# Advent Energy Ltd

ACN 109 955 400

# Annual Financial Report
30 June 2023

# Contents
## Advent Energy Ltd and its controlled entities

Page Number



**Directors**
David Breeze – Executive Chairman
Stephen Kelemen – Non-Executive Director
Steve James – Non-Executive Director
Tony Huston – Non-Executive Director

**Company Secretary**
David Breeze

**Registered Office**
Unit 12, Level 1
114 Cedric Street
STIRLING WA 6021

**Principal Business Address**
Unit 12, Level 1
114 Cedric Street
STIRLING WA 6021
Telephone: (08) 9328 8711
Facsimile: (08) 9328 8733
Website: www.adventenergy.com.au

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

**Australian Business Number**
39 109 955 400

# Chairman's Letter
## Advent Energy Ltd and its controlled entities

Dear Shareholder

Australia is facing significantly changed circumstances in the international energy market with the prospect of sustained higher energy prices and gas shortages in Australia, with damaging cost impacts on households, employment and businesses.

Advent believes that the project of its' subsidiary, Asset Energy, to drill the Seablue-1 gas exploration well in Petroleum Exploration Licence 11 (PEP11) located 25 km off the coast of NSW, offers the state of New South Wales and the nation a significant opportunity to increase domestic gas supply and to play a significant part in the country's transition to Net Zero by proving up a location for Carbon Capture and Storage (CCS).

*Extension and Variation Applications for Pep-11 Permit To Enable Drilling Of Seablue 1 Gas Well At Baleen*

Asset Energy continues to progress the PEP11 joint venture's applications for the variation and suspension of work program conditions and related extension of PEP11.

While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered, Asset is investigating the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect which would take approximately thirty-five days to complete. Asset is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024.

PEP11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP11 with respect to such matters as reporting, payment of rents and the various provisions of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (Cth).

*The Importance of New Gas Projects and East Coast Australia Gas Supply*

The analysis contained in the Australian Competition & Consumer Commission *Gas inquiry 2017-2030 interim report* (January 2023) (**ACCC Report** )[1] emphasises that from 2026 there will be a material shortfall of supply in gas in the Australian east coast gas market.

"*From 2026 onwards the east coast gas market is expected to experience a shortfall in supply from [proved and probable (2P)] reserves unless additional supply comes online.*
*….. natural gas will likely be part of the transition between coal power generation and renewable energy sources, and there will be ongoing need for gas from commercial and industrial users in particular.*

*Without expansion in production, gas supply shortfalls are expected arising from export and domestic demand This would place continued upward pressure on prices in the gas market, as well as pressure on the electricity market through the role that gas powered generation will likely play in meeting peak electricity demand and maintaining the stability of the east coast energy system.*
*… Additional gas supply will be needed to avoid future shortfalls.*"

---

[1] Australian Competition & Consumer Commission *Gas inquiry 2017-2030 interim report* (January 2023), [5.3.3].

The analysis of the ACCC is reflected by the recent representative public comments of senior Commonwealth Government Ministers.

(a) The Prime Minister the Hon Anthony Albanese MP said that "gas will play a role in renewables" when defending the role that gas will play in the transition to clean energy.[2]
(b) The Hon Madeleine King MP correctly noted that:[3] "In the short term, medium term and long term we will need gas. You need gas to process critical minerals and rare earths which are essential for clean energy technology. "
(c) The Hon Chris Bowen MP said that:[4] "Gas is a flexible fuel necessary for peaking and firming as we undertake this transformation (to the government's renewables target)".
(d) The Hon Dr Jim Chalmers MP noted that the gas industry is a "really important"[5] part of the nation's economy, and that the Commonwealth Government is working on increasing gas supply.

The views of the ACCC are reflected within industry. Dr Kerry Schott (the former head of the Energy Security Board) recently observed that the pathway to Net Zero emissions is not realistic without further gas supply.[6] A similar observation has been attributed to Mr Adrian Dwyer (CEO of Infrastructure Partnerships Australia)[7].The Australian Petroleum Production and Exploration Association has also observed the need for Australia to increase its domestic gas supply in light of the shortfall projections noted above.[8]

Closely related to the need for Australia to have new gas supply is the fact that a lack of gas supply is a key driver of inflation. As Dr Phillip Lowe, the Governor of the Reserve Bank of Australia, said in a Senate Estimates Hearing:[9] "One way of tackling inflation induced by supply-side shocks is to address the supply side. At the moment there are two areas I think we could be focusing on. It's the supply of gas and electricity in the domestic market—what we can constructively do to increase the supply. I don't want to get drawn into what the right measures are, but just at the analytical level, increased supply of gas and electricity in the domestic market would be helpful to combat rising energy prices."

David Breeze
Executive Director

---

[2] AFR Business Summit (7 March 2023) accessible at: https://www.pm.gov.au/media/afr-business-summit-0
[3] Interview with Tom Connell, Sky News (15 February 2023) accessible at: https://www.minister.industry.gov.au/ministers/king/transcripts/interview-tom-connell-sky-news
[4] Address to the Sydney Institute (13 March 2023) accessible at: https://minister.dcceew.gov.au/bowen/speeches/address-sydney-institute
[5] Press Conference, Blue Room, Canberra (25 January 2023) accessible at: https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/transcripts/press-conference-blue-room-canberra-1
[5] For example, Interview with Neil Mitchell, 3AW (26 October 2022) accessible at https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/transcripts/interview-neil-mitchell-3aw-0; Interview with David Speers, Insiders ABC (30 October 2022) accessible at: https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/transcripts/interview-david-speers-insiders-abc-0

[6] See the commentary in "States hits for 'demonising' gas" *Australian Financial Review* (28 February 2023).
[7] See the commentary in "States hits for 'demonising' gas" *Australian Financial Review* (28 February 2023).
[8] APPEA Media Release, "Government Strategy for New Gas Supply Needed After More Shortfall Warnings" (16 March 2023).
[9] Commonwealth of Australia, *Official Committee Hansard (Senate): Economics Legislation Committee* (Monday, 28 November 2022) p5.

# DIRECTORS' REPORT
# Advent Energy Limited and its Controlled Entities

The directors of Advent Energy Ltd (Advent or Company) present their report on the Company and its controlled entities (consolidated entity or group) for the financial year ended 30 June 2023.

## Directors

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

David Breeze – Executive Chairman
Stephen Kelemen – Non-Executive Director
Steve James – Non-Executive Director
Tony Huston – Non-Executive Director
Tom Fontaine – Non-Executive Director (resigned 1 April 2023)

## Company Secretary

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

David Breeze

## Information on Directors

**D Breeze**
*Executive Chairman (appointed 10 November 2005) and Company Secretary (appointed 6 August 2019)*

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 Masters of Business Administration and is a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act. He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of $300 million. 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:

BPH Energy Limited (from February 2001 to present)
MEC Resources Limited (from April 2005 to present)

David is also a director of Grandbridge Limited, Cortical Dynamics Limited, Molecular Discovery Systems Limited, Diagnostic Array Systems Limited, and Advent subsidiaries Asset Energy Pty Limited, Offshore Energy Pty Limited and Aotearoa Offshore Limited.

**S Kelemen**
*Non-Executive Director (appointed 8 February 2018)*

Stephen Kelemen has 40 years of experience in the upstream petroleum industry, primarily with Santos Ltd where he had leading roles involving exploration, development, field operations, reservoir engineering, drilling, geology, and mergers & acquisitions across conventional and unconventional assets. He oversaw Santos' investment in Bayu-Undan & DLNG, and was responsible for the company's entry into CSG and the concept of CSG to LNG. He has evaluated many of the Australian basins for the potential to deliver reserves. Stephen is a Non-Executive Director for Galilee Energy, Elixir Energy as well as Advent Energy. He is also Adjunct Professor - Centre for Natural Gas at University of Queensland and Deputy Chair Petroleum - Queensland Exploration Council. Stephen has a BE from University of Adelaide.

