



**MEC RESOURCES LTD**

ABN 44 113 900 020

# Contents

MEC Resources Ltd and its controlled entities

## Appendix 4D -Half year report

### Results for announcement to the market

Name of Entity	MEC Resources Limited
ABN	44 113 900 020
Half Year Ended	31 December 2022
Previous Corresponding Reporting Period	31 December 2021

\$A'000				
Revenues from ordinary activities	Up	100%	to	0.159
(Loss) from ordinary activities after tax attributable to members	down	43.4%	to	(187)
Net (loss) for the period attributable to members	down	43.4%	to	(187)
Dividends (distributions)		Amount per security	Franked amount per security	
Final dividend		Nil	Nil	
Interim dividend				
Previous corresponding period		N/A	N/A	

Please refer to attached accounts for commentary on the results

### Other notes to the condensed financial statements

	Current period	Previous corresponding Period
<b>Ratios</b>		
<b>Loss before tax / revenue</b> Consolidated (loss) from ordinary activities before tax as a percentage of revenue	0%	0%
<b>Loss after tax / equity interests</b> Consolidated net (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(2.70)%	(4.75)%

	Current period	Previous corresponding Period
<b>NTA Backing</b>		
Net tangible asset backing per ordinary security	(0.00) cps	(0.00) cps

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# Directors' Report

MEC Resources Ltd and its controlled entities

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## Directors

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

## Company Secretary

Robert Marusco

## Registered Office

Level 1  
9 Bowman Street  
SOUTH PERTH WA

## Principal Business Address

Level 1,  
9 Bowman Street  
SOUTH PERTH WA 6151  
Telephone: 0412 593 363  
Website: [www.mecresources.com.au](http://www.mecresources.com.au)  
E-mail: [admin@mecresources.com.au](mailto:admin@mecresources.com.au)

## Auditor

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

## Share Registry

Boardroom Pty Ltd  
Level 8  
210 George St  
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 and its controlled entities

The directors of MEC Resources Ltd ("**MEC Resources**" or the "**Company**") submit herewith the financial report for the half year ended 31 December 2022. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### Directors

The names of the directors of the Company during or since the end of the period are:

D Breeze (appointed 23 October 2020)  
A Jones (appointed 23 September 2020)  
A Huston (appointed 23 October 2020)  
S James (appointed 4 March 2022)

### Review of Operations

Operating loss for the entity after tax for the half-year ended 31 December 2022 was \$187,280 (2021: \$330,848).

#### 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.
- During the half year MEC Resources continued to monitor and manage its investment in investee Advent Energy Limited ("**Advent**") with the key announcements concerning Advent outlined below.

#### Advent Energy Limited (MEC 38.27%)

##### PEP 11

- 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).
- 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. Proceedings were commenced in the Federal Court of Australia alleging that the former Prime Minister Scott Morrison was biased and failed to afford procedural fairness in his decision not to grant an extension of term and a suspension and variation of the minimum work requirements under PEP 11.

## Directors' Report

### MEC Resources Ltd and its controlled entities

- On 28 October 2022 MEC announced to market further detail provided by investee Advent in relation to PEP 11 Federal Court proceedings including:
  - 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.
- Following revelations that Mr Morrison took responsibility in a number of portfolios including Resources, Prime Minister Anthony Albanese sought advice as to whether Mr Morrison's appointments and decisions (which includes PEP 11 decision) were beyond power.
- 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 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 the determine Asset Energy's application.
- In the meantime, 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.
- 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.

### Taranaki Basin – New Zealand

- On 15 December 2022 MEC advised that, subsequent to its ASX announcement of 5 April 2022, its 38.27% associate Advent's 100% subsidiary Aotearoa Offshore Limited ("AOL" or "Farminnee") has given notice to OMV New Zealand Limited ("OMV" or "Farminor"), under clause 4.3.6 of the

## Directors' Report

MEC Resources Ltd and its controlled entities

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Farm Out Agreement ("Agreement") executed on 24 December 2021, that it was terminating the Agreement.

