Advent Energy Ltd

ACN 109 955 400

Financial Report 2018

Contents

Directors
H Goh – Non-Executive Chairman
D Ambrosini – Executive Director and Company Secretary
D Hoff – Non-Executive Director
S Kelemen – Non-Executive Director (appointed 8 February 2018)
G Channon – Non-Executive Director (resigned 30 November 2017)

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Moore Stephens
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Australian Business Number
39 109 955 400

The directors of Advent Energy Ltd ("Advent") or ("Company") present their report on the Company and its controlled entities for the financial year ended 30 June 2018.

Directors

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

H Goh appointed 9 November 2007
D Ambrosini appointed 2 June 2010
D Hoff appointed 7 June 2017
S Kelemen appointed 8 February 2018
G Channon resigned 30 November 2017

Company Secretary

Ms Deborah Ambrosini continues in her role of Company Secretary. She also holds the position of Chief Financial Officer of the Company and has over 20 years' experience in Corporate accounting roles.

Principal Activities

Advent has assembled a range of hydrocarbon permits which contain near term production opportunities with pre-existing infrastructure and exploration upside.

Advent's assets include EP386 and RL1 (100%) in the onshore Bonaparte Basin in the north of Western Australia and Northern Territory and PEP11 (85%) in the offshore Sydney Basin.

A conventional 2C Contingent Resource of 11.5 Bcf (1C is 0.3 Bcf and 3C is 45.8 Bcf) for the Weaber Gas Field (RL1) has been assessed by an independent third party as a component of Advent's drive to commercialise its 100% owned onshore Bonaparte Basin assets. Included in these assets in EP386 conventional recoverable resource estimates range from 53.3 Bcf (Low) to 1,326.3 Bcf (High) of Prospective Resources, with a Best Estimate of 355.9 Bcf of gas. The rapid development of the Kununurra region in northern Western Australia, including the Ord Irrigation Expansion Project and numerous resource projects, provides an exceptional opportunity for Advent to potentially develop its nearby gas resources for the benefit of the region along with Advent and its shareholders.

The Sydney Basin is a proven petroleum basin with excellent potential for the discovery of gas and oil. Advent has demonstrated an active hydrocarbon system with seeps reported in the offshore area and sampling has indicated the presence of thermogenic hydrocarbon gas. This is considered to occur in basins actively generating hydrocarbons and/or that contain excellent migration pathways. Previous drilling has shown that the early Permian geological sequence is mature for hydrocarbons.

Undiscovered gross prospective recoverable gas resources for structural targets within the PEP11 offshore permit have been estimated at 5.7 Tcf (at the Best Estimate level). A Low Estimate of 0.3 Tcf and High Estimate of 67.8 Tcf has been assessed by Pangean Resources in 2010. PEP 11 lies adjacent to the most populous region of Australia and the major industrial hub and port of Newcastle.

Operating Results

Operating loss for the Consolidated Group after tax for the year was $19,033,089 (2017: $235,541).

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 Consolidated Group have decreased by $18,585,485 to $3,993,495 at 30 June 2018.

Significant Changes In State Of Affairs

- Advent Energy submitted an Environment Plan (EP) to undertake the PEP11 2D Baleen HR Seismic Survey to the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) in July 2017. NOPSEMA requested a modification and resubmission of the EP which was duly provided in October 2017. A Request For Further Written Information (RFFWI) was issued by NOPSEMA in December 2017, and duly responded to by Advent Energy. On 10 January 2018 NOPSEMA formally accepted the EP. The survey commenced on 16 April 2018 and was concluded on 19 April 2018.

- On 1 November 2017, MEC Resources announced that Advent Energy had agreed binding loan facility terms with Wonderhealth Pty Ltd (an entity associated with MEC Resources Chairman Goh Hock) and Heydon Properties Limited (an entity associated with MEC Resources non-executive director K O Yap) for provision of loan facilities to Advent Energy. MEC Resources is acting as guarantor for these loan facilities, totalling a maximum amount of $125,000 from each lender. Funds drawn under the facility are to be used in assisting funding costs for the execution of the PEP11 2D Baleen HR Seismic Survey. No funds were drawn down from these agreements which have now expired.

- On the 5 December 2017 the Company announced the details of the term sheet agreed between Asset Energy Pty Ltd (a wholly owned subsidiary of Advent), Bounty Oil and Gas NL (existing PEP11 JV partners) and RL Energy Pty Ltd (RL Energy) whereby RL Energy may earn an interest of up to 60% in PEP11 by funding certain costs of completing 2D and 3D seismic surveys in respect of PEP 11. The conditions precedent to the farmin agreement included but were not limited to, the execution of a full form conditional farm-in joint venture agreement and receipt of all necessary approvals (including regulatory and shareholder approvals to the extent required).

  On 4 May 2018, the Company advised that a conditional farm-in agreement had been entered into between Asset Energy Pty Ltd (a wholly owned subsidiary of Advent) and RL Energy Pty Ltd (RL Energy), whereby RL Energy may earn an interest of up to 60% in PEP11 by completing a 3D seismic survey in PEP11 and carrying Asset Energy's costs in that survey up to $4M.

  Key terms of the agreement include, but are not limited to:

  - RL Energy having the right to earn a 5% interest in PEP11 by preparing and submitting all documents and reports in support of an environmental approval process for the proposed 3D seismic program. The costs associated with the preparation of the environment plan documents and reports are to be met by RL Energy and will not count towards the capped expenditure amount referred to above.
  - RL Energy having the right to earn a further 55% interest in PEP11 upon the acquisition, processing and interpretation of a 500km^2 (or greater) 3D seismic survey in PEP11 to cover

key structural targets. The 3D seismic works will be subject to the availability of a suitable seismic vessel.

