 21 December 2022 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 continued development and operations. Subject to the above, should the Purchaser exercise the Right, it must do so within 1 month of the Vendors request for the Additional Funding.

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 Carbon and Advent shall hold a total 4% interest in Clean Carbon (based on the assumption that Clean Carbon has not issued any additional Clean Carbon Shares prior to the Right being exercised).

The parties acknowledge and agree that the Cash Consideration and Additional Cash Consideration (if applicable), shall be used by Clean Carbon to design, build, produce and test a reactor that can

Directors' Report

MEC Resources Ltd

produce a minimum of 3.2 and as high as 15kgs per hour 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.

Anthony Huston has been appointed as a director to the Board of Clean Carbon Technologies Corp.

Onshore Bonaparte Basin

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

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

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

The prospectivity of the Bonaparte Basin is evident from the known oil and gas fields in both the offshore and onshore portions of the basin. Advent has identified significant shale areas in RL1.

EP 386

Advent's 100% subsidiary Onshore made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department of Mines, Industry, Regulation and Safety (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore lodged an appeal against this decision with the State Administrative Tribunal (SAT). The SAT determined that it did not have coverage to hear the appeal and the decision allowed for the matter to be determined through a Supreme Court of WA action.

During the year Advent issued 48,086,500 shares at \$0.05 for \$2,404,325 cash.

After Balance Date Events

Investee Advent

Advent's 100% subsidiary Asset Energy Pty Ltd applied to the Federal Court 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 Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (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 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The court has set a date for a hearing in March 2023.

Directors' Report

MEC Resources Ltd

Various Announcements

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

- 2 August 2022 – Investee Advent - Clean Carbon Hydrogen investment settled
- 23 August 2022 – Investee Advent – Full review of PEP11 strategy to protect shareholder value
- 17 October 2022 – Investee Advent – Federal Court Proceedings PEP11
- 15 December 2022 – Investee Advent – New Zealand Farmout Agreement terminated
- 21 December 2022 – Investee Advent – Clean Carbon Hydrogen update released by BPH
- 3, 7 & 13 February 2023 – Investee Advent – PEP11 updates – see details in Directors Report
- 14 February 2023 – Investee Advent – PEP11 – Resolution & Federal Court Orders

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.

On 13 September 2022 the Company lodged a further submission with the ASX the aim of which is to readmit MEC to trading status on the ASX. This matter remains in progress as at the data of this annual report.

Information on Directors

D Breeze (appointed 22 October 2020)

Managing Director

Shares held in MEC – 7,172,540 ordinary shares held directly. 7,497,362 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 and 2,648,669 ordinary shares indirectly via Tandcorp Pty Ltd of which David breeze is a director & shareholder.

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 Financial Services Institute of Australasia, and a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act.

He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of \$250M. These capital raisings covered a diverse range of areas including oil and gas, gold, food, manufacturing and technology.

In the past three years David has also held the following listed company directorships 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.

Directors' Report

MEC Resources Ltd

A Jones (appointed 22 October 2020)

Non-Executive Director

Shares held in MEC – 4,000,000 shares held indirectly via AJ Superannuation Fund and 8,000,000 shares indirectly via Jessica Brown

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 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.

A Huston (appointed 22 October 2020)

Non-Executive Director

Shares held in MEC – nil

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.

S James (appointed 4 March 2022)

Non-Executive Director

Shares held in MEC – nil

Shares held in Advent – nil

Directors' Report

MEC Resources Ltd

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.

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.

D Verley (appointed 11 February 2020, resigned 4 March 2022)

Non-Executive Director

Shares held in MEC – 2,000,000 share held directly and 10,396,150 shares held indirectly via the Bambazonke Trust

Shares held in Advent – nil

Listed Options held – nil

Unlisted Options held MEC – nil

Mr Verley has over 35 years' experience in the banking, investment management, life insurance, mutual fund, accounting, property, mining services, construction, fabrication, engineering, printing, training and fire prevention industries, as well as 25 years' experience in strategy development, planning and implementation.

Mr Verley was the Managing Director of the Retail Investments Division of Standard Bank, Africa's largest retail bank. Following this appointment, he established his own investment funds management company in alliance with one of the world's largest investment management groups, forming numerous strategic alliances with leading South African financial institutions. Mr Verley also established a special-purpose property development company to capitalise and develop a 330-home property development, with an estimated end-to-end value of about AU\$200 million.

Mr Verley has completed a Diploma in Business Management, a Bachelor of Commerce majored in Economics and Business Economics, an Honours Bachelor of Commerce – Investment Finance, a Higher Post-Graduate Diploma in Corporate Law, Graduate Diploma – Australian Institute of Company Directors (GAICD), and an Executive MBA through UWA, graduating with distinction and receiving the Dux award in Strategic Negotiation.

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

G Murray (appointed 22 October 2020, Resigned 4 March 2022)

Non-Executive Director

Shares held in MEC – nil

Shares held in Advent – nil

Listed Options held – nil

Unlisted Options held MEC – nil

Mr Murray trained in mechanical and plastics engineering and technology management and is a product development specialist. He also has expertise in extended reach drilling technology and oil, gas and geothermal well optimization. He has been the founder or co-founder of eight tech start-ups. Mr Murray

Directors' Report

MEC Resources Ltd

was the Engineering Manager of Fitzroy Engineering Ltd, Technical Manager of Austoil Group, Global Product-line Manager (extended reach technologies) at Weatherford International and Business Development Manager (NZ and PNG) for Weatherford International.

Mr Murray was engaged in assessing oil and gas properties and making recommendations as the investment Vice President of Stealth Oil & Gas, Houston a wholly owned subsidiary of Weatherford International.

He is currently the Managing Director of Avant-Garde Developments Ltd. Noting that Mr Murray is not a director of Advent Energy Ltd.