During the last 3 years Stephen has not held any listed company directorships.

**T Huston**
*Non-Executive Director* (*appointed 6 August 2019*)

Anthony (Tony) Huston has been involved for over 40 years in engineering and hydrocarbon industries for both on and off shore 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 (June 2017 to present).

**S James**
*Non-Executive Director (appointed 6 August 2019)*

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

During the last 3 years Steve has not held any listed company directorships.

**T Fontaine**
*Non-Executive Director* (*appointed 6 August 2019, resigned 1 April 2023)*

Tom is a reservoir engineer with over 25 years of experience in project evaluation management, development and capital raising. Tom has been part owner of petroleum engineering companies Epic Consulting in Canada and Focal Petroleum in Australia and has provided technical services to many companies worldwide. He is also primarily responsible for the startup and subsequent listing on ASX of Bounty Oil & Gas NL in 2002, and coal bed methane company Pure Energy Resources Pty Ltd in 2006 which was acquired in 2009 by BG Group Plc in a $1 billion takeover.

During the last 3 years Tom has been a director of ASX listed company Kinetiko (ASX:KKO) (February 2021 to present).

### Meetings of Directors

During the financial year there were no meetings of directors. The Board meets regularly by telephone to make day-to-day decisions with respect to the business of the Company.

## Indemnifying Officers or Auditors

During or since the end of the financial year the company has not given an indemnity or entered an agreement to indemnify Company officers or the auditors. The Company does not hold a Directors and Officers insurance policy.

## Operating Results

The operating loss for the group after tax for the year was $480,442 (2022: loss of $1,125,436).

## Non-Audit Services

No fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2023 (2022: $Nil).

## 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 group have decreased over the year by $412,045 to $10,391,788 at 30 June 2023.

The Company issued 2,100,000 shares during the period at $0.05 per share.

## Future Developments

The group will continue to develop its portfolio projects including PEP 11, RL1, clean hydrogen technology, and may evaluate and invest in a range of other resource projects as appropriate.

## Environmental Issues

Advent appointed Xodus under a lump sum contract to prepare the Environmental Plan for first submission to NOPSEMA for the Seablue1 well at the Baleen (PEP 11) drill target. Xodus Group are a leading global energy environmental consultancy with a strong track record in the Australian offshore sector where they are subject matter experts in environmental impact assessment and regulatory approvals. The plan is a prerequisite for the planned drilling of the Seablue1 well. It will be released in due course as part of the regulated process under the Government environmental regulator authority NOPSEMA.

No environmental matters have occurred in the period.

## Principal Activities

### Company Focus and Developments

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 Offshore Sydney Basin (85%)*

Advent, through wholly owned subsidiary Asset Energy Pty Ltd ("Asset"), holds 85% of Petroleum Exploration Permit PEP 11, an exploration permit prospective for natural gas located in the Offshore Sydney Basin, the other 15% being held by Bounty Oil and Gas (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 5.7 Tcf with a net 4.9 Tcf to Advent (85%WI). The two largest prospects in the inventory are Fish and Baleen.

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 $CO_2$ emissions), a key clean energy technology.

In February 2023 the resolution of the Federal Court Proceedings (WAD106/2022) between Asset and the Respondents (being the Commonwealth Minister for Resources et al) was announced. 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 PEP 11 Joint Venture 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 presiding Judge Justice Jackson 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.

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

Advent has provided further information in April and June 2023 to the National Offshore Petroleum Titles Administrator (NOPTA) in response to requests for updated information subsequent to the decision in the Federal Court proceedings detailed above.

Advent now has two continuing applications with NOPTA for suspension and extension of the PEP11 permit, the first lodged in December 2019 and the second in January 2021. The first application was on the basis of Force Majeure and is the only application which is the subject of the NOPTA notice. The second was under COVID and was accepted but not dealt with pending an outcome on the first application made in December 2019.

Asset Energy continues to progress the joint venture's applications for the variation and suspension of work program conditions and related extension of PEP-11. While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered, Asset is investigating the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect which would take approximately thirty-five days to complete. Asset is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024.

Work continues progressing the permit commitment including well planning. A draft of the environmental plan has been received and is being reviewed.

*Taranaki Basin*

Advent's 100% subsidiary, Aotearoa Offshore Ltd NZ ("AOL" or "Farminee"), had the right to acquire a 30% participating interest in Petroleum Exploration Permits (PEP) 57075, 60092 and 60093 covering an area of 5,180 km2 in the Taranaki Basin from OMV New Zealand Limited ("OMV" or "Farminor"). Advent, together with AOL, signed a Farm Out Agreement ("Agreement") with OMV on 24 December 2021. In December 2022 AOL gave notice to OMV under clause 4.3.6 of the Agreement that it was terminating the Agreement.

Clause 4.3.6 of the Agreement stated that if Condition Precedent 4 was 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 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.

On 21 December 2022 BPH 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 in December 2022:

- the A$2,257,345 loan from BPH to pay for the Earning Costs
- 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 Hydrogen Technology Corporation*

The Company and its 35.8% shareholder BPH Energy Limited ("BPH") (together, the "Purchasers") had been assessing new investment opportunities, where there are ever increasing obligations to provide energy solutions with a responsible management and protection against carbon emissions. The transitioning from hydrocarbons such as coal and oil to hydrogen, produced with no emissions, is now presenting real economies and growth globally. Although natural gas also presents continued growth and will play a role for many years to come, it too will need to become a source of energy with no CO2 emissions.

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

At a proof-of-concept scale, Clean Hydrogen has developed and tested its processing capabilities which have successfully produced hydrogen, with no C02 emissions achieving on average a 92% cracking efficiency. Clean Hydrogen'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 Hydrogen also produces a second product, used for battery manufacturing, called conductive carbon.

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

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

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

The Purchasers had a further right of first refusal ("ROFR") to invest in Clean Hydrogen to a maximum of a further US$1,000,000 for a further 10%, on or before 31 December 2022. The ROFR conditions were subsequently amended such that it exists when (i) the Vendor does not seek a Series A investment in its equity securities comprising a minimum investment of US$3,000,000 by 30 April 2023, where such investment values the Vendor in excess of US$20,000,000 (such investment, a "Qualified Financing"), and (ii) the Vendor determines, in its sole and absolute discretion, that it requires at least a further US$1,000,000 investment for continued development and operations. Subject to the above, should the Purchasers 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 Hydrogen and Advent shall hold a total 4% interest in Clean Hydrogen (based on the assumption that Clean Hydrogen has not issued any additional Clean Hydrogen Shares prior to the ROFR being exercised).

Clean Hydrogen has not sought a Series A Investment in its equity securities comprising a minimum investment of US$3,000,000, and made a request for additional funding from BPH. Advent has lent Clean Hydrogen US$500,000 in accordance with unsecured loan agreements on normal commercial terms. The loans have been funded by monies loaned by BPH to Advent. The loan agreements provide for a further unsecured loan of US$500,000 to be made to the Borrower, of which US$250,000 is subject always to the Lender's absolute discretion. Clean Hydrogen will allocate and issue up to 1,000 Options to Advent, with an exercise price of USD$3,000 each, and exercisable immediately, with the option for conversion into shares in Clean Hydrogen expiring ten years from the date of issue ("Clean Hydrogen Options"). An advance of every US$250,000 of the US$1,000,000 loan facility will equate to 250 Clean Hydrogen Options allocated to Advent or, from time to time, BPH. The Purchasers and Clean Hydrogen have agreed to enter into a separate loan conversion agreement which will enable the conversion of the loan amount into the Subscription Shares Tranche 2, representing the Purchasers further 10% interest in Clean Hydrogen.