- Clause 4.3.6 of the Agreement states that if Condition Precedent 4 is not satisfied within 6 months (or such other date that the Farminor or Farminee may agree in writing) of submission of the application to the New Zealand Minister ("Minister") responsible for the administration of the Crown Minerals Act 1991 ("Act") for the Minister's approval ("Application"), either party may terminate the Agreement by notice to the other party. The recently disclosed potential acquisition of the OMV oil and gas business by US financial investor Carlyle also introduced a material uncertainty into the planning process necessitating a review by Advent of the Agreement.
- Advent advised that OMV had returned US\$1.621 million (approximately A\$2,423,000) to AOL in accordance with the termination of the Agreement. The US\$1.621 million represents the Earning Costs 1 ("Earning Costs") based on Agreement clause 5.1 paid by the Farminee to the Farminor in early 2022. As a consequence of the termination of the Agreement the Advent group repaid BPH Energy Ltd ("BPH") before 31 December 2022:
  - the A\$2,257,345 loan from BPH to pay for the Earning Costs 1
  - the A\$800,000 BPH loaned the Advent group to fund Year 1 exploration costs
  - accrued interest on these loans of A\$146,152

### Clean Carbon Transaction

- On 2 August 2022 MEC announced that, following a meeting of BPH shareholders on 21 June 2022 at which point shareholders voted unanimously to approve to make an investment in hydrogen technology company Clean Hydrogen Technologies Corporation ("Clean Hydrogen Technologies" or "Vendor"), BPH and Advent had settled for the acquisition of a 10% interest in Clean Hydrogen Technologies for \$1,000,000 USD (8% BPH and 2 % Advent).
- As announced previously BPH and Advent had a further first right of refusal ("ROFR") to invest in Clean Hydrogen Technologies to a maximum of a further US\$1,000,000 for a further 10%, on or before 31 December 2022. The ROFR conditions were amended such that it exists when (i) the Vendor does not seek a Series A investment in its equity securities comprising a minimum investment of US\$3,000,000 by 30 April 2023, where such investment values the Vendor in excess of US\$20,000,000 (such investment, a "Qualified Financing"), and (ii) the Vendor determines, in its sole and absolute discretion, that it requires at least a further US\$1,000,000 investment for continued development and operations. Subject to the above, should the Purchaser exercise the ROFR, 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).

## Directors' Report

MEC Resources Ltd and its controlled entities

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### PDF Status Update

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 9 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.

### *Changes to the Administrative Appeals Tribunal*

During December 2022 the Government announced it will establish a new system of administrative review that is user-focused, efficient, accessible, independent and fair.

As part of these changes the Government will abolish the AAT and replace it with a new federal administrative review body.

All matters currently before the AAT will continue. The Company notes that the Government has stated that cases currently before the AAT will be finalised before the new federal administrative review body is established. Once the new body is established, any remaining cases will transition to the new body.

The Attorney-General will introduce legislation into Parliament in 2023 to establish the new federal administrative review body.

The Company will continue to manage and monitor the PDF appeal process. In addition, MEC will engage further with the ASX in relation to the PDF status following reservation of the decision at the AAT hearing.

### Subsequent Events

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 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 the determine Asset Energy's application.

In the meantime, 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.

On 21 February 2023 the Company announced it had raised A\$154,388 before costs by way of placement of Shares to professional and sophisticated investors pursuant to section 708 of the



## Directors' Report

MEC Resources Ltd and its controlled entities

Corporations Act 2001 (Cth) at an issue price of \$0.0044 per Share under the Company's LR7.1 placement capacity ("Placement Shares").

This share issue was also accompanied by the issue of one (1) free option for each Share subscribed with an exercise price of 0.0055 and expiry 24 months from the issue date. The Company intends to apply to the ASX to have the options listed if there are 50 or more holders.

Funds raised from this capital raising will be utilised by the Company to facilitate its compliance requirements, work associated with moving the Company towards reinstatement to trading on the ASX and general short-term working capital requirements.

### Placement Details

- Placement completed at an issue price of \$0.0044 per Share
- Total amount raised of \$154,388 before costs
- Number of fully paid ordinary shares issued 35,088,180
- Number of free attaching options issued 35,088,180 exercisable at \$0.0055 with an expiry date 24 months from issue being 21 February 2025.
- Number of fully paid ordinary shares on issue following the placement is 844,251,515
- The Placement Shares are subject to holding lock pending release of a prospectus by the Company
- Placement completed by LeMessurier Securities who will receive a 6% capital raising fee (plus GST)

### 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.

### Auditor's Independence

The directors received a declaration of independence from the auditor. This is included in the financial report on page 7.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of the Directors



David Breeze  
Managing Director  
PERTH,  
10 March 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 review of MEC Resources Limited for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



NEIL PACE  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 14<sup>th</sup> day of March 2023.