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 a 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 22 October 2020)

A Jones – Non-Executive Director (appointed 23 September 2020)

A Huston – Non-Executive Director (appointed 22 October 2020)

S James – Non-Executive Director (appointed 4 March 2022)

D Verley – Non-Executive Director (appointed 11 February 2020, resigned 4 March 2022)

G Murray – Non-Executive Director (appointed 22 October 2020, resigned 4 March 2022)

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 2021 financial accounts was adopted at the Company's 2021 annual general meeting held on 21 January 2022. A total of 91% 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 10% 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 2022

2022

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
S James (appointed 4 Mar 22)	-	-	-	8,333	833
D Verley (resigned 4 Mar 22)	-	-	-	18,750	1,875
G Murray (resigned 4 Mar 22)	-	-	-	18,750	1,875

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Shares	Options	\$	%	%
D Breeze	-	-	-	71,500 ¹	-	-
A Jones	-	-	-	27,500 ²	-	-
A Huston	-	-	-	27,500 ³	-	-
S James (appointed 4 Mar 22)	-	-	-	9,167 ⁴	-	-
D Verley (resigned 4 Mar 22)	-	-	-	20,625 ⁵	-	-
G Murray (resigned 4 Mar 22)	-	-	-	20,625 ⁵	-	-

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 on 4 March 2022, however director's fees of \$25,000 per annum plus SGC were payable to Mr Jones payable monthly in arrears have been accrued from his appointment as director.
5. No cash directors' fees have been paid to Mr Verley and Mr Murray since their appointment, however director's fees of \$25,000 per annum plus SGC were payable to both Mr Verley and Mr Murray payable monthly in arrears and have been accrued up to their resignation on 4 March 2022.

Directors' Report

MEC Resources Ltd

Details of Remuneration for the year ended 30 June 2021

2021

Key Management Person	Short-term Benefits				Post-employment Benefits
	Cash, Salary and Fees	Bonus	Non-cash benefit	Other	Superannuation
D Verley (resigned 4 Mar 22)	-	-	-	46,083 ¹	4,378
A Jones	-	-	-	38,083 ²	3,618
R Marusco (resigned)	-	-	-	8,000 ³	760
D Breeze	-	-	-	214,333 ⁴	3,602
A Huston	-	-	-	30,083 ⁵	2,858
G Murray (resigned 4 Mar 22)	-	-	-	30,083 ⁶	2,858

Key Management Person	Long-term Benefits	Share-based payment		Total	Performance Related	Compensation relating to options
	Other	Shares	Options	\$	%	%
D Verley (resigned 4 Mar 22)	-	-	-	50,461 ¹	-	-
A Jones	-	-	-	41,701 ²	-	-
R Marusco	-	-	-	8,760 ³	-	-
D Breeze	-	-	-	217,935 ⁴	-	-
A Huston	-	-	-	32,941 ⁵	-	-
G Murray (resigned 4 Mar 22)	-	-	-	32,941 ⁶	-	-

1. No cash directors' fees have been paid to Mr Verley since his appointment, however director's fees of \$48,000 per annum were payable to Mr Verley, which will be paid monthly in arrears. It was agreed that in the first 11 months that the director's fees be paid in the form of \$4,000 per month plus SGC. However, the directors' fees were adjusted to \$25,000 per annum plus super effective from 1 June 2021.
2. No cash directors' fees have been paid to Mr Jones since his appointment, however director's fees of \$48,000 per annum were payable to Mr Jones, which will be paid monthly in arrears. It was agreed that in the first 11 months that the director's fees be paid in the form of \$4,000 per month plus SGC. However, the directors' fees were adjusted to \$25,000 per annum plus super effective from 1 June 2021.
3. No cash directors' fees have been paid to Mr Marusco since his appointment to date of his resignation being 22 October 2020 however director's fees of \$48,000 per annum were payable plus SGC to Mr Marusco, which will be paid monthly in arrears.
4. No cash directors' fees have been paid to Mr Breeze since his appointment, however director's fees of \$65,000 per annum were payable to Mr Breeze, which will be paid monthly in arrears.

On 22 October 2020 the Company made an ASX announcement which confirmed that the MEC board ratified the continued director appointment of Mr David Breeze on the MEC board. In doing so the current Board acknowledged and made special mention of the circumstances on and around 23 November 2016 at which time the record shows that Mr Breeze was removed as director in contravention to the Corporations Act from the ASIC register by the MEC directors at the time noting that he had neither resigned from the MEC board nor was removed at a meeting of shareholders. The Board is aware that under the Corporations Act a public company can only remove a director from office by passing a resolution of its shareholders. That is that a director of a public company cannot be removed by other directors. The Board had its understanding of the circumstance confirmed by legal counsel.

A submission, which included various supporting evidence, was made to the ASIC regarding Mr Breeze's illegal removal from the Company as a director. On 4 January 2021 the ASIC accepted the submission and lodged a Notice of Revocation on the

Directors' Report

MEC Resources Ltd

ASIC website document number 031113498. The practical effect of this Notice of Revocation is that a document lodged with the ASIC on 26 November 2016 by an officer of the Company at the time, document number 7E8563094, to remove Mr Breeze as a director of MEC is withdrawn. The MEC board in considering Mr Breeze's unlawful removal as director note that contractual agreements for his role as director had not been honored following his unlawful removal. This included his non-executive director fees, current year chairman's fees and other accrued fees from 2016 to 2020 totaling \$171,000.

This total amount has been reflected as a liability in the financial statements of the Company for the year ended 30 June 2021. The current Board members (excluding Mr Breeze) in carefully considering the circumstances resolved to make good the outstanding fees owing.

