



31 January 2018

Australian Securities Exchange
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

via e-lodgement

Dear Sir/Madam

APPENDIX 4C - QUARTERLY CASH FLOW REPORT

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) (“**MEC**” or “**the Company**”) is pleased to provide its Appendix 4C (Quarterly Cashflow Report) for the quarter ending 31 December 2017.

The Company is also pleased to report that with the financial assistance of MEC, Advent Energy Ltd (“**Advent**”) is commencing operational preparations for a 2D seismic survey in PEP11, as a work commitment for the petroleum title. During the last quarter MEC has provided funds in excess of \$80,000 to its investee Advent to further the development of Advent’s assets. Work performed included engaging acoustic modelling specialists, environmental consultants and geophysical expertise to complete the necessary revisions to the PEP11 2D seismic survey Environment Plan and request for further information received from the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA).

On 10 January 2018 MEC was pleased to advise that NOPSEMA formally accepted the PEP 11 Baleen 2D HR Seismic Survey Environmental Plan. Advent has now commenced mobilisation of equipment and preparations to undertake the 2D survey.

Potential discovery of commercial quantities of natural gas in PEP11 provides an exciting future for the Company considering the gas market challenges facing the east coast of Australia.

Furthermore, the Company was pleased to advise that it has raised \$300,000 (before costs) through a placement to sophisticated and professional investors¹ of 14,285,714 ordinary shares at an issue price of \$0.021 cents per share (**Placement**). The Placement was managed by Panthea Capital (Panthea) pursuant to a mandate. The funds raised under the Placement will be used to assist Advent in developing work programs and undertaking preparatory works for activities in EP386 and RL1 in the onshore Bonaparte Basin, including well intervention activities as previously advised. These works may assist in progressing discovered resources and contribute towards title security of EP386 and RL1. Funds may also contribute to working capital.

Management are continuing to minimise all costs of the Company. A cost reduction plan was developed by the Board and has been successfully implemented within the organisation to ensure costs are continually scrutinised and where possible reduced.

We welcome your questions and comments regarding the Company. If you have any questions please do not hesitate to contact the Company on 08 9 245 6187 or info@mecresources.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read "Goh Hock", with a horizontal line extending to the right.

Mr Goh Hock
Chairman

¹ As defined under section 708A of the *Corporations Act 2001* (Cth)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

MEC Resources Limited

ABN

44 113 900 020

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	-	(5)
(d) leased assets	-	-
(e) staff costs	(55)	(111)
(f) administration and corporate costs*	(205)	(393)
1.3 Dividends received (see note 3)		-
1.4 Interest received	1	2
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	(259)	(507)

*includes operational expense support for Advent Energy Ltd

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(18)	(131)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	(1)	(1)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	-	-
2.6 Net cash from / (used in) investing activities	(19)	(132)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	583	630
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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	583	630

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	287	601
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(259)	(507)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(19)	(132)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	583	630
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	592	592

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	592	287
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)	592	287

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
29
-

Ms Ambrosini has a consulting contract with MEC Resources to provide accounting and company secretarial services. This is capped at a maximum of 3 days per week and additional hours are unpaid and provided in kind.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
80
-

Operational expense support to MEC investee Advent Energy Ltd for impending seismic activities

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	55
9.6 Administration and corporate costs	150
9.7 Other (provide details if material) *	200
9.8 Total estimated cash outflows	405

* The Company has recently completed a placement of shares for the total sum of \$300,000. Funds raised from this offer will be used to further assist investee company Advent Energy developing work programs and undertaking preparatory works for activities in EP386 and RL1 in the onshore Bonaparte Basin, including well intervention activities as previously advised. These works may assist in progressing discovered resources and contribute towards title security of EP386 and RL1. Funds may also contribute to working capital.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

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.



Sign here:
(Director/Company secretary)

Date:31 January 2018

Print name: Deborah Ambrosini ..

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.