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

Advent director Anthony Huston has been appointed as a director to the Board of Clean Hydrogen.

*Onshore Bonaparte Basin (100%)*

Advent, through wholly owned subsidiary Onshore Energy Pty Ltd ("Onshore"), holds 100% of RL1 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. RL1 (166 square kilometres 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.

Advent has been evaluating the commercialization of RL1 and intends to convert the Retention Licence into a Production Licence. Onshore has commenced the regulatory processes to enable a re-entry to the Weaber-4 well and has prepared and submitted a Well Operations Management Plan (WOMP) and an Environmental Management Plan for the re-entry to Weaber-4.

Clean Hydrogen and Onshore have entered into a hydrocarbon process agreement ("Process Agreement"). Clean Hydrogen has capabilities at processing hydrocarbons from natural gas and producing two products, hydrogen (sometimes referred to as turquoise hydrogen) and carbon black and carbon nanotube products where such products are produced with no CO2 emissions in the core process. Carbon black is composed of fine particles of carbon produced by pyrolysis of natural gas at high temperatures which in pure form is a fine black powder. It is widely used in various applications for tyres, black colouring pigment of newspaper inks, resin colouring, paints, and toners, antistatic films, fibres, and floppy disks and as an electric conductive agent of high-technology materials.

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

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

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

i. Clean Hydrogen will keep Onshore informed of progress and timing for completion of the Commercial System which is planned to be completed in 2023 in India.

ii. Clean Hydrogen will share details on design and capabilities to assist Onshore in understanding how its systems will integrate with Onshore's supply of hydrocarbons.

iii. The parties will work together to develop a plan to include timelines and needs for production of Clean Hydrogen Products from Onshore's hydrocarbons.

iv. Once Onshore has a clear date for hydrocarbon production, both parties will endeavour to finalise the planning to produce Clean Hydrogen Products.

v. When Clean Hydrogen and Onshore have agreed to a time for the production of Clean Hydrogen Products, Clean Hydrogen will be responsible for due diligence relating to the compliance with the local regulatory requirements for the operation of the systems to produce the Clean Hydrogen Products.

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

Clean Hydrogen will make itself available to answer all technical and business model queries as required and provide a dedicated point of contact to manage all Onshore's queries. Onshore will use best endeavours to develop the plan with Clean Hydrogen. Onshore will provide Clean Hydrogen with detail on its Rights and the timing to assist with planning. As part of the plan Onshore and Clean Hydrogen shall define and agree on the markets for the sale of the Clean Hydrogen Products.

Onshore accepts no liability for the design and operation of the systems to produce the Clean Hydrogen Products. The Process Agreement does not preclude Onshore's right to look at other plans for use of hydrocarbons associated with its Rights.

*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 the coverage to hear the appeal and the decision allowed for the matter to be determined through a Supreme Court of WA action.

## Options

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

| Issued | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| 15/1/2020 | 10,000,000 | $0.10 | 30/11/24 |
| 8/6/2022 | 6,000,000 | $0.20 | 30/11/26 |

During the year ended 30 June 2023 no ordinary shares of Advent were issued on the exercise of options (2022: Nil). No options were granted during or since year end. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

## Significant Changes in State Of Affairs

In February 2023 the resolution of the Federal Court Proceedings (WAD106/2022) between Asset and the Respondents (being the Commonwealth Minister for Resources et al) was announced. 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 presiding Judge Justice Jackson 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.

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

## Subsequent Events

There has not been any other matter or circumstance that has arisen since the end of the period, 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.

## Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 13.

Signed in accordance with a resolution of the Board of Directors.

D. Breeze.

David Breeze
Chairman
Dated this 31st day of July 2023

**Moore Australia Audit (WA)**

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000

PO Box 5785, St Georges Terrace, WA 6831

T +61 8 9225 5355
F +61 8 9225 6181

**www.moore-australia.com.au**

# AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ADVENT ENERGY LIMITED & CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

a) no contraventions of the auditor independence requirements as set out in 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

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 31st day of July 2023.

# Consolidated Statement of Financial Position
## as at 30 June 2023
## Advent Energy Ltd and its controlled entities

| | Note | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|
| Revenue | 2 | 15,919 | 16,613 |
| Finance costs | | (165,264) | (80,619) |
| Administration expenses | | (259,498) | (207,524) |
| Consulting and legal expenses | | (131,025) | (371,551) |
| Director related fees | | (190,750) | (212,000) |
| Fair value loss | 3 | - | (49,883) |
| Foreign exchange gain / (loss) | | 250,453 | (79,106) |
| Share based payments | | - | (61,793) |
| Project development costs | | - | (79,573) |
| Operating (loss) before income tax | | (480,165) | (1,125,436) |
| Income tax expense | 9 | (277) | - |
| Operating (loss) profit from continuing operations | | (480,442) | (1,125,436) |
| Other comprehensive Income | | | |
| Items that will never be reclassified to profit or loss | | - | - |
| Items that are or may be reclassified to profit or loss | | - | - |
| Total comprehensive (loss) | | (480,442) | (1,125,436) |
| Basic and diluted (loss) per share (cents per share) | 25 | (0.20) | (0.50) |

The accompanying notes form part of and should be read in conjunction with these financial statements.

# Consolidated Statement of Financial Position
## as at 30 June 2023
## Advent Energy Ltd and its controlled entities

| | Note | Consolidated 2023 $ | 2022 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 6 | 26,437 | 945,521 |
| Trade and other receivables | 7 | 412,988 | 625,598 |
| Financial assets | 11 | 1,586,703 | 1,476,348 |
| **Total Current Assets** | | 2,026,128 | 3,047,467 |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 12 | 2,992 | - |
| Exploration and evaluation expenditure | 10 | 16,483,106 | 17,495,977 |
| Financial assets | 11 | 336,123 | 50,000 |
| **Total Non-Current Assets** | | 16,822,221 | 17,545,977 |
| **Total Assets** | | 18,848,349 | 20,593,444 |
| **Current Liabilities** | | | |
| Trade and other payables | 8 | 170,280 | 562,481 |
| Financial liabilities | 14 | 1,080,242 | 1,240 |
| **Total Current Liabilities** | | 1,250,522 | 563,721 |
| **Non-Current Liabilities** | | | |
| Trade and other payables | 8 | 1,045,918 | 927,167 |
| Financial liabilities | 14 | 6,160,121 | 8,298,723 |
| **Total Non- Current Liabilities** | | 7,206,039 | 9,225,890 |
| **Total Liabilities** | | 8,456,561 | 9,789,611 |
| **Net Assets** | | 10,391,788 | 10,803,833 |
| **Equity** | | | |
| Issued capital | 15 | 45,494,736 | 45,423,803 |
| Option reserve | 13 | 1,027,346 | 1,027,346 |
| Accumulated (losses) | | (36,133,291) | (35,652,849) |
| Foreign exchange reserve | | 2,997 | 5,533 |
| **Total Equity** | | 10,391,788 | 10,803,833 |

The accompanying notes form part of and should be read in conjunction with these financial statements.