# Directors' Declaration

MEC Resources Ltd and its controlled entities

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The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'David Breeze', with a large, stylized initial 'D' and a long horizontal stroke extending to the left.

David Breeze  
Managing Director  
PERTH, 10 March 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2022

MEC Resources Ltd and its controlled entities

		Consolidated	
	Note	31 December 2022 \$	31 December 2021 \$
<b>Revenue</b>			
Revenue from ordinary activities	3	158	-
Other losses	3	-	-
Other income	3	-	-
Administration expenses		(33,363)	(120,376)
Compliance and legal expenses	3	(71,122)	(48,910)
Employee/director Benefits expense		(77,828)	(158,136)
Interest expense		(5,126)	-
Insurance expenditure		-	-
Exploration expenditure write off		-	-
Other expenses		-	(3,426)
Traveling expense			-
Loss before income tax		(187,280)	(330,848)
Income tax expense		-	-
Loss from continuing operations		(187,280)	(330,848)
Profit and loss from Discontinued Operations		(187,280)	(330,848)
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		-	-
Loss attributable to non-controlling interest		-	-
Loss attributable to members of the parent entity		<b>(187,280)</b>	<b>(330,848)</b>
Total Comprehensive Loss attributable to non-controlling interest		-	-
Total Comprehensive Loss attributable to parent		<b>(187,280)</b>	<b>(330,848)</b>
Earnings Per Share -			
Basic and Diluted (cents per share)		(0.00)	(0.00)

The accompanying notes form part of these financial statements.

## Consolidated Statement of Financial Position as at 31 December 2022

MEC Resources Ltd and its controlled entities

	Note	Consolidated	
		31 December	30 June
		2022	2022
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	4	21,860	11,595
Other current assets		2,164	2,164
<b>Total Current Assets</b>		24,024	13,759
<b>Non-Current Assets</b>			
Financial Assets	9	8,436,714	8,436,714
Property, plant & equipment		1,536	1,536
<b>Total Non-Current Assets</b>		8,438,250	8,438,250
<b>Total Assets</b>		8,462,274	8,452,009
<b>Current Liabilities</b>			
Trade and other payables		1,049,478	909,779
Financial liabilities	11	481,972	424,376
<b>Total Current Liabilities</b>		1,531,450	1,334,155
<b>Total Liabilities</b>		1,531,450	1,334,155
<b>Net Assets</b>		<b>6,930,824</b>	<b>7,117,854</b>
<b>Equity</b>			
Issued capital	5	31,193,095	31,193,095
Option Reserve		442,274	442,274
Accumulated losses		(24,704,545)	(24,517,515)
<b>Total Equity Attributable to Owners</b>		6,930,824	7,117,854
Non-controlling Interest		-	-
<b>Total Equity</b>		<b>6,930,824</b>	<b>7,117,854</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity as at 31 December 2022

MEC Resources Ltd and its controlled entities

	Issued Capital \$	Accumulated losses \$	Option Reserve \$	Contribution Reserve \$	Total attributable to owners \$	Non- Controlling Interest \$	Total Equity \$
<b>Balance at 1 July 2021</b>	30,644,378	(23,804,383)	442,274	-	7,282,268	-	7,282,268
Loss attributable to continuing operations	-	(330,848)	-	-	(330,848)	-	(330,848)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(330,848)	-	-	(330,848)	-	(330,848)
Shares issued during the period	548,717	-	-	-	548,717	-	548,717
Capital raising costs	-	-	-	-	-	-	-
<b>Balance at the half year ended 31 December 2021</b>	31,193,095	(24,135,232)	442,274	-	7,500,137	-	7,500,137
<b>Balance at 1 July 2022</b>	31,193,095	(24,517,265)	442,274	-	7,117,854	-	7,117,854
Loss attributable to members of the consolidated entity	-	(187,280)	-	-	(187,280)	-	(187,280)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(187,280)	-	-	(187,280)	-	(187,280)
Shares issued during the period	-	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-	-
<b>Balance at the half year ended 31 December 2022</b>	31,193,095	(24,704,545)	442,274	-	6,930,824	-	6,930,824

The accompanying notes form part of these financial statements.