5. No cash directors' fees have been paid to Mr Huston since his appointment, however director's fees of \$48,000 per annum were payable to Mr Huston, which will be paid monthly in arrears. It was agreed that in the first 11 months that the director's fees be paid in the form of \$4,000 per month plus SGC. However, the directors' fees were adjusted to \$25,000 per annum plus super effective from 1 June 2021.
6. No cash directors' fees have been paid to Mr Murray since his appointment, however director's fees of \$48,000 per annum were payable to Mr Murray, which will be paid monthly in arrears. It was agreed that in the first 11 months that the director's fees be paid in the form of \$4,000 per month plus SGC. However, the directors' fees were adjusted to \$25,000 per annum plus super effective from 1 June 2021.

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

2022

	Balance 1.7.2021	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2022
D Breeze	23,545,809	-	-	-	23,545,809 ¹
A Jones	12,000,000	-	-	-	12,000,000 ²
A Huston	0	-	-	-	0
S James (appointed 4 Mar 22)	0	-	-	-	0
D Verley (resigned 4 Mar 22)	12,396,100	-	-	-	12,396,100 ³
G Murray (resigned 4 Mar 22)	0	-	-	-	0

1. Mr Breeze Shares holds 7,172,540 shares held directly. 7,497,362 shares held indirectly via Grandbridge Ltd of which Mr Breeze is a director & shareholder. 6,227,238 shares are held indirectly in Trandcorp Superannuation Fund of which Mr Breeze is a director and shareholder and 2,648,669 ordinary shares indirectly via Tandcorp Pty Ltd of which Mr Breeze is a director & shareholder.
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 shares.
3. Mr Verley holds 2,000,000 shares directly and 10,396,100 indirect via the Bambazonke Trust.

Directors' Report

MEC Resources Ltd

Shareholdings

Number of Shares Held by Key Management Personnel

2021

	Balance 1.7.2020	Received as Compensation	Options Exercised	Net Change Other	Balance 30.6.2021
D Verley (resigned)	12,396,100	-	-	-	12,396,100 ¹
A Jones	12,000,000	-	-	-	12,000,000 ²
R Marusco (resigned)	25,396,100	-	-	-	25,396,100 ³
D Breeze	23,545,809	-	-	-	23,545,809 ⁴
A Huston	0	-	-	-	0
G Murray (resigned)	0	-	-	-	0
A Bald (resigned)	14,218,096	-	-	-	14,218,096 ⁵
M Sandy (resigned)	8,800,000	-	-	-	8,800,000 ⁶
A Hamilton (resigned)	0	-	-	-	0
S Harrison (resigned)	0	-	-	-	0

1. Mr Verley holds 2,000,000 shares directly and 10,396,100 indirect via the Bambazonke 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 shares.
3. Mr Marusco indirectly holds 25,396,100 via the Marusco Superannuation Fund. Mr Marusco resigned as director on 22 October 2020 and remains as company secretary.
4. Mr Breeze Shares holds 7,172,540 shares held directly. 7,497,362 shares held indirectly via Grandbridge Ltd of which Mr Breeze is a director & shareholder. 6,227,238 shares are held indirectly in Trandcorp Superannuation Fund of which Mr Breeze is a director and shareholder and 2,648,669 ordinary shares indirectly via Tandcorp Pty Ltd of which Mr breeze is a director & shareholder.
5. Mr Bald holds indirectly via Hera Investments Pty Ltd 14,218,096 shares.
6. Mr Sandy directly holds 8,800,000 shares.

Directors' Report

MEC Resources Ltd

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.

	2018	2019	2020 ¹	2021 ¹	2022 ¹
Revenue	86,162	107,131	2,455	-	-
Net Profit/Loss	(19,914,101)	(1,339,670)	(2,669,798)	(1,034,051)	(715,322)
Share price at Year end	\$0.017	\$0.005	\$0.004	\$0.004	\$0.004
Loss per share	(\$0.03)	\$(0.004)	\$(0.004)	\$(0.001)	\$(0.001)

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, no meeting of directors (including committees of directors) was held. The Board meets on occasion by telephone to make day-to-day decisions with respect to the business of the Company. Resolutions are passed by circular resolutions. Attendances by each director during the year were:

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

At the date of this report, the Company has no unissued ordinary shares of MEC under options with all options previously issued having expired as at the date of this Annual Report.

Legal Proceedings on Behalf of Company

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.

On 8 February 2021 the Company announced that it was notified by the Innovation Investment Committee of Innovation and Science Australia (the "Committee") that the Committee had revoked MEC's PDF registration as a result of the Company contravening ss19(1), 27, 27A and 42 of the Pooled Development Fund Act 1992 ("PDF Act"). This was followed by the Company engaging with the Administrative Appeals Tribunal ("AAT") under the Administrative Appeals Tribunal Act 1975 for review of the decision by the PDF Board. On the 27 & 28 January 2022 the Company attended the AAT hearing. MEC had submitted its final written submissions and a final submissions hearings were held on the 9th June 2022. As at the date of this annual report no final decision has been handed down by the AAT. The Company will continue to manage and monitor the PDF appeal process.

Advent's 100% subsidiary Asset Energy Pty Ltd applied to the Federal Court 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 Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11

Directors' Report

MEC Resources Ltd

(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 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The court has set a date for a hearing in March 2023.

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 2022 were Nil, for preparation of an R & D claim and income tax returns (2021: Nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2022 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.



David Breeze

Managing Director

Dated this 15 February 2023

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF MEC RESOURCES LIMITED**

As lead auditor for the audit of MEC Resources Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, 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.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 16th day of February 2023.