# Consolidated Statement of Changes in Equity
## for the year ended 30 June 2023
## Advent Energy Ltd and its controlled entities

| | Consolidated | | | | |
|---|---|---|---|---|---|
| | **Issued Capital $** | **Accumulated losses $** | **Option Reserve $** | **Foreign Exchange Reserve $** | **Total Equity $** |
| **Balance at 30 June 2021** | 43,198,137 | (34,527,413) | 965,553 | - | 9,636,277 |
| (Loss) attributable to members of the consolidated entity | - | (1,125,436) | - | - | (1,125,436) |
| Total comprehensive (loss) | - | (1,125,436) | - | - | (1,125,436) |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Share based payments | - | - | 61,793 | - | 61,793 |
| Shares issued for cash | 2,404,325 | - | - | - | 2,404,325 |
| Share issue costs | (178,659) | - | - | - | (178,659) |
| Foreign exchange on consolidation | - | - | - | 5,533 | 5,533 |
| **Balance at 30 June 2022** | 45,423,803 | (35,652,849) | 1,027,346 | 5,533 | 10,803,833 |
| (Loss) attributable to members of the consolidated entity | - | (480,442) | - | - | (480,442) |
| Total comprehensive (loss) | - | (480,442) | - | - | (480,442) |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Shares issued in reduction of debt | 105,000 | - | - | - | 105,000 |
| Share issue costs | (34,067) | | | | (34,067) |
| Foreign exchange on consolidation | - | - | - | (2,536) | (2,536) |
| **Balance at 30 June 2023** | 45,494,736 | (36,133,291) | 1,027,346 | 2,997 | 10,391,788 |

The accompanying notes form part of and should be read in conjunction with these financial statements.

# Consolidated Statement of Cash Flows
## for the year ended 30 June 2023
## Advent Energy Ltd and its controlled entities

| | Note | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|
| **Cash Flows From Operating Activities** | | | |
| Payments to suppliers and employees | | (271,144) | (1,001,457) |
| Finance income | | 5,264 | - |
| Finance costs | | (146,047) | (376) |
| **Net cash used in operating activities** | 16 | (411,927) | (1,001,833) |
| **Cash Flows From Investing Activities** | | | |
| Property, plant and equipment | | (3,417) | - |
| Exploration expenditure (net of reimbursements) | | (1,258,313) | (1,177,676) |
| Receipt / (payment) of Taranaki Earning Costs | | 2,155,087 | (2,155,087) |
| **Net cash from / (used in) investing activities** | | 893,357 | (3,332,763) |
| **Cash Flows From Financing Activities** | | | |
| Proceeds from shares issued | | - | 2,404,325 |
| Share issue costs | | (34,067) | (178,659) |
| Loans (repaid to) / received from other entities | | (614,345) | 3,503,860 |
| Loans provided to other entities | | (752,102) | (608,213) |
| **Net cash (used in) / provided by financing activities** | | (1,400,514) | 5,121,313 |
| Net (decrease) / increase in cash held | | (919,084) | 786,717 |
| Cash at the beginning of the financial year | | 945,521 | 158,804 |
| **Cash at the end of the financial year** | 6 | 26,437 | 945,521 |

The accompanying notes form part of and should be read in conjunction with these financial statements.

## 1. Statement of Significant Accounting Policies

### Corporate Information

The financial report includes the consolidated financial statements and the notes of Advent Energy Ltd and its controlled entities ('consolidated entity' or 'group'). Advent Energy Ltd is an unlisted public company, incorporated and domiciled in Australia. The financial report was authorised for issue on 31st July 2023 by the board of directors.

### Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. Advent Energy Ltd 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 consolidated financial statements of the Advent Energy Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Financial Position / Going Concern

The operating loss for the group after tax for the year was $480,442 (2022: loss of $1,125,436). The group has a net current asset surplus of $775,606 (2022: surplus of $2,483,746) at year end.

Included in non-current financial liabilities are loans payable to MEC of $4,122,155 which will be recoverable by MEC only by the following means and only in the following circumstances; one month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of: (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

Included in trade and other payables are balances totalling $1,045,918 (2022: $927,167) payable to current and former directors. The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors, as a part of their cash monitoring, have voluntarily suspended cash payments for their directors' fees to conserve cash resources until such time that the consolidated entity has sufficient cash resources.

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

**Financial Position / Going Concern (continued)**

The directors have prepared cash flow forecasts that indicate that the group will have sufficient cash flows to meet its non-exploration commitments and a portion of exploration commitments for a period of at least 12 months from the date of this report. Based on the cash flow forecasts and the monitoring of operational costs, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Advent may undertake a capital raising in due course, which may be a placement to third parties, its existing shareholders, or possibly via a future ASX listing or a rights issue. Advent is working through funding options at present. While it is understood BPH is not intending to increase its shareholding or relevant interest in Advent, if circumstances changed and it wished to increase its shareholding (whether it be by way of maintaining its current percentage interest in the event Advent undertook a capital raising, increasing its percentage interest, or a debt for equity conversion), it will need to consult with ASX regarding the application of Listing Rule 10.1.5.

Should the consolidated entity not be successful in raising additional funds through the issue of new equity, should the need arise there is a material uncertainty that may cast significant doubt as to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

**Accounting Policies**

**(a) Principles of Consolidation**

*Subsidiaries*

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 18 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.

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

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

The purchase method of accounting is used to account for business combinations by the group (see Note 1 (b) below).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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

(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 substantively enacted by the statement of financial position date. Deferred tax is accounted for using the balance sheet liability method 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 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 or tax credits can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. 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.

Advent Energy Ltd and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime on 1 July 2010.

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

### (c) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where right of tenure of the area of interest is current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. Should exploration be successful and result in a project, costs of site restoration are provided over the life of the facility and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

### (d) Impairment of Assets

The group reviews non-financial assets, other than deferred tax assets, at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

### (e) 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.

### (f) Revenue and Other Income

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

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 time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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).

### (g) 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.

### (h) Intangibles

*Goodwill*

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### (i) 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.

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

### (j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (k) 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 recognized 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 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 non-tradeable nature of the option, 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 group 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.

### (l) Critical accounting estimates and judgments

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 externally and within the group.

*Key Judgments —Impairment of capitalised and carried forward exploration expenditure*

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at statement of financial position date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(d).

*Critical Accounting Estimates – carrying value of PEP 11 Permit*

No impairment is made against the PEP 11 permit which has a carrying value of $14,493,000 at year end, refer Note 10.

*Critical Accounting Estimates – carrying value of investment in ASX listed MEC Resources Limited (MEC)*

The investment in MEC is recorded at a carrying value of $498,334, being the last traded price of $0.004 per share prior to MEC's suspension from ASX on 17 January 2020. MEC announced to ASX on 21 June 2021 that "Should Advent be successful in the extension of its PEP11 oil and gas exploration lease and MEC be successful in its appeal to reinstate its status as a PDF (Pooled Development Fund), ASX could consider conditions for reinstatement on the basis of continuation of MEC's existing business". MEC has now met the first of these ASX preconditions.

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

### (m) Application of New and Revised Accounting Standards

*Standards and Interpretations applicable to 30 June 2023*

In the year ended 30 June 2023, 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 2022. 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 2023. 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.

### (n) Functional Currency

Companies in the consolidated entity have to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that management has to analyse several factors, including which currency mainly influences sales prices of product sold by the entity, which currency influences the main expenses of providing services, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities. For subsidiary Aotearoa Offshore Limited the above indicators are mixed and the functional currency is not obvious. Management used its judgment to determine which factors are most important and concluded the NZ dollar is the functional currency for that company. For Advent Energy Limited and its other subsidiaries management have determined that the Australian dollar is the functional currency for those companies given their recurring revenue and expenditure is mostly in Australian dollars.