Conditions precedent to the agreement include, but are not limited to:

- Regulatory approval of the agreement.
- Asset Energy confirming that its ultimate parent entity (MEC) has sought and received shareholder approval to the transaction. The ASX used their discretion to determine that RL Energy is a person to whom Listing Rule 10.1 will apply. Accordingly, the Company was required to comply with Listing Rules 10.7 and 10.10. The Company sought shareholder approval through general meeting of the Company on 31 July 2018, and an independent expert report was included in the notice of meeting that described the conditional transaction as "fair and reasonable" to MEC shareholders.

After Balance Date Events

Other than referred to at note 19 of these financial accounts, there have not been any matters or circumstance that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future Developments

The Company will continue to develop its investee portfolio projects including PEP11, EP 386 and RL1. It will evaluate and invest in a range of resource projects.

Likely Developments

Likely developments which may prejudice the Company by disclosure have not been disclosed.

Information on Directors

H Goh
Non-Executive Chairman – Age 63

Hock was formerly President of Network and Infrastructure Solutions, a division of Schlumberger Ltd, based in London with revenue in excess of US$1.5 billion. He had global responsibility of Schlumberger's outsourcing services, security, business continuity and networked related business units.

Prior to that, Hock was President of Schlumberger Asia based in Beijing, China where he managed their Asian operations consisting of a broad range of services including oil field services, IT outsourcing, financial software and smartcards.

In his 25 year career with Schlumberger, Hock held several other field and management responsibilities in the oil and gas industry spanning more than ten countries in Asia, the Middle East and Europe. Hock started as an oil field service engineer in Indonesia in 1980 before moving to Australia where he worked on the rigs in Roma, Queensland, Bass Strait in Victoria and the Northwest Shelf, offshore Western Australia.

After retiring from Schlumberger, Hock was a partner with Baird Asia Capital Partners, the U.S. based buyout fund of Baird Private Equity, providing change-of-control and growth capital to middle-market companies.

Hock currently serves on the boards of Santos Limited, Stora Enso Ojy, AB SKF and Versuvius PLC. He received his B Eng (Hons) in Mechanical Engineering from Monash University, Australia in 1980. He also completed an Advanced Management Program at INSEAD/ France in 2004.

D Ambrosini
Executive Director and Company Secretary – Age 44

Deborah is a fellow of Chartered Accountants Australia and New Zealand with over 15 years' experience in accounting and business development spanning the biotechnology, mining, IT communications and financial services sectors. She has extensive experience both nationally and internationally in financial and business planning, compliance and taxation.

Deborah is a member of the Institute of Chartered Accountants and was a state finalist in the 2009 Telstra Business Woman Awards. Deborah was also a recipient of the highly regarded 40 under 40 award held by the WA Business News.

Deborah is also a Director of ASX listed MEC Resources Ltd.

D Hoff
Non-Executive Director – Age 55

Diana is a petroleum engineer with 30 years of international and Australian upstream oil and gas experience in technical and executive roles from drilling foreman to engineer, manager, general manager, vice president and CEO.

She has held line accountability for drilling and completions for significant proportions of her career. Diana also has held corporate responsibility for environment, health and safety, major projects (up to $18.5 billion), innovation, and development of engineering communities and engineering standards. She has participated in significant stakeholder engagement, media interviews and presentations to investors, regulators and public audiences.

Diana is presently the CEO of US based The Unconventional Group, which provides oil and gas improvement consulting services for the US, UK and Australia. She was appointed by the Minister of Industry to the Council (Board) of the Australian Institute of Marine Science in 2014, which also included appointment to its audit committee in 2015. Previous international and Australian appointments were with Chevron USA, Basin Exploration, Amoco Production Company, Barrett Resources/Williams Production, Questar Exploration & Production and Santos.

S Kelemen Appointed 8 February 2018
Non-Executive Director – Age 62

Mr Kelemen is an engineer with a diverse petroleum industry experience across reservoir, development, operations, exploration, JV management, R&D and M&A evaluation developed through his 38 year career with Santos Ltd. Some of the diverse technical and leadership roles Stephen held at Santos include Chief Reservoir Engineer, Manager Operations for the Queensland and Northern Territory Business Unit, Manager Development for Northern Australia, Manager Coal Seam Gas and Manager of Unconventional Resources Growth. Stephen has been directly responsible for increasing petroleum reserves, leading and managing significant investments, management of joint venture operations, and leading discussions with investors, bankers and farminees on his employers' reserves. Of note, he led Santos in gaining a foothold in CSG and other Unconventionals including the 2005 acquisition of Tipperary Oil & Gas and the concept of CSG to LNG, Santos' investment in the Bayu-Undan and Darwin LNG projects, and improving the SWQ Oil business during the price downturn in the late 1990's by creating value through improved operations practices, restructure and cost reduction.

Stephen has a B.E (Mechanical) from the University of Adelaide. His extensive involvement with the industry includes Chairman of SPE Australian/NZ Council, Chairman SA Section of SPE, member Australian Gas Association Production Committee, editor for SPE Journal Petroleum Technology, member APPEA Operating and Safety Committee, President of QUPEX, member Strategic Advisory Board at the Centre for CSG, and Conference Chairman for SPE 2015 Unconventional Resources Conference and Exhibition. He is a member of SPE, PESA and QUPEX.

He is a Non-Executive Director of ASX listed Galilee Energy, Deputy Chair (Petroleum) for the Queensland Exploration Council, Adjunct Professor at the Centre for Coal Seam Gas at the University of Queensland and a member of the Core Energy Group Advisory Council. He is also a member of SPE, PESA and QUPEX.