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Corporate Governance Statement

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

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Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

MEC Resources Ltd

	Note	2022 \$	2021 \$
Revenue	2	-	-
Other Losses	2	-	-
Other Income	2	-	-
Share of associates' losses	13	(430,704)	-
Administration expenses		(141,738)	(112,278)
Consulting and legal expenses	3	(76,771)	(176,911)
Depreciation and amortisation expense		(446)	(1,452)
Employee expenses	5	15,718	(592,208)
Insurance expenses		-	(286)
Interest expenses		(2,870)	(36,790)
Other expenses		(78,571)	(114,126)
Loss before Income Tax		(715,322)	(1,034,051)
Income tax expense	8	-	-
Loss from continuing operations		(715,322)	(1,034,051)
Profit/(loss) for the Period		(715,322)	(1,034,051)
Other Comprehensive Income		-	-
Total Comprehensive loss for the period		(715,322)	(1,034,051)
Loss attributable to non-controlling interest		-	-
Loss attributable to members of the parent entity		(715,322)	(1,034,051)
Total Comprehensive loss attributable to non-controlling interest		-	-
Total Comprehensive loss attributable to the owners of the company		(715,322)	(1,034,051)
<i>Earnings Per Share –</i>			
<i>Basic and diluted earnings per share (cents per share)</i>	6	(0.00)	(0.00)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

as at 30 June 2022

MEC Resources Ltd

	Note	30 June 2022 \$	30 June 2021 \$
Current Assets			
Cash and cash equivalents	7	11,595	130,516
Trade and other receivables	9	-	-
Financial assets	13	-	-
Other current assets	10	2,164	2,164
Total Current Assets		13,759	132,680
Non-Current Assets			
Intangible assets	11	-	-
Evaluation and exploration expenditure	12	-	-
Financial assets	13	8,436,714	8,867,418
Property, plant & equipment	14	1,536	1,983
Total Non-Current Assets		8,438,250	8,869,401
Total Assets		8,452,009	9,002,081
Current Liabilities			
Trade and other payables	15	909,779	847,072
Provisions	16	-	-
Financial liabilities	17	424,376	872,741
Total Current Liabilities		1,334,155	1,719,813
Total Liabilities		1,334,155	1,719,813
Net Assets		7,117,854	7,282,268
Equity			
Issued capital	18	31,193,095	30,644,378
Reserves	19	442,274	442,274
Accumulated losses		(24,517,515)	(23,804,384)
Total Equity Attributable to Owners		7,117,854	7,282,268
Non-controlling Interest		-	-
Total Equity		7,117,854	7,282,268

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2022

MEC Resources Ltd

	Issued Share Capital \$	Accumulated losses \$	Option Reserve \$	Contribution Reserve \$	Total attributable to owners \$	Non- controlling Interest \$	Total Equity \$
Balance at 1 July 2020	30,644,378	(22,770,332)	442,274	-	8,316,320	-	8,316,320
Loss attributable to members of the consolidated entity	-	(1,034,051)	-	-	(1,034,051)	-	(1,034,051)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(1,034,051)	-	-	(1,034,051)	-	(1,034,051)
Shares issued during the period	-	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-	-
Net movements on deconsolidation	-	-	-	-	-	-	-
Balance at 30 June 2021	30,644,378	(23,804,383)	442,274	-	7,282,268	-	7,282,268
Balance at 1 July 2021	30,644,378	(23,804,383)	442,274	-	7,282,268	-	7,282,268
Loss attributable to continuing operations	-	(715,322)	-	-	(715,322)	-	(715,322)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(715,322)	-	-	(715,322)	-	(715,322)
Shares issued during the period	548,717	-	-	-	548,717	-	548,717
Capital raising costs	-	-	-	-	-	-	-
Net movements on deconsolidation	-	-	-	-	-	-	-
Balance at 30 June 2022	31,193,095	(24,517,515)	442,274	-	7,117,854	-	7,117,854

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2022

MEC Resources Ltd

	Note	2022 \$	2021 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(219,274)	(350,585)
Associate share of losses		-	-
Interest received		-	-
Net cash used in operating activities	20	(219,274)	(350,585)
Cash Flows from Investing Activities			
Associate share of losses		-	-
Repayment of loans from other entities		-	237,184
Loans to other entities		-	(279,945)
Net cash used in investing activities		-	42,761
Cash Flows from Financing Activities			
Proceeds from share issue & BPH Loan Funding Agreements		100,352	-
Net cash provided by financing activities		100,352	-
<i>Net increase/(decrease) in Cash Held</i>		(118,922)	(307,824)
<i>Cash at the Beginning of the Period</i>		130,286	438,110
Cash at the End of the Period	7	11,365	130,286

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

1. Statement of Significant 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 14 February 2023 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 the financial statements.

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

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

Compliance with IFRS

The consolidated financial statements of 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 2022 of \$715,322 (2021: \$1,034,051) and has a net cash outflow from operating and financing activities of \$118,922 (2021: \$307,824).

The Consolidated Group has a working capital deficit of \$1,322,561 (Note 18b) as at 30 June 2021 (2021: \$1,589,297) which includes cash assets of \$13,759 as at 30 June 2022 (2021: \$130,286), trade receivables of \$nil (2021: nil), trade creditors and other payables of \$919,779 (2021: \$847,072) and financial liabilities of \$424,376 (2021: \$872,741).

Included in trade creditors and payables are director fee accruals of \$581,657 (2021: \$404,740). The directors have reviewed their expenditure and commitments for the Consolidated Group and have implemented methods of costs 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 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 2022

MEC Resources Ltd

1. Statement of Significant 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 25 to the financial statements. All controlled entities have a June financial year-end. As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

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

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 2022

MEC Resources Ltd

1. Statement of Significant 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 2022

MEC Resources Ltd

1. Statement of Significant 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 2022

MEC Resources Ltd

1. Statement of Significant 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 the 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 2022

MEC Resources Ltd

1. Statement of Significant Accounting 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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- a. amortised cost; or
- b. fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- c. a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- d. held for trading; or
- e. initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. It is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

1. Statement of Significant Accounting Policies (continued)

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

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Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

1. Statement of Significant Accounting Policies (continued)

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in

fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred.
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

1. Statement of Significant Accounting Policies (continued)

- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a

financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the general approach to impairment, as applicable under AASB 9: Financial Instruments.