### (o) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

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

### (p) Financial Instruments

*Recognition and derecognition*

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

• amortised cost
• fair value through profit or loss (FVTPL)
• equity instruments at fair value through other comprehensive income (FVOCI)
• debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

*Subsequent measurement of financial assets*

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

• they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

### (p) Financial Instruments (continued)

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

(iv) Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI. The group accounts for financial assets at FVOCI if the assets meet the following conditions:

• they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and

• the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

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

### (p) Financial Instruments (continued)

*Impairment of financial assets*

AASB 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the group first identifying a credit loss event. Instead the group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and

• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').

• 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

*Trade and other receivables and contract assets*

The group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

*Classification and measurement of financial liabilities*

The group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

### (q) Foreign Currency

*Functional and presentation currency*

The functional currency of each of the consolidated entity's entities is measured using the currency of the primary economic environment in which that entity operates (the "functional" currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at balance sheet date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Exchange differences arising on the translation of monetary items are recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as available-for sale financial assets are recognized in profit or loss.

*Foreign operations*

The financial performance and position of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

• assets and liabilities are translated at exchange rates prevailing at statement of financial position date

• income and expenses are translated at transaction date or average exchange rates for the period, whichever is more appropriate

Resulting exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are transferred directly to the consolidated entity's foreign currency translation reserve as a separate component of equity. These differences are recognised in profit or loss upon disposal of the foreign operation.

| | Consolidated | |
|---|---|---|
| | 2023 $ | 2022 $ |
| **2. Revenue** | | |
| Finance income | 15,919 | 16,613 |
| | 15,919 | 16,613 |
| **3. Expenses** | | |
| Fair value loss on listed investments | - | (49,883) |
| | - | (49,883) |
| **4. Auditors' Remuneration** | | |
| Remuneration of the auditor of the parent entity for: | | |
| Moore Australia Audit (WA) | 13,600 | 8,500 |
| | 13,600 | 8,500 |

## 5. Key Management Personnel Compensation

Names and positions held of consolidated entity key management personnel in office at any time during the financial year are as follows. They were appointed for the whole year unless stated otherwise:

***Key Management Personnel***

David Breeze – Executive Chairman
Stephen Kelemen – Non-Executive Director
Steve James – Non-Executive Director
Tony Huston – Non-Executive Director
Tom Fontaine - Non-Executive Director: resigned (1 April 2023)

| Directors | Amount Owing 30 June 2023 ($) | Short Term Benefit 2023 – Fees ($) | Share based payment expense - 2023($) | Amount Owing 30 June 2022 ($) | Short Term Benefit 2022 – Fees ($) | Share based payment expense - 2022($) |
|---|---|---|---|---|---|---|
| D Breeze | 232,849 | 97,000 | - | 207,849 | 97,000 | - |
| S Kelemen | 134,932 | 25,000 | - | 109,932 | 25,000 | 15,448 |
| T Fontaine | - | 18,750 | - | 72,637 | 25,000 | 15,448 |
| T Huston | 72,637 | 25,000 | - | 47,637 | 40,000 | 15,448 |
| S James | 97,637 | 25,000 | - | 72,637 | 25,000 | 15,448 |
| Previous directors | 507,863 | - | - | 416,475 | - | - |
| | 1,045,918 | 190,750 | - | 927,167 | 212,000 | 61,792 |

David Breeze has a holding of 2,000,000 shares in the Company.

| | Consolidated | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |

## 6. Cash and cash equivalents

| | 2023 $ | 2022 $ |
|---|---|---|
| Cash at bank and in hand | 26,437 | 945,521 |

The average effective interest rate on short-term bank deposits was 1.35%: (2022: 1.25%)

## 7. Trade and other receivables

| | 2023 $ | 2022 $ |
|---|---|---|
| *Current* | | |
| Costs recoverable from Joint Venture partner | 360,581 | 225,343 |
| Other receivables | 52,407 | 400,255 |
| | 412,988 | 625,598 |

## 8. Trade and other payables

| | 2023 $ | 2022 $ |
|---|---|---|
| *Current:* | | |
| Trade payables – unsecured- unrelated | 113,397 | 181,287 |
| Trade payables – unsecured- related | 6,600 | - |
| Sundry payables and accrued expenses – unsecured - unrelated | 50,283 | 381,194 |
| | 170,280 | 562,481 |
| *Non-current:* | | |
| Sundry payables and accrued expenses - unsecured - related | 538,055 | 510,692 |
| Sundry payables and accrued expenses - unsecured - unrelated | 507,863 | 416,475 |
| | 1,045,918 | 927,167 |

The average credit period on trade payables is 30 days (2022: 40 days).

## 9. Income Tax Expense

| | | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|
| a. | *The prima facie tax benefit on (loss)/ profit from ordinary activities before income tax is reconciled to the income tax as follows:* | | |
| | (Loss) / profit from ordinary activities before income tax | (480,165) | (1,125,436) |
| | Prima facie tax benefit on (loss) from ordinary activities before income tax at 25% (2022: 25%) | (120,041) | (281,359) |
| | Add tax effect of: | | |
| | - Revenue losses and other deferred tax balances not recognised | 119,764 | 281,359 |
| | Income tax expense | 277 | - |
| b. | Deferred tax recognised at 25% (2022: 25%): | | |
| | *Deferred tax liabilities:* | | |
| | Exploration expenditure | 4.120,777 | 4,373,994 |
| | *Deferred tax assets:* | | |
| | Carry forward revenue losses | (4,120,777) | (4,373,994) |
| | Net deferred tax | - | - |
| c. | Unrecognised deferred tax assets at 25% (2022: 25%): | | |
| | Carry forward losses | 12,719,999 | 12,890,916 |
| | Exploration expenditure | (4,120,777) | (4,373,994) |
| | | 8,599,222 | 8,516,922 |

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

| | Consolidated | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |

## 10. Exploration and Evaluation Expenditure

| | 2023 $ | 2022 $ |
|---|---|---|
| Exploration and evaluation expenditure | 16,483,106 | 17,495,977 |
| | 16,483,106 | 17,495,977 |

Reconciliation of the movement during the year:

| | 2023 $ | 2022 $ |
|---|---|---|
| Opening balance at 1 July | 17,495,977 | 14,335,995 |
| Capitalised expenditure – Taranaki Earnings Costs[1] | (2,155,087) | 2,155,087 |
| Capitalised expenditure – PEP 11, net of reimbursements received and receivable | 452,499 | 979,437 |
| Capitalised expenditure – RL 1 | 689,717 | 25,458 |
| Balance at 30 June | 16,483,106 | 17,495,977 |

[1] 2022 year expenditure refunded in the current year on cancellation of the proposed Taranaki Basin transaction, refer below

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of hydrocarbons. Capitalised costs (other than Taranaki) net of reimbursements amounting to $1,258,313 (2022: $1,177,676) have been included in cash flows used in investing activities in the statement of cash flows.

*PEP 11*

In February 2023 the resolution of the Federal Court Proceedings (WAD106/2022) between Asset and the Respondents (being the Commonwealth Minister for Resources et al) was announced. 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 PEP 11 Joint Venture 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 presiding Judge Justice Jackson 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.

Advent has provided further information in April and June 2023 to the National Offshore Petroleum Titles Administrator (NOPTA) in response to requests for updated information subsequent to the decision in the Federal Court proceedings detailed above.