Meetings of Directors

During the financial year, eight meeting of directors was held. The Board meets regularly by telephone to make day-to-day decisions with respect to the business of the Company. Attendances by each director during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
G Hock	8	8
D Ambrosini	8	8
D Hoff	8	8
S Kelemen	2	2
G Channon	6	4

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, but has paid or agreed to pay insurance premiums.

The company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $21000.

- D Ambrosini
- H Goh
- S Kelemen
- D Hoff

The company has not indemnified the current or former auditor of the Company.

Options

At the date of this report, there were no unissued ordinary shares of Advent under option (2017: nil). During the year ended 30 June 2018, nil ordinary shares of Advent were issued on the exercise of options granted under the Advent Energy Limited Employee Option Plan (2017: Nil). No amounts are unpaid on any of the shares.

No options have been granted 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.

Environmental Issues

On 10th January 2018, an Environmental Plan (EP) was accepted by the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA). The accepted EP enabled the acquisition of 200 line km of 2D seismic data in PEP11 by the title holder Asset Energy Pty Ltd. Following acceptance of the EP, and prior to the commencement of the activity, an Issue of Direction pursuant to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)* was received by Asset Energy. The notice of direction required Asset Energy to ensure it made available an appropriate level of information to interested persons and the broader public prior to and during the survey. The survey was conducted in April 2018, and pursuant to the accepted EP and issued direction. No environmental incidences were reported during the activity. An Environmental Performance Report was provided to NOPSEMA within three months of the conclusion of the activity and published on the Company's website.

On 29th March 2018, Onshore Energy Pty Ltd received an Instrument of Direction under s.95(1) of the *Petroleum and Geothermal Energy Resources Act 1967* (Western Australia) for the decommissioning of the cased and suspended wells Waggon Creek-1 and Vienta-1 and site restoration in EP386. The conditions of the title were varied to include this decommissioning and the request to submit by 28 September 2018, a Well Management Plan, Environment Plan and Safety Case in accordance with the relevant Regulations for the decommissioning and site restoration, with corresponding extension of the EP386 title until 31 March 2020.

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.

Non-audit Services

No fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2018 (2017: nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 7.

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

Goh Hock
Chairman
Dated this 7th day of September 2018

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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 2018, 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 Stephens
MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 7th day of September 2018.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

Advent Energy Ltd and its controlled entities

	Note	Consolidated 2018 $	2017 $
Revenue	**2**	1,402	312
Other gains and losses	**2**	-	-
Administration expenses		(5,428)	(9,723)
Consulting and legal expenses		(273,359)	(82,634)
Employee expenses	**3**	-	(41,666)
Accounting and auditing		(8,825)	(8,433)
Service fees		-	(48,727)
Exploration expenditure written off		(18,694,026)	-
Depreciation expense		(619)	(855)
Traveling expenses		(883)	(16,089)
Other expenses from ordinary activities		(51,351)	(27,726)
Operating loss before income tax		(19,033,089)	(235,541)
Income tax expense	**7**	-	-
Operating loss from continuing operations		(19,033,089)	(235,541)
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		(19,033,089)	(235,541)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Current Assets			
Cash and cash equivalents	**6**	307,810	59,531
Trade and other receivables	**8**	153,549	11,900
Total Current Assets		461,359	71,431
Non-Current Assets			
Intangibles	**9**	22,674	22,674
Evaluation and exploration expenditure	**10**	9,926,841	28,060,028
Property plant and equipment	**11**	309	928
Total Non-Current Assets		9,949,824	28,083,630
Total Assets		10,411,183	28,155,061
Current Liabilities			
Trade and other payables	**12**	782,179	547,167
Provisions	**13**	81,844	81,844
Other financial liabilities	**14**	5,553,665	4,947,070
Total Current Liabilities		6,417,688	5,576,081
Non-Current Liabilities			
Other financial liabilities	**14**	-	-
Total Non-Current Liabilities		-	-
Total Liabilities		6,417,688	5,576,081
Net Assets		**3,993,495**	**22,578,980**
Equity			
Issued capital	**15**	41,191,646	40,744,042
Option reserve	**16**	792,019	792,019
Accumulated losses		(37,990,170)	(18,957,081)
Total Equity		**3,993,495**	**22,578,980**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2018

Advent Energy Ltd and its controlled entities

	Consolidated			
	Issued Share Capital $	Accumulated losses $	Options Reserve $	Total Equity $
Balance at 1 July 2016	40,744,042	(18,721,540)	792,019	22,814,521
Loss attributable to members of the consolidated entity	-	(235,541)	-	(235,541)
Total comprehensive income	-	(235,541)	-	(235,541)
Transactions with owners in their capacity as owners				
Employee options expense	-	-	-	-
Balance at 30 June 2017	40,744,042	(18,957,081)	792,019	22,578,980
Balance at 1 July 2017	40,744,042	(18,957,081)	792,019	22,578,980
Loss attributable to members of the consolidated entity	-	(19,033,089)	-	(19,033,089)
Total comprehensive loss	-	(19,033,089)	-	(19,033,089)
Transactions with owners in their capacity as owners				
Shares issued	447,604	-	-	447,604
Balance at 30 June 2018	41,191,646	(37,990,170)	792,019	3,993,495

The accompanying notes form part of these financial statements.