**Consolidated Statement of Cash Flows**  
**for the half year ended 31 December 2022**

MEC Resources Ltd and its controlled entities

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2022 \$</b>	<b>31 December 2021 \$</b>
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(64,044)	(103,882)
Research and Development incentives			-
Net GST movement			(9,928)
Receipts from other operating activities		16,555	
Interest received		158	-
<b>Net cash used in operating activities</b>		<b>(47,331)</b>	<b>(113,810)</b>
<b>Cash Flows from Investing Activities</b>			
Payment for PPE		-	-
Repayment of loans to other entities		-	-
Loans to other entities		-	-
Deferred exploration costs		-	-
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			
BPH invoice funding agreements		57,560	-
<b>Net cash used in financing activities</b>		<b>57,560</b>	<b>-</b>
<i>Net increase/(decrease) in Cash Held</i>		10,265	(113,810)
<i>Cash at the Beginning of The Period</i>		11,364	130,516
<b>Cash at The End of The Period</b>	<b>4</b>	<b>21,630</b>	<b>16,707</b>

The accompanying notes form part of these financial statements

## **1. CORPORATE INFORMATION**

The financial report of MEC Resources Ltd (the company) and its controlled entities for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on X March 2023.

MEC Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. 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 on an entitlement offer document aimed at recapitalising MEC. The shares in MEC remain suspended from trading.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The half-year financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of MEC Resources Ltd as at 30 June 2022. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

It is also recommended that the half-year financial report be considered together with any public announcements made by MEC Resources Ltd and its controlled entities during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

### **(b) Significant Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for those as described in note 2(d) below.

### **(c) Financial Position/Going Concern**

The Company has incurred losses for the half year ended 31 December 2022 of \$187,280 and has cash assets of \$21,860 as at 31 December 2022. The company also has a significant working capital deficiency as at 31 December 2022.

Based on the Company's working capital deficiency and cash flow forecast, the Company will require additional funding in the next 12 months to enable 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 which the Company has demonstrated a history of success in this regard. In this regard the Company completed a placement on 22 February 2023 to raise working capital.

As a result of the above matters, there exists a material uncertainty that casts doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors are of the opinion that the Company is a going concern and, as a result, the financial report for the half year ended 31 December 2022 does 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 Group not continue as a going concern.

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

##### ***Standards and Interpretations applicable to the 31 December 2022 Interim Period***

In the half year ended 31 December 2022, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half year reporting periods beginning on or after 1 July 2022.

As a result of their review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the presented financial statements of the Company. Accordingly, no retrospective adjustments were required as a result of adopting these new accounting standards.

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

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 the half year reporting periods beginning on or after 1 January 2022.

None of the above standards are expected to have a significant impact on the Group.

#### **(e) Critical Accounting Estimates and Judgments**

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 consolidated entity.

##### ***Key estimates - Investment in Advent Energy Limited ("Advent")***

The investment in Advent is equity accounted, refer to Note 2(c) and Note 7.

### 3. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2022 \$	31 December 2021 \$
<b>Revenue</b>		
Interest revenue: other entities	158	-
	-	-
<b>Other gains and losses</b>		
Loss on Legal Settlement	-	-
	-	-
<b>Expenses</b>		
Legal & Compliance Fees	71,122	48,910
	71,122	48,910

### 4. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
For the purpose of the half-year condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	21,630	11,595
	21,630	11,595

### 5. CONTRIBUTED EQUITY

	<b>Consolidated</b>	
	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
Ordinary shares (i)	31,193,095	31,193,095
	<b>31,193,095</b>	<b>31,193,095</b>

- (i) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	<b>Number</b>	<b>\$</b>
Movement in ordinary shares on issue		
As at 1 July 2021	809,163,335	3,286,537
movement in ordinary shares	-	-
Balance as at 31 December 2022	<b>809,163,335</b>	<b>3,286,537</b>

## 6. CONTINGENT ASSETS AND LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

## 7. COMMITMENTS

There were no capital commitments at balance date.

## 8. EVENTS AFTER THE BALANCE DATE

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 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 the determine Asset Energy's application.

In the meantime, 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.

On 21 February 2023 the Company announced it had raised A\$154,388 before costs by way of placement of Shares to professional and sophisticated investors pursuant to section 708 of the Corporations Act 2001 (Cth) at an issue price of \$0.0044 per Share under the Company's LR7.1 placement capacity ("Placement Shares").