Advent now has two continuing applications with NOPTA for suspension and extension of the PEP11 permit, the first lodged in December 2019 and the second in January 2021. The first application was on the basis of Force Majeure and is the only application which is the subject of the NOPTA notice. The second was under COVID and was accepted but not dealt with pending an outcome on the first application made in December 2019.

## 10. Exploration and Evaluation Expenditure (continued)

Asset Energy continues to progress the joint venture's applications for the variation and suspension of work program conditions and related extension of PEP-11. While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered, Asset is investigating the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect which would take approximately thirty-five days to complete. Asset is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024. Work continues progressing the permit commitment including well planning. A draft of the environmental plan has been received and is being reviewed.

The directors 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 $14.49 million will need to be written off to the Statement of Profit or Loss and Other Comprehensive Income. In the meantime, PEP 11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

*Onshore Bonaparte Basin (RL1)*

Advent has been evaluating the commercialization of RL1 and intends to convert the Retention Licence into a Production Licence. Onshore has commenced the regulatory processes to enable a re-entry to the Weaber-4 well and has prepared and submitted a Well Operations Management Plan (WOMP) and an Environmental Management Plan for the re-entry to Weaber-4.

If Advent is unable to source further funding for RL1 the permit is at risk. If subsidiary Onshore Energy loses its right of tenure in respect of RL1 then book value of capitalised exploration and evaluation expenditure of $2.0 million will need to be written off to the Statement of Profit or Loss and Other Comprehensive Income.

*Taranaki Basin*

Advent's 100% subsidiary, Aotearoa Offshore Ltd NZ ("AOL" or "Farminee"), had the right to acquire a 30% participating interest in Petroleum Exploration Permits (PEP) 57075, 60092 and 60093 covering an area of 5,180 km2 in the Taranaki Basin from OMV New Zealand Limited ("OMV" or "Farminor"). Advent, together with AOL, signed a Farm Out Agreement ("Agreement") with OMV on 24 December 2021. In December 2022 AOL gave notice to OMV under clause 4.3.6 of the Agreement that it was terminating the Agreement. Clause 4.3.6 of the Agreement stated that if Condition Precedent 4 was 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 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.

On 21 December 2022 BPH 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.

## 10. Exploration and Evaluation Expenditure (continued)

As a consequence of the termination of the Agreement the Advent group repaid BPH in December 2022:

- the A$2,257,345 loan from BPH to pay for the Earning Costs
- the A$800,000 BPH loaned the Advent group to fund Year 1 exploration costs
- accrued interest on these loans of A$146,152

Refer to Note 24 for exploration capital expenditure commitments at period end.

## 11. Financial Assets

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| *Current* | | |
| Loan receivable from Clean Carbon Technologies Corp.(i) | 763,844 | 653,489 |
| Shares in listed entity – MEC Resources Limited (ii) | 498,834 | 498,834 |
| Loan receivable from MEC Resources Limited (ii) | 324,025 | 324,025 |
| | 1,586,703 | 1,476,348 |
| *Non-Current* | | |
| Shares in unlisted entity – Clean Hydrogen Technologies Corp.(iii) | 286,123 | - |
| Cash held as security (iv) | 50,000 | 50,000 |
| | 336,123 | 50,000 |

(i) Advent has lent Clean Hydrogen US$500,000 in accordance with unsecured loan agreements on normal commercial terms. The loans have been funded by monies loaned by BPH to Advent. The loan agreements provide for a further unsecured loan of US$500,000 to be made to the Clean Hydrogen, of which US$250,000 is subject always to Advent's absolute discretion. The Purchasers and Clean Hydrogen have agreed to enter into a separate loan conversion agreement which will enable the conversion of the loan amount into the Subscription Shares Tranche 2, representing the Purchasers further 10% interest in Clean Hydrogen (8% BPH and 2% Advent).

(ii) MEC, Advent and Asset agreed a debt for equity conversion, as approved by MEC shareholders, pursuant to which the total amount of $872,288 owing to Advent by MEC at 30 June 2021 will convert to equity in MEC. During the prior year MEC issued 124,708,409 shares at a deemed issue price of $0.0044 per share to settle $548,717 of this debt. MEC will allow Advent to participate in a future rights issue to the extent of 73,528,636 Shares at a deemed issue price of $0.0044 per Share to settle the remaining $324,025 balance of the debt.

(iii) The Purchasers settled for the acquisition of a Tranche 1 10% interest in Clean Hydrogen for US$1,000,000 (Advent share US$200,000) under a Loan Conversion Agreement dated 25 July 2022.

(iv) The cash security deposit is held in trust by Department of Primary Industry and Resources.

## 12. Property, Plant and Equipment

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| *Computer Equipment* | | |
| *Cost* | | |
| Opening balance 1 July | - | - |
| Acquired | 3,417 | - |
| Closing balance 30 June | 3,417 | - |
| *Accumulated depreciation* | | |
| Opening balance 1 July | - | - |
| Depreciation | 425 | - |
| Closing balance 30 June | 425 | - |
| *Net book value* | | |
| Opening balance 1 July | - | - |
| Closing balance 30 June | 2,992 | - |

## 13. Reserves

| | Consolidated | | | |
|---|---|---|---|---|
| | Foreign Exchange Reserve | | Option Reserve | |
| | 2023 $ | 2022 $ | 2023 $ | 2022 $ |
| Opening balance 1 July | 5,533 | - | 1,027,346 | 965,553 |
| Share based payments expense | - | - | - | 61,793 |
| Exchange difference arising on consolidation | (2,536) | 5,533 | - | - |
| Closing balance 30 June | 2,997 | 5,533 | 1,027,346 | 1,027,346 |

The option reserve records items recognized as expenses on the valuation of director, employee and consultant share options. The foreign exchange reserve reflects exchange differences arising on consolidation of a foreign subsidiary.

## 14. Financial liabilities

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| *Current* | | |
| Loan payable to Grandbridge Limited - unsecured | - | 1,240 |
| Loan payable to BPH Energy Limited - unsecured | 1,080,242 | - |
| | 1,080,242 | 1,240 |
| *Non-current* | | |
| Loan payable to MEC Resources Limited – unsecured (a) | 4,161,135 | 4,161,135 |
| Loan payable to BPH Energy Limited - unsecured | 1,998,986 | 4,137,588 |
| | 6,160,121 | 8,298,723 |

## 14. Financial liabilities (continued)

(a) As part of a 6 August 2019 legal settlement loans of $4,122,155 owed by Advent to MEC will be recoverable by MEC only by the following means and only in the following circumstances: One month prior to the scheduled commencement date for the drilling of a well within the PEP 11 Permit Area, Advent will issue to MEC ordinary shares to the face value of the debt calculated at 80% of: (a) the volume-weighted average price of Advent shares over the 5 days trading immediately prior to that date; or (b) if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

## 15. Issued Capital

248,004,731 (2022: 245,904,731) fully paid ordinary shares of no par value

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| **(a) Ordinary Shares** | **$** | **$** | **Number** | **Number** |
| 1 July | 45,423,803 | 43,198,137 | 245,904,731 | 197,818,231 |
| Shares issued for cash | - | 2,404,325 | - | 48,086,500 |
| Shares issued in reduction of debt | 105,000 | - | 2,100,000 | - |
| Share issue costs | (34,067) | (178,659) | - | - |
| 30 June | 45,494,736 | 45,423,803 | 248,004,731 | 245,904,731 |

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

### (b) Capital risk management

The group's objectives when managing capital are to safeguard their ability to continue as a going concern. 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. 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 at 30 June 2023 and 30 June 2022 is as follows:

| | Consolidated | |
|---|---|---|
| | **2023 $** | **2022 $** |
| Cash and cash equivalents | 26,437 | 945,521 |
| Trade and other receivables | 412,988 | 625,598 |
| Financial assets | 1,586,703 | 1,476,348 |
| Trade and other payables | (170,280) | (562,481) |
| Financial liabilities | (1,080,242) | (1,240) |
| Working capital position | 775,606 | 2,483,746 |

Refer to Note 1 for disclosure on financial position.

