

31 July 2024

UPDATE FOR THE QUARTER ENDING 30 JUNE 2024

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) (“**MEC**” or “the **Company**”) is pleased to provide its Quarterly Report & Appendix 4C (“**Quarterly Cashflow Report**”) for the quarter ended 30 June 2024.

Operational Update

MEC has a non-controlling interest in the unlisted energy explorer Advent Energy Ltd (“**Advent**”) of 37.95%.

Advent holds a range of energy-based opportunities via its investee company Advent. Via Advent the Company has 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 transition from hydrocarbons such as coal and oil to hydrogen, 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.

MEC continues to monitor its investment in Advent and has representation on the board of Advent in directors Anthony Huston, David Breeze and Steven James.

Advent Energy has provided the following information to MEC

PEP 11 Joint Venture

Advent Energy Limited’s (MEC 37.95% direct interest) 100% subsidiary Asset Energy Pty Ltd is a participant in the PEP11 Joint Venture with partner Bounty Oil and Gas NL (ASX:BUY).

The PEP11 interests are:

- Advent Energy 85 %
- Bounty Oil and Gas NL 15%

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. This application follows from the fact that in February 2023 a decision by the previous Commonwealth-NSW Joint Authority to refuse the application was quashed by the Federal Court of Australia. Asset has provided additional updated information to the Commonwealth-NSW Joint Authority and the National Offshore Petroleum Titles Administrator (“NOPTA”) in relation to its applications.

As noted in her media release dated 23 April 2024, Federal Resources Minister, the Honourable Madeline King recused herself as the decision maker with respect to the PEP-11 permit under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth).

The Honourable Minister Ed Husic as the Minister for Industry and Science will be making any future decision on modification and related extension of the PEP-11 permit. Noting that Minister Husic was appointed to administer the Department of Industry, Science and Resources upon being sworn-in as a Minister on 1 June 2022 and has the legal authority to take future decisions on PEP-11.

The Joint Authority decision is a routine administrative decision. Any future authorisation related to drilling will require environmental approvals. Any issues around community or environmental impacts should be transparently managed by the designated independent expert regulator.

On 20 May 2024 MEC advised ASX that:

- 1) Advent through its wholly owned subsidiary, Asset Energy Pty Ltd ("**Asset**"), have engaged Perth based offshore environmental consultancy specialists Klarite Pty Ltd ("**Klarite**"), to initiate environmental management of the Seablue-1 exploration well, due to be drilled in PEP-11, pending the current application for licence variation, suspension and extension ("**Application**"), regulatory approvals and rig availability. Klarite has recently prepared a detailed Environmental Approvals Strategy for the Seablue-1 exploration drilling activity for Asset.
- 2) The Federal Government Future Gas Strategy¹ ("**FGS**") and supporting documents was released by Minister for Resources Madeleine King on 9th May 2024. The FGS confirms that that gas will have a role to play in the transition to net zero by 2050 and beyond. Further the FGS states that exploration and development should focus on optimising discoveries and infrastructure in producing basins where gas will be proximal to where it is needed and will be lower cost than relying on LNG imports.

Due to the critical need for new domestic supplies of gas as stated in the FGS Asset have decided to commence work necessary for environmental approvals in advance of the PEP-11 licence Application approval, in order to be prepared to drill the Seablue-1 well, as soon as possible thereafter.

Offshore gas exploration in Australia has been undertaken safely and environmentally responsibly for more than 50 years.

The fact remains that NSW and Australia more broadly face a gas supply shortfall within the next four years, and gas will play a vital role in the clean energy transition.

¹ Australian Government Future Gas Strategy, May 2024 Industry.gov.au/

PEP-11 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).

Clean Hydrogen Technologies

MEC investee Advent holds a 3.9% interest in Clean Hydrogen Technologies Corp (“**CHT**”).

On 27 February 2024 MEC announced that Clean Hydrogen had moved from proof of concept to production.

Since the December quarter the Company advised on 27 February 2024 that CHT had progressed from proof of concept to production.

The next steps for Clean Hydrogen are scaling their carbon composite and hydrogen production.