	Note	Consolidated	
		2018 $	2017 $
Cash Flows From Operating Activities			
Receipts from customers		-	-
Payments to suppliers and employees		(246,484)	(159,371)
Interest Received		1,402	(306)
Net cash used in operating activities	**17**	(245,082)	(159,677)
Cash Flows From Investing Activities			
Proceeds from sale of equity investments		-	-
Amounts from other entities		1,022,950	151,381
Repayments to other entities		-	-
Payment/Receipt for deferred expenditure (net of reimbursements)		(560,839)	(28,901)
Net cash provided by investing activities		462,111	122,480
Cash Flows From Financing Activities			
Proceeds from shares issued		31,250	-
Net cash provided by financing activities		31,250	-
Net increase (decrease) in Cash Held		248,279	(37,197)
Cash At the Beginning Of The Financial Year		59,531	96,728
Cash At The End Of The Financial Year	**6**	**307,810**	**59,531**

The accompanying notes form part of 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 Group' or 'Group').

Advent Energy Ltd is an unlisted public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 7 September 2018 by the board of directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards 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 financial report has been prepared on an accruals basis and is based on historical costs, modified, where stated below.

Compliance with IFRS

The consolidated financial statements of the Advent Energy Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Financial Position

The Consolidated Group has incurred a net loss before tax for the year ended 30 June 2018 of $19,033,089 (2017: $235,541) and has a working capital deficiency of $5,874,485 note15 (b) (2017: $5,422,813) at that date.

Included in current liabilities are loans payable of $5,553,665 at 30 June 2018 (2017: $4,947,070). Subsequent to year end the Group has received confirmation from the lender that $5,014,414 of the current financial liabilities will not be called for a period 12 months from the date of this report or until Advent's financial position improves. In any event the extension is to be refreshed by MEC Resources after a 12 month period. The Company disputes the liability for the remaining balance. There is no formal agreement between Grandbridge Limited, BPH Energy Ltd and the Company in respect of these amounts.

Included in trade creditors and payables is director fee and salary accruals of $484,462 (2017: $484,462). After the change in the Managing Director in November 2016 the directors agreed to reduce their fees to the nominal amount of $1 per year at this time. No further accruals have been made.

The directors have reviewed their expenditure and commitments for the Consolidated Group and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees to conserve cash resources for a period of

Statement of Significant Accounting Policies (continued)

12 months from the date of the approval of the financial report or until termination of their services in accordance with their contracts at which point fees will become immediately payable including any outstanding fees owed at 30 June 2018.

The directors have prepared cash flow forecasts that indicate that the Consolidated 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.

For further disclosure concerning the exploration permits and expenditure commitments of the Group and the ability of the Group to realise the associated capitalised exploration expenditure please refer to Note 10.

Accounting Policies
(a) Principles of Consolidation

Subsidiaries
Subsidiaries are all entities (including structured 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 21 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.

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.

1. Statement of Significant Accounting Policies (continued)

(b) 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.

(c) 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.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

1. Statement of Significant Accounting Policies (continued)

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of Fixed Asset	Depreciation Rate
Plant and equipment	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit and loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Exploration 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.

1. Statement of Significant Accounting Policies (continued)

(e) Exploration and Development Expenditure (continued)

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 from Intangible assets 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 from when exploration commences 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. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit and loss.

Classification and Subsequent Measurement

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

1. Statement of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement profit or loss and other comprehensive income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

1. Statement of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(g) 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.

(h) 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.

(i) 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.

1. Statement of Significant Accounting Policies (continued)

(i) Revenue and Other Income (continued)

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract.

Investments in listed entities are revalued at each balance date. An increase in the value of these investments is recognised as a gain in the profit and loss.

All revenue is stated net of the amount of goods and services tax (GST).

(j) 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.

(k) 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.

(l) Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Group. The amounts are unsecured and are usually paid within 30 days. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1. Statement of Significant Accounting Policies (continued)

(m) 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.

(n) 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.

(o) Comparative Figures

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

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the 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(e). Refer to Note 10 for further discussion on the commitments of the exploration permits held by the Group.

1. Statement of Significant Accounting Policies (continued)

(p) Critical accounting estimates and judgments (continued)

Key Judgments —Share-based Payments
Refer to (m) above.

(q) Application of New and Revised Accounting Standards

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments requirements for financial instruments and hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  The directors do not anticipate that the adoption of AASB 9 will have a material impact on the Group's financial instruments.

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

  AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);

1. Statement of Significant Accounting Policies (continued)

  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  Based on a preliminary assessment performed, the effects of AASB 15 are not expected to have a material effect on the Group.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 July 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard are as follows:

  - recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term 12 months or less of tenure and leases relating to low-value assets);
  - depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
  - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
  - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
  - inclusion of additional disclosure requirements.

  The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

  As the entity has no leases the directors do not anticipate that the adoption of AASB 16 will have a material effect on the Group.

	Consolidated	
	2018	**2017**
	$	**$**
2. Revenue		
Operating activities		
Interest Revenue	1,402	312
	1,402	312
3. Loss for the Year		
Expenses		
Employee Expenses		
Salary	-	41,666
	-	41,666
Exploration expenditure written off	18,694,026	-
	18,694,026	-

The capitalised costs were assessed for impairment by reference to the value implied for PEP 11 by virtue of the recent farmin agreement entered into with RL Energy Pty Ltd. Based on this assessment the asset was considered to be impaired and an adjustment to the current fair value was booked at 30 June 2018.