## 16. Cash Flow Information

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| *a) Reconciliation of cash flow from operations with (loss) after income tax* | | |
| Operating (loss) after income tax | (480,442) | (1,125,436) |
| *Non-cash items*: | | |
| Fair value loss | - | 49,883 |
| Depreciation | 425 | - |
| Share based payments | - | 61,793 |
| Foreign exchange gain | 13,048 | (28,683) |
| Interest income | (10,655) | (16,593) |
| Interest expense | 19,217 | 80,242 |
| *Changes in net assets and liabilities* | | |
| Decrease / (increase) in trade and other receivables | 312,067 | (351,715) |
| (Decrease) / Increase in trade payables and accruals | (265,587) | 328,676 |
| Net cash outflow from operating activities | (411,927) | (1,001,833) |

*(a) 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:

| | 2023 $ | 2022 $ |
|---|---|---|
| Cash and cash equivalents | 26,437 | 945,521 |

*(b) Changes in liabilities arising from financing activities – unsecured financial liabilities*

| | 2023 $ | 2022 $ |
|---|---|---|
| Balance 1 July | 8,299,963 | 4,715,861 |
| Net receipt / (repayment) of loans | (614,345) | 3,503,860 |
| Shares issued in reduction of debt | (105,000) | - |
| Loan set off on acquisition of unlisted investment | (358,232) | - |
| Non- cash interest | 19,217 | 80,242 |
| Other | (1,240) | - |
| Balance 30 June | 7,240,363 | 8,299,963 |

## 17. Financial Instruments

### a) Financial Risk Management

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

**i. Financial Risks**

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

*Interest rate risk*

The group's financial assets that are affected by interest rate risk are the group's cash and cash equivalents. The group's financial liabilities are currently not exposed to variable interest rates.

*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, for 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 counter-parties to the contract to meet their obligations.

*Foreign currency risk*

The group is not exposed to any material risks in relation to fluctuations in foreign exchange rates at balance date, however as the group develops its exploration and clean hydrogen interests it may have further exposure to transactions in US$ and NZ$.

*Equity price risk*

The Group is exposed to equity price risk through its shareholdings in publicly listed entities. Material investments are managed on an individual basis.

## 17. Financial Instruments (continued)

### b) Financial Instruments

**i. Interest rate risk**
The economic entity'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:

**Consolidated**

| 2023 | Effective Average Interest Rate % | Floating Interest Rate $ | Fixed Interest Rate $ | Non-Interest Bearing $ | Total $ |
|---|---|---|---|---|---|
| ***Financial Assets*** | | | | | |
| Cash and cash equivalents | 1.35% | 26,437 | - | - | 26,437 |
| Trade and other receivables | - | - | - | 412.988 | 412,988 |
| Financial assets | 5.1% | - | 763,844 | 1,158,982 | 1,922,826 |
| | | 26,437 | 763,844 | 1,571,970 | 2,362,251 |
| ***Financial Liabilities*** | | | | | |
| Trade and other payables | - | - | - | 1,216,198 | 1,216,198 |
| Financial liabilities | 5.1% | - | 3,079,228 | 4,161,135 | 7,240,363 |
| | | - | 3,079,228 | 5,377,333 | 8,456,561 |

**Consolidated**

| 2022 | Effective Average Interest Rate % | Floating Interest Rate $ | Fixed Interest Rate $ | Non-Interest Bearing $ | Total $ |
|---|---|---|---|---|---|
| ***Financial Assets*** | | | | | |
| Cash and cash equivalents | 0% | 945,521 | - | - | 945,521 |
| Trade and other receivables | - | - | - | 625,598 | 625.598 |
| Financial assets | 6.0% | - | 653,489 | 872,859 | 1,526,348 |
| | | 945,521 | 653,489 | 1,498,457 | 3,097,467 |
| ***Financial Liabilities*** | | | | | |
| Trade and other payables | - | - | - | 1,489,648 | 1,489,648 |
| Financial liabilities | 5.1% | - | 4,137,588 | 4,162,375 | 8,299,963 |
| | | - | 4,137,588 | 5,652,023 | 9,789,611 |

## 17. Financial Instruments (continued)

### b) Financial Instruments (continued)

**ii. 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.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form. Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Carrying Amount $** | **Fair Value $** | **Carrying Amount $** | **Fair Value $** |
| *Financial Assets* | | | | |
| Cash and cash equivalents | 26,437 | 26,437 | 945,521 | 945,521 |
| Trade and other receivables | 412,988 | 412,988 | 625,598 | 625,598 |
| Financial assets | 1,922,826 | 1,922,826 | 1,526,348 | 1,526,348 |
| | 2,362,251 | 2,362,251 | 3,097,467 | 3,097,467 |
| *Financial Liabilities* | | | | |
| Financial liabilities | 7,240,363 | 7,240,363 | 8,299,963 | 8,299,963 |
| Trade and other payables | 1,216,198 | 1,216,198 | 1,489,648 | 1,489,648 |
| | 8,456,561 | 8,456,561 | 9,789,611 | 9,789,611 |

**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.

*Interest Rate Sensitivity Analysis*

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

| | Consolidated | |
|---|---|---|
| | **2023 ($)** | **2022 ($)** |
| *Change in profit* | | |
| — Increase in interest rate by 1% | 3,895 | 5,026 |
| — Decrease in interest rate by 0.5% | (1,951) | (20) |

## 17. Financial Instruments (continued)

### b) Financial Instruments (continued)

#### iv. Liquidity risk

Liquidity is the risk that the group 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 2023 | Carrying amount | Total | 2 mths or less | 2-12 mths | 2-5 years |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Trade and other payables | 1,216,198 | 1,216,198 | 170,280 | - | 1,045,918 |
| Unsecured loan | 3,079,228 | 3,079,228 | - | 1,080,242 | 1,998,986 |
| Unsecured loan (i) | 4,161,135 | 4,161,135 | - | - | 4,161,135 |
| | 8,456,561 | 8,456,561 | 170,280 | 1,080,242 | 7,206,039 |

| 30 June 2022 | Carrying amount | Total | 2 mths or less | 2-12 mths | 2-5 years |
|---|---|---|---|---|---|
| (i) **Financial liabilities** | | | | | |
| Trade and other payables | 1,489,648 | 1,489,648 | 562,481 | - | 927,167 |
| Unsecured loan | 1,240 | 1,240 | 1,240 | - | - |
| Unsecured loan | 4,137,588 | 4,137,588 | - | - | 4,137,588 |
| Unsecured loan (i) | 4,161,135 | 4,161,135 | - | - | 4,161,135 |
| | 9,789,611 | 9,789,611 | 563,721 | - | 9,225,890 |

Refer to Note 14(a) with respect to the conversion rights attaching to this loan.