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(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

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

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

1. Statement of Significant Accounting Policies (continued)

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 13 and 21 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 2022 financial year

In the year ended 30 June 2022, 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 2021. 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 2022. 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 2022

MEC Resources Ltd

2. Revenue

	2022 \$	2021 \$
Revenue		
Interest revenue	-	-
Interest revenue: other entities	-	-
Total revenue	-	-
	\$	\$
Other gains and losses		
Loss on legal settlement (refer Note 24)	-	-
Loss on Impairment of Loan	-	-
R&D Tax Incentive Claim	-	-

3. Loss for The Year

	Consolidated	
	2022 \$	2021 \$
Expenses		
Employee Expenses		
Wages & salary	(15,718)	592,208
Superannuation expense	-	-
Other payroll expenses	-	-
	(15,718)	592,208
Consulting and Legal		
Consulting fees	-	23,233
Legal fees	76,771	153,678
	76,771	176,911

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

4. Auditors' Remuneration

	Consolidated	
	2022 \$	2021 \$
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report of the parent		
Moore Australia Audit (WA)	8,350	38,835
- 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)	-	-
	<u>8,350</u>	<u>38,835</u>

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 22 October 2020)
A Jones - (appointed 23 September 2020)
A Huston - (appointed 22 October 2020)
S James - (appointed 4 March 2022)
D Verley - (appointed 11 February 2020, resigned 4 March 2022)
G Murray - (appointed 22 October 2020, resigned 4 March 2022)

	Consolidated	
	2022 \$	2021 \$
Short term employee benefits	176,917	592,208
Share based payments (in lieu of directors' fees)	-	-
	<u>176,917</u>	<u>592,208</u>

Included in consolidated trade creditors and payables are director fee accruals of \$176,917 (30 June 2021: \$404,740).

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

Key Management Personnel Compensation (continued)

Director	MEC Resources Ltd Amount Accrued & Owing up to 30 June 2022	MEC Resources Ltd Amount Accrued & Owing 1 July 2021 to 30 June 2022	MEC Resources Ltd Amount Accrued & Owing 30 June 2021
Current Directors			
D Breeze	289,435	71,500	217,935
A Jones	69,201	27,500	41,701
A Huston	60,441	27,500	32,941
S James	9,167	9,167	-
Previous Directors			
R Marusco			
D Verley	8,761	-	8,761
G Murray	91,086	20,625	70,461
	53,566	20,625	32,941
Balance owing	\$581,657	\$176,917	\$404,740

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

The 2021 annual report overstated accrued director's fees by \$278,379 which has been corrected in the 2022 annual report. The total amount owing to directors as at 30 June 2022 is \$581,657.

6. Earnings per share

		Consolidated	
		2022	2021
		\$	\$
(a)	Reconciliation of Earnings to Profit or Loss		
	Net loss attributable to members of the parent	(715,322)	(1,034,051)
	Earnings used to calculate basic and diluted EPS	(715,322)	(1,034,051)
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	809,163,335	645,824,071
	Loss per share (cents per share)	(0.0009)	(0.0016)
	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	
		2022	2021
		\$	\$
	Cash at bank and in hand	11,595	130,517
	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	11,595	130,517

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

8. Income Tax Expense

	<u>Consolidated</u>	
	<u>2022</u>	<u>2021</u>
	\$	\$
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2021: 26%)	(178,830)	(268,853)
Add/(less) tax effect of:		
- Revenue losses and other deferred tax balances not recognised	178,830	-
- Other non-deductible items	-	-
- Other non-assessable items	-	-
Income tax expense	<u>-</u>	<u>-</u>
c. Deferred tax recognised at 25% (2021: 26%) (Note 1): Deferred tax liabilities:		
Exploration expenditure	-	-
Deferred tax assets:		
Carry forward revenue losses	-	-
Net deferred tax	<u>-</u>	<u>-</u>
d. Unrecognised deferred tax assets at 26% (2021: 26%):		
Carry forward revenue losses	4,119,483	3,404,161
Carry forward capital losses	1,954,762	1,954,762
Other	-	-
	<u>6,074,245</u>	<u>5,358,923</u>

Notes to the Financial Statements

for the year ended 30 June 2022

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 will reduce from 30% to 25% by 30 June 2022 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 2021 comparatives have been updated to be consistent with the 2022 format. The current and deferred tax position has not changed.

9. Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
CURRENT		
Trade receivables	-	-
Net GST receivables	-	-
Other receivables – RD accrual	-	-
	<u>-</u>	<u>-</u>

	Consolidated	
	2022	2021
	\$	\$
Ageing of past due but not impaired		
30-60 days	-	-
60-90 days	-	-
120 days and over	-	-
Total	<u>-</u>	<u>-</u>

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Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

10. Other Assets

Consolidated

2022
\$

2021
\$

Current

Deposits

2,165

2,164

Prepaid expenses

-

-

2,164

2,164

11. Intangibles

Consolidated

2022
\$

2021
\$

Intangibles

-

-

-

-

12. Capitalised Exploration Costs

Exploration expenditure capitalised

Exploration and evaluation phases

-

-

-

-

13. Financial Assets

Consolidated

2022
\$

2021
\$

Current

Loan receivable – Catalyst 1 Pty Ltd

-

-

Loan receivable – Grandbridge Ltd

-

-

Total

-

-

Non - Current

Fair Value through Profit and Loss financial assets (a)

-

-

Loan receivable – Advent Energy Ltd (b)

4,161,135

4,161,135

Investment in Associate - Advent Energy Ltd (c)

4,275,213

4,705,917

Other

366

366

8,436,684

8,867,418

Notes to the Financial Statements

for the year ended 30 June 2022

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.