4. Auditors' Remuneration

Remuneration of the auditor of the parent entity for:		
HLB Mann Judd	-	5,000
Moore Stephens	5,000	-
	5,000	5,000

5. Key Management Personnel Compensation

(a) Names and positions held of consolidated entity key management personnel in office at any time during the financial year are:

Key Management Personnel
H Goh – Non - Executive Chairman
D Ambrosini- Executive Director and Company Secretary
D Hoff – Non-Executive Director
S Kelemen – Non-Executive Director (appointed 8 February 2018)
G Channon – Non-Executive Director (resigned 30 November 2017)

5. Key Management Personnel Compensation (continued)

Included in trade creditors and payables is director fee and salary accruals of $484,462 (30 June 2017: $484,462).	Amount Owing 30 June 2018 $
Goh Hock	191,623
Deborah Ambrosini	85,398
S Kelemen	-
Diana Hoff	-
Previous Directors	207,441
Balance owing at 30 June 2018	484,462

Remuneration of Key Management Personnel
2018

Key Management Person	30 June 2018 Total $	30 June 2017 Total $
H Goh	1	16,667
D Ambrosini	1	8,333
S Kelemen	-	-
D Hoff	1	-
Former directors	-	16,666
Total	3	41,666

All Director fees have been accrued at a rate of $1 per year . No further accruals have been made.

	2018 $	2017 $
6. Cash and cash equivalents		
Cash at bank and in hand	307,810	59,531

The average effective interest rate on short-term bank deposits was 1.25%: (2017: 1.50%)
reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	307,810	59,531

	Consolidated	
	2018	2017
	$	$
7. Income Tax Expense		
The components of tax expense comprise:		
Current tax		
Deferred tax		
a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5%)	(5,234,100)	(64,774)
Non-deductible expenses	5,148,356	45
Adjustments recognised in the current year in relation to the carry forward losses of the prior year	-	-
Tax benefit of revenue losses not recognised	85,744	64,729
Income tax attributable to parent entity	-	-
	-%	-%
Weighted average rate of tax	-	-

	Consolidated	
	2018	2017
	$	$

7. Income Tax Expense (continued)

The following deferred tax balances at 27.5% (2017: 27.5%) have not been recognised

Deferred Tax Assets:

Carry forward revenue losses	12,477,070	12,382,567
Temporary differences	155,734	145,994

(b) The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) the company derives future assessable income in 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.

Deferred Tax Liabilities

Exploration Expenditure	2,736,033	7,722,660

The above Deferred Tax Liabilities have been offset against the carry forward revenue losses.

8. Trade and other receivables

CURRENT

Trade receivables	124,436	9,343
Other receivables	29,113	2,557
	153,549	11,900

Ageing of past due but not impaired

0-30 days	115,093	-
60-90 days	-	-
90-120 days	-	-
120 days and over	9,343	9,343
	124,436	9,343

	Consolidated	
	2018 $	2017 $
9. Intangibles		
Intangibles – Contacts Database	22,674	22,674
	22,674	22,674
10. Evaluation Exploration Expenditure		
Exploration and evaluation expenditure	9,926,841	28,060,028
	9,926,841	28,060,028

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of natural gas. Capitalised costs amounting to $560,839 (2017: $28,901) have been included in cash flows from investing activities in the statement of cash flows. Receipts for the sale of capitalised items of $nil (2017: $nil) have been included in cash flows from investing activities in the statement of cash flows.

A review was undertaken of the PEP11 exploration costs carried forward after MEC shareholders voted to approve the RL Energy farmin deal. The capitalised costs were assessed for impairment by reference to the value implied for PEP 11 by virtue of the recent farmin agreement entered into with RL Energy Pty Ltd. Based on this assessment the asset was considered impaired and an adjustment to the current fair value was booked at 30 June 2018.

As at the date of these accounts the consolidated group has no work commitments for its exploration permits over the next 12 months from the reporting date under the terms of its petroleum licences in order to maintain tenure.

On 4 May 2018, the Company advised that a conditional farm-in agreement had been entered into between Asset Energy Pty Ltd (a wholly owned subsidiary of Advent) and RL Energy Pty Ltd (RL Energy), whereby RL Energy may earn an interest of up to 60% in PEP11 by completing a 3D seismic survey in PEP11, and carrying Asset Energy's costs in that survey up to $4 million.

Key terms of the agreement include, but are not limited to:

- RL Energy having the right to earn a 5% interest in PEP11 by preparing and submitting all documents and reports in support of an environmental approval process for the proposed 3D seismic program. The costs associated with the preparation of the environment plan documents and reports are to be met by RL Energy, and will not count towards the capped expenditure amount referred to above.
- RL Energy having the right to earn a further 55% interest in PEP11 upon the acquisition, processing and interpretation of a 500km^2 (or greater) 3D seismic survey in PEP11 to cover key structural targets. The 3D seismic works will be subject to the availability of a suitable seismic vessel.

Conditions precedent to the agreement include, but are not limited to:

- Regulatory approval of the agreement.
- Asset Energy confirming that its ultimate parent entity (MEC) has sought and received shareholder approval to the transaction. The ASX used their discretion to determine that RL

Energy is a person to whom Listing Rule 10.1 will apply. Accordingly, the MEC was required to comply with Listing Rules 10.7 and 10.10. MEC sought and achieved shareholder approval through general meeting of the MEC shareholders on 31 July 2018, and an independent expert report was included in the notice of meeting that described the conditional transaction as "fair and reasonable" to MEC shareholders.

Asset Energy Pty Ltd has invested over $25 million in the PEP11 title in recent history, and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area.

Advent has been requested to provide a well management plan, environment plan and safety case for the decommissioning of Waggon Creek-1 and Vienta-1 in EP386 by 28 September 2018.It is anticipated that appropriate application will be made to DMIRS in due course to allow Advent to complete these works in a suitable timeframe.

The above conditions indicate the uncertainty that may affect the ability of the Group to realise the carrying value of the exploration assets in the ordinary course of business.