## 18. Controlled Entities

| Name of Entity | Principal Activity | Country of Incorporation | Ownership Interest % | |
|---|---|---|---|---|
| | | | 2023 | 2022 |
| **Parent Entity** | | | | |
| Advent Energy Ltd | Oil and Gas exploration | Australia | | |
| **Subsidiaries of Advent Energy Ltd** | | | | |
| Asset Energy Pty Ltd | Oil and Gas exploration | Australia | 100 | 100 |
| Onshore Energy Pty Ltd | Oil and Gas exploration | Australia | 100 | 100 |
| Aotearoa Offshore Limited | Oil and Gas exploration | New Zealand | 100 | 100 |

## 19. Related Party Transactions

### (a) Key Management Personnel Remuneration & Equity Holdings

Details of key management personnel remuneration and retirement benefits are disclosed in note 5 to the financial statements.

### (b) Related Entities

Refer to notes 11 and 14 in respect of financial asset and financial liability balances with related parties.

A director, David Breeze, is the Managing Director of Grandbridge Limited ("GBA"). Advent has entered into a Services Agreement with GBA effective 6 August 2019 at a rate of $10,720 per month for an initial term of three years, with the potential for the monthly fee to increase based on certain capital raising parameters. The Term will be automatically extended for a further period of 3 years, unless Grandbridge gives at least 6 months notice of termination prior to the expiry of each term. Should Advent terminate the Services Agreement at any time it will be liable for a 12 month termination fee to GBA.

Advent has entered into an agreement with Trandcorp Limited ("Trandcorp") effective 6 August 2019 for the provision of Mr David Breeze as Managing Director at a rate of $6,000 per month for an initial term of two years, with the potential for the issue of 3 million share options based on certain capital raising parameters. Should Advent terminate the agreement with Trandcorp it will be liable for a termination / notice period fee to Trandcorp of up to 18 months. The Term will be automatically extended for a further period of 2 years, unless either the Company or the Consultant give notice of termination prior to the expiry of each term, in accordance with its terms. At 30 June 2023 Trandcorp was owed $6,600 (including GST) under this agreement.

A director, David Breeze, is the Managing Director of BPH. The Advent group repaid BPH unsecured funds of $614,345 net plus accrued interest of $146,152 during the period. The Company was charged interest of $165,369 during the period by BPH in respect of these loans.

### (c) Parent Entity

The parent entity in the group is Advent Energy Ltd.

### (d) Ultimate parent Entity

The company with majority ownership in the consolidated entity is MEC Resources Limited (37.95%).

## 20. Subsequent Events

There has not been any other matter or circumstance that has arisen since the end of the period, 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.

## 21. Share-Based Payments

The movement in unlisted options over the period is as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price $ | Number of Options | Weighted Average Exercise Price $ |
| 1 July | 16,000,000 | 0.14 | 10,000,000 | 0.10 |
| Issued | - | - | 6,000,000 | 0.20 |
| 30 June | 16,000,000 | 0.14 | 16,000,000 | 0.14 |
| Exercisable at year-end | 16,000,000 | 0.14 | 16,000,000 | 0.14 |

The following share-based payment arrangements existed at 30 June 2023:

| Total number | Grant Date | Exercise price | Fair value at grant date | Expiry date |
|---|---|---|---|---|
| 10,000,000 | 15 January 2020 | $0.10 | $0.017 | 30 November 2024 |
| 6,000,000 | 8 June 2022 | $0.20 | $0.015 | 30 November 2026 |

## 22. Parent Entity Disclosures

| | 2023 $ | 2022 $ |
|---|---|---|
| **Financial Position** | | |
| **Assets** | | |
| Current assets | 1,289,080 | 2,112,434 |
| Non-current assets | 17,389,429 | 17,992,015 |
| Total asset | 18,678,509 | 20,104,449 |
| **Liabilities** | | |
| Current liabilities | 24,440 | 74,725 |
| Non-current liabilities | 8,262,281 | 9,225,891 |
| Total liabilities | 8,286,721 | 9,300,616 |
| Issued Capital | 45,494,736 | 45,423,803 |
| Accumulated Losses | (36,130,294) | (35,647,316) |
| Option Reserve | 1,027,346 | 1,027,346 |
| Total equity | 10,391,788 | 10,803,833 |
| **Financial Performance** | | |
| (Loss) for the year | (482,978) | (1,119,903) |
| Other comprehensive income | - | - |
| Total comprehensive income | (482,978) | (1,119,903) |

## 23. Contingent Assets and Liabilities

The Company and consolidated entity have no contingent assets or contingent liabilities at 30 June 2023 and 30 June 2022.

## 24. Commitments

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted. Capital expenditure forecasted for at the reporting date but not recognised as liabilities as follows:

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Work Program Commitments – Exploration permits | | |
| Payable: | | |
| Within one year | 1,000,000 | 1,000,000 |
| Greater than one year less than five years | 20,000,000 | 20,000,000 |
| Total | 21,000,000 | 21,000,000 |

For detail on the status of the PEP 11 Permit refer to Note 10.

## 25. Earnings per Share

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Total (loss) attributable to ordinary equity holders of the Company | (480,442) | (1,125,346) |
| (Loss) used in the calculation of basic earnings per share and diluted earnings per share | (480,442) | (1,125,346) |
| (Loss) per share (cents per share) | | |
| From continuing operations | (0.20) | (0.50) |
| Total basic earnings per share and diluted earnings per share | (0.20) | (0.50) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares outstanding during the year used in calculating EPS | 245,927,745 | 226,441,917 |

# Directors' Declaration
## Advent Energy Ltd and its controlled entities

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 45 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 2023 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. 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<br>
Chairman

Dated this 31st day of July 2023

**Moore Australia Audit (WA)**

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000

PO Box 5785, St Georges Terrace, WA 6831

T +61 8 9225 5355
F +61 8 9225 6181

**www.moore-australia.com.au**

# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF ADVENT ENERGY LIMITED

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Advent Energy Limited (the Company) and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2023, 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, 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 2023 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 Group financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group is dependent upon the deferral of specified amounts payable to directors and various funding initiatives to provide ongoing working capital sufficient to discharge its liabilities in the normal course of business. This condition as explained in Note 1 to the financial statements indicates the existence of a material uncertainty which casts significant doubt about the Group's ability to continue as a going concern. The Group financial statements do not include any adjustments to carrying amounts of assets and liabilities, which might be material, that would result if the Group were unable to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF ADVENT ENERGY LIMITED (CONTINUED)

**Material Uncertainty Regarding Carrying Value of Exploration Expenditure**

The ability to realise the carrying value of exploration and evaluation assets is dependent upon the Company's ability to do all things necessary to maintain tenure of the underlying tenements and to successfully develop and or sell its interest in the tenements. We also draw attention to Note 10 of the financial statements which describes the uncertainty around the basis of continuing to recognise the carrying value of exploration and evaluation assets. In particular we highlight the matters and associated risks discussed in relation to PEP 11, which is a significant asset of the Group These matters and uncertainties may affect the ability of the Group to realise the carrying value of the exploration and evaluation assets in the ordinary course of business and at amounts recorded in the accounts. Our opinion is not modified in respect of this matter.

**Material Uncertainty Regarding Carrying Value of Financial Assets**

We draw attention to Note 11 of the financial statements which include an investment in MEC Resources Limited ($498,834) and a loan receivable from MEC Resources Limited ($324,025). MEC Resources Limited is currently suspended from trading on ASX and has limited working capital from which to repay the loan. As a result, there is uncertainty as to whether or not the book value attributed to the investment in and loan to MEC Resources Limited can be recovered in full. These matters and uncertainties may affect the ability of the Group to realise in full the carrying value of these assets in the ordinary course of business. Our opinion is not modified in respect of this matter.

**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 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of 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

MOORE

## INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF ADVENT ENERGY LIMITED (CONTINUED)

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Neil Pace

NEIL PACE
PARTNER

Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 31st day of July 2023.