On 16 December 2021, MEC advised ASX that the Prime Minister of Australia at that time, 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 received official notification of refusal from the National Offshore Petroleum Title Authority (NOPTA).

Advent has two applications with NOPTA for suspension and extension of the PEP11 permit. The first application was accepted as lodged in January 2020 and the second in February 2021. NOPTA has issued a notice of intention to refuse the January 2020 application which was lodged on the basis of Force Majeure. The first is the only application which is the subject of the NOPTA notice. The second application was made under a COVID application process and was accepted but not dealt with pending an outcome on the first application made in January 2020. NOPTA is seeking additional information from Advent in respect of the application. Under the provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006, the existing permit will continue until relevant decisions are made.

On 31 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.

Advent's 100% subsidiary Asset Energy Pty Ltd has applied to the Federal Court 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 Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for 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. Asset Energy Pty Ltd is a 100% owned subsidiary of Advent and has lodged the appeal as Operator for and on behalf of the PEP11 Joint Venture Partners, Bounty Oil and Gas NL (ASX:BUY) and Asset Energy Pty Ltd. On 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The court has set a date for a hearing in March 2023.

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 book value of capitalised exploration and evaluation expenditure of \$14.04m 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.

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Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

Consolidated

Investment in Associate – Advent Energy Ltd

	2022 \$	2021 \$
Opening balance	4,705,917	4,705,917
Share of loss of Associate for the year	(430,704)	-
Closing balance	4,275,213	4,705,917

14. Property, Plant and Equipment

Consolidated

	2022 \$	2021 \$
Plant and Equipment:	14,624	14,624
Less: Accumulated depreciation	(13,088)	(12,642)
Total Property, Plant and Equipment	1,536	1,983

Consolidated

	2022 \$	2021 \$
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	1,983	3,435
Additions	-	-
Disposal on deconsolidation	-	-
Depreciation expense	(446)	(1,452)
Carrying amount at the end of the year	1,536	1,983

15. Trade and other payables

Consolidated

	2022 \$	2021 \$
Trade Payables and accrued expenses	909,779	446,913
Sundry payables and accrued expenses	-	400,159
	909,779	847,072

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

16. Provisions

	Consolidated	
	2022 \$	2021 \$
<u>Current</u>		
Employee entitlements:		
Opening balance at 1 July	-	-
Increase/(Decrease) in provision	-	-
Balance at 30 June	-	-
Share sale agreement:		
Opening balance at 1 July	-	-
Increase/(Decrease) in provision	-	-
Balance at 30 June	-	-
Total Current Provisions	-	-

17. Financial Liabilities

	Consolidated	
	2022 \$	2021 \$
Loans payable – Current Liabilities		
Loan from Asset Energy Limited (a)	324,024	872,741
Loan from BPH Energy Limited (b)	100,352	-
Loan from Grandbridge Limited	-	-
Loans from other entities	-	-
	424,376	872,741

- 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 2022

MEC Resources Ltd

18. Issued Capital

	Consolidated	
	2022	2021
	\$	\$
809,163,335 (2021: 684,451,176) fully paid ordinary shares	31,193,095	30,644,378
Less: Capital raising costs	-	-
Issued Capital	31,193,095	30,644,378

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

	2022	2021	2022	2021
Ordinary Shares	\$	\$	No	No
At the beginning of reporting period	30,644,378	30,644,378	684,451,176	414,578,376
Shares issued – SPP	-	-	-	-
Shares issued – Rights Issue	-	-	-	219,680,600
Shares issued as settlement of Advent writs	548,717	-	124,708,409	29,400,000
Shares issued as payment of consulting fees	-	-	-	20,792,200
Placement shares issued	-	-	-	-
Capital Raising cost	-	-	-	-
Prior Period Adjustment	-	-	-	-
At reporting date	31,193,095	30,644,378	809,163,335	684,451,176

Fully Paid Ordinary Share Capital

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

(a) Options

There were no options on issue at the end of the year

The market price of the Company's ordinary shares at 30 June 2022 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 2022

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 2022 and 30 June 2021 are as follows:

	Consolidated	
	2022	2021
	\$	\$
Cash and cash equivalents	11,595	130,516
Other receivables	-	-
Trade payables and financial liabilities	(1,334,156)	(1,719,813)
Working capital position	(1,322,561)	(1,589,297)

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

	Consolidated	
	2022	2021
	\$	\$
Options Reserve (a)	442,274	442,274
Contributions Reserve (b)	-	-
	442,274	442,274

19. Reserves

- 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 2022

MEC Resources Ltd

Reserves (continued)

Option Reserve

Reconciliation of movement

	2022	2021
	\$	\$
Opening balance	531,466	531,466
Reversal on deconsolidation	-	-
Closing balance	531,466	531,466

Contribution Reserve

	2022	2021
	\$	\$
Opening balance	-	-
Reversal on deconsolidation	-	-
Reclassification of NCI to Contribution reserve	-	-
Closing balance	-	-

The Group has reclassified outside equity interest to a contribution reserve to reflect the relative interest of the outside equity interest in the equity of the controlled entities.