	Consolidated	
	2018 $	**2017 $**
Reconciliation of movement during the year		
Opening balance at 1 July	28,060,028	28,031,127
Capitalised expenditure written off – PEP 11	(18,694,026)	-
Capitalised expenditure – PEP 11	548,222	10,000
Capitalised expenditure – EP 386	12,617	18,901
Balance at 30 June	9,926,841	28,060,028

	Consolidated	
	2018 **$**	**2017** **$**

11. Property Plant and Equipment

	2018 $	2017 $
Plant and equipment:		
At cost	21,133	21,133
Accumulated depreciation	(20,824)	(20,205)
Total Property, plant and equipment	309	928

(a) Movements in Carrying Amounts

	2018 $	2017 $
Economic Entity:		
Balance at the beginning of the year	928	1,783
Depreciation expense	(619)	(855)
Carrying amount at the end of the year	309	928

12. Trade and other payables

	2018 $	2017 $
Unsecured:		
Trade payables	130,144	10,522
Sundry payables and accrued expenses	652,035	536,645
	782,179	547,167

The average credit period on payables is 45 days. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

13. Provisions

	2018 $	2017 $
Current		
Provision – Share sale agreement	81,844	81,844
Balance at 30 June	81,844	81,844

Provision for Share Sale Agreement

A provision has been recognised for the payment of fees to relevant parties upon the successful listing of Advent Energy Ltd.

14. Other financial liabilities

	Consolidated 2018 $	Consolidated 2017 $
Current		
Unsecured loans from other entities: (b)		
Loan payable to MEC Resources Ltd (c)	1,414,414	807,819
Loan payable to BPH Energy Limited	39,486	39,486
Loan payable to Grandbridge Limited	499,765	499,765
Secured loan payable to MEC Resources Ltd (a)	3,600,000	3,600,000
	5,553,665	4,947,070

(a) Secured loans

Advent entered into a secured loan agreement with MEC Resources Ltd in November 2010. The principal amount of the loan is $1 million, with further advances of up to an additional $3 million payable at MEC Resources' discretion. The loan is secured by a fixed and floating charge over Advent's present and future undertakings, assets and rights. An amount of $3.6 million has been drawn down at statement of financial position date.

In July 2015, the company signed a variation to their secured loan agreement with MEC Resources Ltd which varied the agreement to incorporate a fixed repayment date of 19 November 2017. On the 28 August 2018 MEC Resources signed a variation to their secured loan agreement with Advent Energy Ltd which varied the agreement to incorporate a fixed repayment date 12 months from the date of this report or until Advent's financial position improved. In any event the extension is to be refreshed after a 12 month period.

(b) Unsecured loans

The Company disputes the liability for the amounts with Grandbridge Limited and BPH Energy Ltd. There is no formal agreement between Grandbridge Limited, BPH Energy Ltd and the Company in respect of these amounts. Furthermore, and in an effort to set-off the claim by MEC Resources Ltd against BPH Energy Ltd, Grandbridge Limited has recently purported to assign a portion of the benefit of this purported loan to BPH Energy Limited. The Company disputes the entitlement of Grandbridge Limited or BPH Energy Limited to these amounts or to any assignment of the purported debt.

(c) Unsecured loans – MEC Resource Ltd

During the year MEC Resource converted an amount of $416,354 of its unsecured loan from Advent Energy to equity with Advent Energy at a price of $0.05 per share.

	Consolidated	
	2018	**2017**
	$	**$**

15. Issued Capital

	2018 $	2017 $
157,505,414 (2017: 148,353,334) fully paid ordinary shares of no par value	41,833,122	41,385,518
Less: Capital raising costs	(641,476)	(641,476)
Issued Capital	41,191,646	40,744,042

	2018	**2017**	**2018**	**2017**
(a) Ordinary Shares	**$**	**$**	**#**	**#**
At the beginning of reporting period	40,744,042	40,744,042	148,353,334	148,353,334
Shares issued during the year	447,604	-	9,152,080	-
At reporting date	41,191,646	40,744,042	157,505,414	148,353,334

Fully Paid Ordinary Share Capital

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

(a) Options

There were nil employee options on issue at the end of the year:

(b) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads. 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.

15. Issued Capital (continued)

(b) Capital risk management (continued)

The working capital position of the Group at 30 June 2018 and 30 June 2017 are as follows:

	Consolidated	
	2018	**2017**
	$	**$**
Cash and cash equivalents	307,810	59,531
Trade and other receivables	153,549	11,900
Trade and other payable	(782,179)	(547,167)
Financial liabilities	(5,553,665)	(4,947,070)
Working capital position	(5,874,485)	(5,422,806)

Refer to Note 1 for disclosure on financial position

16. Reserves

Option Reserve
The option reserve records items recognized as expenses on the valuation of Director and Employee share options.

	Consolidated	
	2018	2017
	$	$

17. Cash Flow Information

a) Reconciliation of Cash Flow from Operations with Profit after income tax

	2018 $	2017 $
Operating loss after income tax	(19,033,089)	(235,541)
Non-cash flows in profit:		
Exploration expenditure written off – PEP11	18,694,026	-
Depreciation	619	855
Intercompany recharges	-	1,345
Changes in net assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(141,657)	1,155
(Increase)/decrease in other assets	-	355
Increase/(decrease) in trade payables and accruals	235,019	72,154
Increase/(decrease) in provisions	-	-
Net cash flow from operating activities	(245,082)	(159,677)

18. 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 related 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.

Liquidity risk
The Group manages liquidity risk by monitoring forecast cash flows.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counter-parties to the contract to meet their obligations.