This share issue was also accompanied by the issue of one (1) free option for each Share subscribed with an exercise price of 0.0055 and expiry 24 months from the issue date. The Company intends to apply to the ASX to have the options listed if there are 50 or more holders.

Funds raised from this capital raising will be utilised by the Company to facilitate its compliance requirements, work associated with moving the Company towards reinstatement to trading on the ASX and general short-term working capital requirements.

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<b>9. FINANCIAL ASSETS</b>		
<b>Non-Current</b>		
Loan receivables – Advent Energy Ltd (a)	4,161,135	4,161,135
Investment in Advent Energy Ltd	4,275,213	4,275,213
Loan receivables – Catalyst 1 Pty Ltd	366	366
	<u>8,436,684</u>	<u>8,436,684</u>

(a) This loan is recoverable only by conversion to shares of Advent 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 shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

The ability of the Company to recover the book values of the investment in and loans to Advent and its controlled entities is dependent upon the ability of Advent to successfully commercialise and/or sell its core exploration and other assets (which includes 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, the outcome and timing of which is subject to significant uncertainty. As noted above on 31 March 2022 the National Offshore Petroleum Titles Administrator (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.

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 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 the determine Asset Energy's application.

In the meantime, 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.

## 10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2022	2021
<b>Parent Entity</b>				
MEC Resources Limited	Investment	Australia		
<b>Subsidiaries of MEC Resources Ltd</b>				
Catalyst 1 Pty Ltd	Passive	Australia	100.00	100.00
Catalyst Two Pty Ltd	Passive	Australia	100.00	100.00
Advent Energy Ltd (non-controlled)	Passive	Australia	38.27	38.27

	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Net Assets	Loss for the Period	Total Comprehensive Loss for the Period
<b>31 Dec 2022</b>							
Advent Energy Ltd (unaudited)	697,018	16,808,807	75,977	6,778,755	10,651,093	(151,301)	(151,301)
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Net Assets	Loss for the Year	Total Comprehensive Loss for the Year
<b>30 Jun 2022</b>							
Advent Energy Ltd (unaudited)	3,047,467	17,545,977	563,721	9,225,890	10,803,833	(1,125,436)	(1,125,436)

See note 9(a) in relation to investment in Advent.

## 11. FINANCIAL LIABILITIES

	<b>Consolidated</b>	
	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
Loans payable		
Loan from Advent Energy Limited (a)	324,024	324,024
Loan from BPH Energy Limited (b)	157,958	100,352
	<b>481,982</b>	<b>424,376</b>

(a) The loan is unsecured and interest free

(b) The loan is unsecured and interest is 7%

## 12. RELATED PARTY TRANSACTIONS

Grandbridge Limited, a Company of which Mr Breeze is Managing Director, charged the Company \$35,750 in service fees during the period which have been accrued.

BPH Energy Limited of which Mr Breeze is Managing Directors advanced the Company \$52,470 during the period by way of funding agreement. BPH Energy Limited also charged the Company \$5,126 interest during the period (2021: \$Nil). Total funds and interest charged by BPH Energy Limited are \$157,958 as at the end of the period.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF MEC RESOURCES LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of MEC Resources Limited (the company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Material Uncertainty Related to Going Concern**

In forming our opinion on the half-year financial report, which is not modified, we have considered the adequacy of the disclosure made in Note 2(c) to the financial report concerning the Company's ability to continue as a going concern. The conditions explained in Note 2(c) to the financial report 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 2 (c) 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 half-year financial report does not include any adjustments that would result if the Company were unable to continue as a going concern.

**Material Uncertainty - Carrying Value of Loans Receivable from and Investment in Advent Energy Limited**

We draw attention to Note 9 to the half-year financial report and specifically to the loans receivable from Advent Energy Limited amounting to \$4,161,135. 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 Limited and its controlled entities is dependent upon the ability of Advent Energy Limited to successfully commercialise and /or sell its core exploration assets, thereby realising sufficient value from which the Company can recoup the value of its loans 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.

**Directors' Responsibility for the Half-Year Financial Report**

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

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 provided to the directors as at the time of this auditor's review report.



NEIL PACE  
PARTNER



MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 14<sup>th</sup> day of March 2023.