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

20. Cash Flow Information

	Consolidated	
	2022	2021
	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit after income tax		
Operating loss after income tax	(715,322)	(1,034,051)
Non-cash flows in profit:		
Depreciation	446	1,452
Revaluation on investments	-	-
Share based payments	-	-
Exploration expenditure written off	-	-
Loss on legal settlement	-	-
Loss on loan impairment	-	-
Changes in net assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	-	-
(Increase)/decrease in other assets	430,705	-
Increase/(decrease) in trade payables and accruals	64,897	680,283
Increase/(decrease) in provisions	-	1,731
Net cash flow from operating activities	(221,464)	(350,585)

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

21. 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 2022

MEC Resources Ltd

Financial Risk Management (Continued)

2022	Effective Average Interest Rate Payable %	Floating Interest Rate \$	Fixed Interest Rate \$	Non- Interest Bearing \$	Total \$
Financial Assets					
Cash and cash equivalents	1.25%	11,595	-	-	11,595
Trade and other receivables	-	-	-	-	-
Financial Assets – current	20.79%	-	-	-	-
Financial Assets - non-current	-	-	-	2,164	2,164
		11,595	-	2,164	13,759
Financial Liabilities					
Trade and sundry Payables	-	-	-	909,779	1,188,022
Financial liabilities	-	-	-	424,376	424,376
		-	-	1,334,156	1,612,398
2021					
Financial Assets					
Cash and cash equivalents	1.25%	130,517	-	-	130,517
Trade and other receivables	-	-	-	-	-
Financial Assets – current	20.79%	-	-	-	-
Financial Assets - non-current	-	-	-	2,164	2,164
		130,517	-	2,164	132,681
Financial Liabilities					
Trade and sundry Payables	-	-	-	847,072	847,072
Financial liabilities	-	-	-	872,741	872,741
		-	-	1,719,813	1,719,813

Notes to the Financial Statements

for the year ended 30 June 2022

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

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	11,595	11,595	130,517	130,517
Financial assets at fair value through profit or loss	8,436,684	8,436,684	8,867,418	8,867,418
Available for sale financial assets	-	-	-	-
Loans and receivables	2,164	2,164	2,164	2,164
	<u>8,438,848</u>	<u>8,438,848</u>	<u>9,000,099</u>	<u>9,000,099</u>
Financial Liabilities				
Other loans and amounts due	1,188,022	1,188,022	872,741	872,741
Other liabilities	424,376	424,376	847,072	847,072
	<u>1,612,398</u>	<u>1,612,398</u>	<u>1,719,813</u>	<u>1,719,813</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 2022

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	
	2022	2021
Change in profit		
— 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 2022

	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	909,779	(909,779)	-	(909,779)	-	-	-
Unsecured loans	424,376	(424,376)	-	-	-	(424,376)	-
	1,334,155	(1,334,155)	-	(909,779)	-	(424,376)	-

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

30 June 2021

	Carrying amount	Total	Contractual cash flows				
			2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Trade and other payables	847,072	(847,072)	-	(847,072)	-	-	-
Unsecured loans	872,741	(872,741)	-	-	-	(872,741)	-
	1,719,813	(1,719,813)	-	(847,072)	-	(872,741)	-

(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 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
- Investments in listed entities	-	-	-	-
Financial assets at FVTPL				
- Investments in unlisted entities	-	-	8,436,684	8,436,684
Total	-	-	8,436,684	8,436,684

30 June 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
- Investments in listed entities	-	-	-	-
Available for sale financial assets				
- Investments in unlisted entities	-	-	8,867,418	8,867,418
Total	-	-	8,867,418	8,867,418

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

Reconciliation of Level 1 fair value measurements of financial assets:

	2022	2021
	Investments in listed entities (Level 1)	Investments in listed entities (Level 1)
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:

	2022	2021
	Available for sale (Level 3)	Available for sale (Level 3)
Opening balance	8,436,684	8,630,234
Add: Purchases	-	237,184
Add: Reclassified balances on deconsolidation	-	-
Total gains or loss in the profit and loss	-	-
Closing balance	8,436,684	8,867,418

The Company has a 38.27% holding in Advent and, based on the 30 June 2022 book value of net assets of Advent the carrying value in Advent held by the Company as reflected at Note 13 is considered to reflect approximate fair value.

22. Events after the Balance Sheet Date

The Company made a number of announcements in relation its investee company Advent as follows;

Advent's 100% subsidiary Asset Energy Pty Ltd applied to the Federal Court 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 Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (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 11 August 2022 the Federal Court of Australia made discovery orders in respect of this application. The court has set a date for a hearing in March 2023.

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

- 2 August 2022 – Investee Advent - Clean Carbon Hydrogen investment settled
- 23 August 2022 – Investee Advent – Full review of PEP11 strategy to protect shareholder value
- 17 October 2022 – Investee Advent – Federal Court Proceedings PEP11
- 15 December 2022 – Investee Advent – New Zealand Farmout Agreement terminated
- 21 December 2022 – Investee Advent – Clean Carbon Hydrogen update released by BPH
- 3, 7, 13 & 14 February 2023 – Investee Advent – PEP11 updates – see details in Directors Report

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

23. 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 Notes 9 and 10 for the Company's investment and loan receivables.

(d) *Director related entities*

MEC and BPH has a common Managing Director, Mr David Breeze, and therefore BPH is a related party of the Company. During the period BPH loaned MEC \$97,482 and charged MEC \$2,870 in interest. At balance date \$100,352 (2021: \$Nil) was payable to BPH by MEC, classified as a current liability.

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Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

24. Controlled Entities and Non-Controlling Interests

(a) Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2022	2021
Parent Entity				
MEC Resources Limited	Investment	Australia		
Subsidiaries of MEC Resources Ltd				
Catalyst 1 Pty Ltd	Passive	Australia	100.00	100.00
Catalyst Two Pty Ltd	Passive	Australia	100.00	100.00

(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
2022							
Advent Energy Ltd	3,047,467	17,545,977	563,721	9,225,890	16,613	(1,125,436)	(1,125,436)
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Revenues	Loss for the Year	Total Comprehensive Loss for the Year
2021							
Advent Energy Ltd	1,130,822	14,385,995	917,238	4,963,302	31,098	(426,659)	(426,659)

25. Share-Based Payments

No share-based payment arrangements occurred during 30 June 2022.

At balance date, nil MEC share options have been exercised (2021: nil).