Equity Price Risk
The Group is exposed to equity price risks arising from equity investments. The performance of equity investments are reviewed biannually to market.

Equity Price Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower:
Net loss for the year ended 30 June 2018 would increase/decrease $nil (2017: increase/decrease by $nil) as a result of the changes in fair value of financial assets through the profit and loss; and

The Group's sensitivity to equity prices has not changed significantly from the prior year.

All listed investment are to be accounted at fair value through the profit and loss in accordance with the current Risk Management Policy.

18. 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 Group

2018	Effective Average Interest Rate Payable %	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets				
Cash and cash equivalents	1.50	307,810	-	307,810
Trade and other receivables	-	-	153,549	153,549
Financial assets – non current	-	-	-	-
		307,810	153,549	461,359
Financial Liabilities				
Trade and sundry Payables	-	-	782,179	782,179
Other financial liabilities	-	-	6,335,844	6,335,844
		-	6,335,834	6,335,834

2017	Effective Average Interest Rate Payable %	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets				
Cash and cash equivalents	1.50	59,531	-	59,531
Trade and other receivables	-	-	11,900	11,900
Financial assets – non current	-	-	-	-
		59,531	11,900	71,431
Financial Liabilities				
Trade and sundry Payables			547,167	547.167
Other financial liabilities	-	-	4,947,070	4,947,070
	-	-	5,494,237	5,494,237

18. 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.
- Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2018		2017	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Loans and receivables	153,549	153,549	11,900	11,900
	153,549	153,549	11,900	11,900
Financial Liabilities				
Other loans and amounts due	5,553,655	5,553,655	4,947,070	4,947,070
Other liabilities	782,179	782,179	547,167	547,167
	6,335,834	6,335,834	5,494,237	5,494,237

18. Financial Instruments (continued)

b) Financial Instruments (continued)

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

	Consolidated Group	
	2018	**2017**
Change in profit		
— Increase in interest rate by 1%	1,963	416
— Decrease in interest rate by 0.5%	(841)	(208)

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 2018

		Contractual cash flows					
	Carrying amount	**Total**	**2 mths or less**	**2-12 mths**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Trade and other payables	782,179	(782,179)	(782,179)	-	-	-	-
Unsecured loan	1,953,665	(1,953,665)	-	(1,953,665)	-	-	-
Secured loan	3,600,000	(3,600,000)	-	(3,600,000)	-	-	-
	6,335,844	(6,335,844)	(782,179)	(5,553,665)	-	-	-

18. Financial Instruments (continued)

30 June 2017

		Contractual cash flows					
	Carrying amount	**Total**	**2 mths or less**	**2-12 mths**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Trade and other payables	547,167	(547,167)	(547,167)	-	-	-	-
Unsecured loan	799,903	(799,903)	-	(799,903)	-	-	-
Secured loan	3,600,000	(3,600,000)	-	(3,600,000)	-	-	-
	4,947,070	(4,947,070)	(547,167)	(4,399,903)	-	-	-

19. Events after the Balance Sheet Date

On 6 July 2018 year MEC Resources increased its investment into Advent Energy Ltd to 50.00%.

On 2 July 2018 MEC Resources announced that the Company would hold a general meeting to consider the conditional Farmin agreement between Asset Energy Pty Ltd and RL Energy Pty Ltd. The meeting held on 31 July 2018 and was to consider the benefits of this exploration activity in PEP11. In accordance with Listing Rule 10.1 the Notice of Meeting included an Independent Experts Report ("IER") which was obtained to assess the fairness and reasonableness of the transaction to MEC shareholders. The transaction was independently verified as fair and reasonable. The meeting was held on 31 July 2018 and with 61% of the total shareholders who voted at the meeting voting in favour of the resolution.

20. 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

A loan facility exists between Advent and its parent entity, MEC Resources Ltd $3,600,000 (2016 $3,600,000). The loan is secured by a second charge over all of the assets and rights of Advent including but not limited to, all real and personal property, choses in action, goodwill and called but unpaid nominal and premium capital. The loan has a fixed repayment date of 19 November 2017. On the 28 August 2018 MEC Resources signed a variation to their secured loan agreement with Advent Energy Ltd which varied the agreement to incorporate a fixed repayment date 12 months from the date of this report or until Advent's financial position improved. In any event the extension is to be refreshed after a 12 month period.

(c) Controlling Entities

The parent entity in the Group is Advent Energy Ltd.

(d) Ultimate Parent Entity

The ultimate parent entity in the economic entity is MEC Resources Ltd.

21. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2018	2017
Parent Entity				
Advent Energy Ltd	Oil and Gas exploration and development	Australia		
Subsidiaries of Advent Energy Ltd				
Asset Energy Pty Ltd	Oil and Gas exploration and development	Australia	100	100
Onshore Energy Pty Ltd	Oil and Gas exploration and development	Australia	100	100

22. Share-Based Payments

No share-based payment arrangements existed at 30 June 2018.

All options granted to key management personnel are ordinary shares in Advent Energy Ltd which confer a right of one ordinary share for every option held.

At balance date, nil share options had been exercised (2017: nil).

	2018		2017	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	-	-	2,500,000	2.0
Issued	-	-	-	-
Exercised	-	-	-	-
Expired /cancelled	-	-	(2,500,000)	2.0
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Included under employee benefits expense in the statement of profit or loss and other comprehensive income is $nil (2017: nil), and relates, in full, to equity.

23. Commitments

Capital 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	
	2018	**2017**
	$	**$**
Work Program Commitments – Exploration permits		
Payable:		
Within one year	-	20,522,500
Greater than one year less than five years	18,225,000	-
Total	18,225,000	20,522,500

As at the date of these accounts the consolidated group has no work commitments for its exploration permits over the next 12 months from the reporting date under the terms of its petroleum licences in order to maintain tenure.