Corporate Update

ASX Suspension Status

The Company’s shares are currently suspended from the ASX however the Board continues to liaise and provide information to the ASX as it works towards the return of its shares to trading status.

On 27 June 2024, the Company made a further formal submission to the ASX and is working with the ASX on various elements of the submission and enquiry made by the ASX.

Entitlement Offer

The Company is also working on an entitlement offer document which it expects to complete following feedback from the ASX in relation to its submission of 27 June 2024. Pending further feedback from the ASX in relation to the submission the status of this matter has not changed since the March 2024 quarterly report.

Placement

On 5 April 2024, the Company announced it had raised A\$157,300 before costs by way of placement of Shares to professional and sophisticated investors pursuant to section 708 of the Corporations Act 2001 (Cth) at an issue price of \$0.0044 per Share under the Company’s LR7.1 placement capacity (“**Placement Shares**”).

This share issue is accompanied by one (1) free option for each Share subscribed with an exercise price of \$0.0055 and expiry 24 months from the issue date (“**Placement Options**”).

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

Placement Details

- Placement completed at an issue price of \$0.0044 per Share.
- Total amount raised of A\$157,300 before costs.
- Placement partly completed by LeMessurier Securities Pty Ltd (“**LeMessurier**”) who will receive a 6% capital raising fee by way of issue of 606,818 shares and 606,818 options under the same terms and conditions.
- The number of fully paid ordinary shares issued including shares issued for services by LeMessurier is 36,356,818 and 36,356,818 options.
- The number of fully paid ordinary shares on issue following the placement is 1,045,021,916.
- The Placement Shares are subject to a holding lock pending release of a prospectus by the Company.
- Placement partly completed by Sixty-Two Capital Pty Ltd who received a 6% capital raising fee (plus GST)

Exercise of Options

Following the end of the quarter, on 9 July 2024 and 22 July 2024 the Company announced the issue of 7,327,273 and 50,295,453 fully paid ordinary shares respectively upon the exercise of the options.

- 24,295,455 shares issued at \$0.0055 per share upon exercise of options expiring 5 April 2026 and
- 6,100,000 shares issued at \$0.0055 per share upon exercise of options expiring 21 February 2025
- 27,227,271 shares issued at \$0.0055 per share upon exercise of options expiring 7 July 2025

A total of \$316,925 was raised as a result of the option exercise.

Board Update

On 26 June 2024 the Company announced the appointment of Non-Executive Director Mr Peter Richards to the Board.

Peter has acted as a public company director in the financial services sector and understands the finance and investment industries and regulatory compliance. He has been a nominated Responsible Person on a number of Australian Financial Services Licences. His history includes being retained by

the ASIC as a consultant on financial services industry regulatory compliance standards and he has acted for the ASIC as an expert witness. His related entity investment interests have been listed as top twenty investors in multiple ASX listed companies. He manages his own investment interests.

Concurrent with Mr Richards appointment Mr Steve James had taken the decision to resign from the Company as non-executive director.

PDF Board

The Company has notified the PDF Board in relation to the change of directors in MEC.

Further MEC is working on completion of its PDF Annual Report for 2024 under Section 41 of the Pooled Development funds Act 1992 (the Act) due on 31 October 2024.

We once again thank you for your continued patience, support and welcome your questions/comments regarding the Company.

If you have any questions, please do not hesitate to contact David Breeze on 08 9328 8477 or email info@mecresources.com.au.

This announcement has been approved by the managing director.

David Breeze
Managing
Director
MEC Resources Ltd

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

MEC Resources Limited

ABN

44 113 900 020

Quarter ended ("current quarter")

30 JUN 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) directors/staff costs	-	17
(f) administration and corporate costs*	(21)	(152)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(19)	(128)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	2	31
2.6	Net cash from / (used in) investing activities	2	31

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	157
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	157

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	242	224
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(19)	(128)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2	31

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	157
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	221	221

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	221	242
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	221	242

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
0
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(19)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	221
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	221
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	11.63

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024.....

Authorised by: ..By the Board.....
(By the Board – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.