All options granted to key management personnel are ordinary shares in MEC or its investee Advent, which confer a right of one ordinary share for every option held.

During the year, nil options (2021: nil) were issued under the company's employee share option plan.

Notes to the Financial Statements

for the year ended 30 June 2022

MEC Resources Ltd

26. 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:

- a) 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
- b) 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 feedback to its ASX submission.

27. Commitments

Capital Commitments

The Company has no current capital commitments.


Directors Declaration

MEC Resources Ltd

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 24 to 59, 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 2022 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 directors have been given the declarations required by S295A of the Corporations Act 2001
4. 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 15 February 2023

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**INDEPENDENT AUDITOR'S 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 controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

In forming our opinion on the 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.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MEC RESOURCES LIMITED (CONTINUED)**

Material Uncertainty Regarding Carrying Value of Loans Receivable from & Investment in Advent Energy Limited

We draw attention to Note 13 of the financial statements and specifically to the loans receivable from Advent Energy Limited and its controlled entities amounting to \$3,837,111 (net of a loan payable to a subsidiary of Advent Energy Limited of \$324,024). We also draw attention to the investment in Advent Energy Limited of \$4,275,213. The ability of the Company to recover the book values of the investment in and loans to Advent Energy and its controlled entities is dependent upon the ability of Advent Energy Limited 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 loans to and investment in Advent Energy Limited, 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 year. 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.

Carrying value of Loans Receivable from and Investment in Advent Energy Limited

Refer to Note 13 Financial Assets

The Company has significant assets invested in Advent Energy Limited and its controlled entities. These comprise net loans receivable of \$3,837,111 and an investment in Advent Energy Limited of \$4,275,213.

Our audit focused on the Company's assessment of the carrying value of the loans to and investment in Advent Energy Limited, as these are the most significant assets of the Company and their recoverability is ultimately dependent upon the ability of Advent Energy Limited to extract value from its core exploration assets.. The evaluation of the recoverable amount of these assets requires significant judgment.

We planned our work to address the audit risk that the loans to and investment in Advent Energy Limited 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.

Our procedures included, amongst others:

- Reviewing the terms and conditions of loan agreements, settlement deeds and related correspondence.
- Confirming or otherwise substantiating the accuracy of loan amounts receivable from and investments in Advent Energy Limited.
- Discussing with directors and management the nature of any disputed matters, consideration of evidence supporting the Company's position adopted in respect to such matters and what action is in progress or planned in order to resolve any such disputes.
- Review of financial statements of Advent Energy Limited so as to understand its assets and ability to repay the Company, including the status of the PEP 11 permit.
- Consideration of management's expected credit loss assessment in respect of the loans receivable from and investment in Advent Energy Limited, including the consideration of any impairment provisions that may be required.
- We examined and assessed the relevant disclosures included in the financial report in relation to the material uncertainties regarding recoverability.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MEC RESOURCES LIMITED (CONTINUED)**

Key Audit Matters (continued)

Group's ability to continue as a Going Concern	
Refer to Note 1	
<p>The financial statements are prepared on a going concern basis in accordance with AASB 101 <i>Presentation of Financial Statements</i>. 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"> • 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 (where available) for at least the next 12 months and reviewed and challenged the directors' assumptions. • Reviewed plans by the directors to secure additional funding through either the issue of further shares and/or debt funding or a combination thereof. • Consideration of the likely timing of payment of financial obligations, including payables and loans. • 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 the directors. • Review of disclosure in the financial statements to ensure appropriate. • 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 & timing of planned expenditures. The disclosures in the financial statements appropriately identify this risk.

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 2021 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEC RESOURCES LIMITED (CONTINUED)

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our audit 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 2022.

In our opinion, the Remuneration Report of MEC Resources Limited, for the year ended 30 June 2022 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.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 16th day of February 2023.

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 January 2023

1. Distribution of Shareholders

Range of Holding	Shareholders	Number Ordinary Shares	%
1 – 1,000	462	185,097	0.02
1,001 – 5,000	377	1,118,476	0.14
5,001 – 10,000	389	3,418,778	0.42
10,001 – 100,000	1,006	38,413,009	4.75
100,001 and over	489	766,027,975	94.67
	2,723	809,163,335	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

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Additional Securities Exchange Information

MEC Resources Ltd

7. Twenty Largest Shareholders (as at 9 January 2023)

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	15.41%
Sandwich Holdings Pty Ltd	26,250,000	3.24%
Marusco Investments Pty Ltd <Marusco S/F A/C>	25,396,100	3.14%
Ms Louise Ann Jones	22,000,000	2.72%
Hsbc Custody Nominees (Australia) Limited	20,812,070	2.57%
Eastwood Financial & Investment Services Pty Ltd <G & E Super Fund A/C>	16,400,742	2.03%
Hera Investments Pty Ltd	14,218,096	1.76%
Citicorp Nominees Pty Limited	14,095,104	1.74%
Mr Andrew Stephen Evans	13,841,685	1.71%
Mr Robert Anthony Healy	11,868,108	1.47%
Mr Mark Jerome Fenton	10,841,686	1.34%
Mr Douglas Pierce Reginald Verley <Bambazonke A/C>	10,396,100	1.28%
Griffiths Sf Pty Ltd <Griffiths Super Fund A/C>	10,000,000	1.24%
Bujo Pty Ltd	10,000,000	1.24%
Mr Ross Coventry Barter	9,353,328	1.16%
Protax Nominees Pty Ltd <Richards Super Fund A/C>	9,000,000	1.11%
Mr Edward Yi	8,840,015	1.09%
Mr Michael John Sandy	8,800,000	1.09%
Mr Matthew Battrick & Mrs Jayne Battrick <The Battrick Family A/C>	8,800,000	1.09%
Goodheart Pty Ltd <GBH A/C>	8,000,000	0.99%
	391,621,443	48.40%