On 4 May 2018, the Company advised that a conditional farm-in agreement had been entered into between Asset Energy Pty Ltd (a wholly owned subsidiary of Advent) and RL Energy Pty Ltd (RL Energy), whereby RL Energy may earn an interest of up to 60% in PEP11 by completing a 3D seismic survey in PEP11, and carrying Asset Energy's costs in that survey up to $4 million.

Key terms of the agreement include, but are not limited to:

- RL Energy having the right to earn a 5% interest in PEP11 by preparing and submitting all documents and reports in support of an environmental approval process for the proposed 3D seismic program. The costs associated with the preparation of the environment plan documents and reports are to be met by RL Energy, and will not count towards the capped expenditure amount referred to above.
- RL Energy having the right to earn a further 55% interest in PEP11 upon the acquisition, processing and interpretation of a 500km^2 (or greater) 3D seismic survey in PEP11 to cover key structural targets. The 3D seismic works will be subject to the availability of a suitable seismic vessel.

Conditions precedent to the agreement include, but are not limited to:

- Regulatory approval of the agreement.
- Asset Energy confirming that its ultimate parent entity (MEC) has sought and received shareholder approval to the transaction. The ASX used their discretion to determine that RL Energy is a person to whom Listing Rule 10.1 will apply. Accordingly, the Company was required to comply with Listing Rules 10.7 and 10.10. The Company sought and achieved shareholder approval through general meeting of the Company on 31 July 2018, and an independent expert report was included in the notice of meeting that described the conditional transaction as "fair and reasonable" to MEC shareholders.

Asset Energy Pty Ltd has invested over $25 million in the PEP11 title in recent history, and, along with its JV partner Bounty Oil and Gas NL, is committed to continuing to explore for and ultimately exploit any petroleum accumulations which may be identified in this title area.

Advent has commitments to provide a well management plan, environment plan and safety case for the decommissioning of Waggon Creek-1 and Vienta-1 in EP386 by 28 September 2018. It is anticipated that appropriate application will be made to the DMIRS in due course to allow Advent to complete these works in a suitable timeframe.

24. Contingent liabilities

On 13 September 2017, the Company received a Writ of Summons on behalf of Grandbridge Ltd. The writ was issued in the District Court of Western Australia, and asserts that payment should be made pursuant to a services agreement between the Company and Grandbridge Ltd that commenced in 2005, and was terminated in late 2016 by Grandbridge Ltd. The Company believes the claim is of no legal merit and the Company will strongly defend its position.

In April 2018 Advent Energy Ltd and Asset Energy Pty Ltd received a Writ of Summons to appear in the District Court of Western Australia following the bare written demands received from BPH Energy Ltd and Grandbridge Ltd.

The Group believes this procedure to be frivolous on the following grounds:

1. These demands (or demands in similar forms) have previously been pressed against the Group as per announcements to the ASX on 2nd and 3rd October 2017 and 3rd April 2018.

2. The Group's solicitors have previously requested details of the agreements upon which they were based; and

3. The Group's solicitors did not receive appropriate response to their requests for this information.

In any event, the Group continue to dispute the liability for the amounts, and will vigorously contest the claims. The Group in any event maintains that no formal agreement exists between Grandbridge Limited, BPH Energy Ltd and the Group in respect of the alleged claims. Despite repeated requests to demonstrate the substance of these claims, insufficient evidence has been provided to the Group. The Group is left with little option other than to vigorously defend its position in the best interests of shareholders. The Group will bring a claim for recovery of its legal fees in any event for the unconscionable manner in which BPH and Grandbridge have acted in asserting these claims, particularly upon legal proceeding commencement without proper conferral and substantiation of the claims as a precursor.

25. Parent Entity Disclosures

Financial Position

	2018 $	2017 $
Assets		
Current assets	3,012,890	2,235,966
Non-current assets	8,979,105	27,658,714
Total asset	11,991,995	29,894,680
Liabilities		
Current liabilities	2,395,412	1,806,185
Total liabilities	2,395,412	1,806,185
Non-Current liabilities	3,600,000	3,600,000
Total Non-Current liabilities	3,600,000	3,600,000
Total Liabilities	5,995,412	5,406,185

	2018 $	2017 $
Issued Capital	41,191,646	40,744,042
Accumulated Losses	(35,987,082)	(17,047,566)
<u>Reserves</u>		
Option Reserve	792,019	792,019
Total equity	5,996,583	24,488,495

Financial Performance

	2018	2017
Profit/Loss for the year	(18,939,516)	(209,433)
Other comprehensive income	-	-
Total comprehensive income	(18,939,516)	(209,433)

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 42, 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 2017 and of the performance for the year ended on that date of the consolidated entity;

2. the Financial Statements and Notes comply with International Accounting Standards as disclosed in Note 1;

3. the directors have been given the declarations required by S295A of the Corporations Act 2001

4. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to S295(5) of the Corporations Act 2001.

……………………………………………………….

Goh Hock

Chairman

Dated this 7th day of September 2018

MOORE STEPHENS

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

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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 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2018 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 various funding initiatives in order to fund its working capital and 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 may cast significant doubt about the Group's ability to continue as a going concern. The Group financial statements do not include any adjustments 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

We draw attention to Note 10 to the financial statements which describes the uncertainty around the basis of continuing to recognise the carrying value of exploration and evaluation assets. 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 2018, 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 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.

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

- 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 — Moore Stephens

NEIL PACE
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 7th day of September 2018