

Appendix 4E
Preliminary Final Report

Results for announcement to the market

Name of Entity	MEC Resources Limited
ABN	44 113 900 020
Reporting period	30 June 2020
Previous Corresponding Reporting Period	30 June 2019

\$A'000

Revenues from ordinary activities	Down	98%	to	2
(Loss) from ordinary activities after tax attributable to members	Up	94%	to	(2,600)
Net (loss) for the period attributable to members	Up	94%	to	(2,600)
Dividends (distributions)	Amount per security	Franked amount per security		
Final dividend	Nil	Nil		
Interim dividend				
Previous corresponding period	N/A	N/A		

	Current period	Previous corresponding Period
NTA Backing		
Net tangible asset backing per ordinary security	(1.23) cps	(2.33) cps

Commentary on Results

Another busy year for the Board of MEC dealing with legacy issues but the Board successfully raised approximately \$1,000,000 in cash and settled its legal disputes with BPH, Grandbridge etc.

More recently, a subsidiary of Advent Energy Ltd, Asset Energy, has issued a writ against MEC on the basis of contra accounts that appeared in MEC's Dec 2019 accounts.

MEC of course disputes the claim and will defend the writ in due course.

Much of the funds were used on administration and legal expenses as the Company deals with the proposed in-specie distribution.

Summary of ASX Announcements

22 nd Jul 2019	MEC announces the placement of 160,000,000 of Shortfall Shares raising \$800,000 in cash.
6 th Aug 2019	Company announced placement of additions 43,660,640 Shortfall Shares issued for a combination of cash (23,300,000 Shares for \$116,500) and in lieu of payment to Creditors (20,360,640 shares for a total of \$101,803).
12 th Aug 2019	The Board advised that it reached a settlement of the various legal disputes between MEC Resources and BPH Energy Limited, Grandbridge Limited, Trandcorp Pty Ltd and David Breeze. □
14 th Aug 2019	MEC announces placement of 21,019,960 shares for \$105,100
18 th Sept 2019	Mr Robert Marusco appointed as joint company secretary
22 nd Nov 2019	Takeovers Panel Application received
16 th Dec 2019	Takeovers Panel declines to make declaration but raised concerns

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Contents

MEC Resources Ltd and its controlled entities

16 th Jan 2020	MEC updated its investment mandate to include technology
11 th Feb 2020	Mr Matthew Battrick resigned from Board Mr Douglas Verley joined the Board
3 rd Aug 2020	Mr Michael Sandy resigns from the Board Messrs Tony Hamilton and Stephen Harrison join the Board of MEC

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Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2020

MEC Resources Ltd and its controlled entities

	Consolidated Group	
	30 June 2020 \$	30 June 2019 \$
Revenue		
Revenue from ordinary activities	2,455	107,131
Other losses	(346,514)	-
Other income	25,140	339,347
Administration expenses	(93,457)	(126,397)
Consulting and legal expenses	(416,105)	(713,194)
Employee Benefits expense	(162,857)	(418,692)
Interest expense	(655)	(3,228)
Insurance expenditure	(3,636)	(28,227)
Exploration expenditure write off	(62,365)	(399,278)
Other expenses	(74,818)	(165,200)
Traveling expense	(11,104)	(20,333)
Loss before income tax	(1,143,916)	(1,428,071)
Income tax expense	-	-
Loss from continuing operations	(1,143,916)	(1,428,071)
Profit and loss from Discontinued Operations	(1,456,523)	-
Profit for the period	(2,600,429)	(1,428,071)
Other Comprehensive Income	-	-
Total Comprehensive loss for the period	(2,600,429)	(1,428,071)
Loss attributable to non-controlling interest	-	(88,401)
Loss attributable to members of the parent entity	(2,600,429)	(1,339,670)
Total Comprehensive Loss attributable to non-controlling interest	-	-
Total Comprehensive Loss attributable to parent	(2,600,429)	(1,339,670)
Earnings Per Share -		
Basic and Diluted (cents per share)	(0.40)	(0.40)

Statement of Financial Position as at 30 June 2020

MEC Resources Ltd and its controlled entities

	Consolidated Group	
	30 June 2020 \$	30 June 2019 \$
Current Assets		
Cash and cash equivalents	438,110	350,634
Trade receivables	-	63,968
Financial assets	-	563,147
Other current assets	2,164	18,615
Total Current Assets	440,274	996,364
Non-Current Assets		
Intangible assets	-	22,674
Evaluation and exploration costs	-	10,562,578
Financial Assets	8,198,551	84,275
Property, plant & equipment	3,435	4,154
Total Non-Current Assets	8,201,986	10,673,681
Total Assets	8,642,259	11,670,045
Current Liabilities		
Trade and other payables	256,570	1,077,758
Financial Liabilities	-	791,978
Short-term provisions	-	122,436
Total Current Liabilities	256,570	1,992,172
Total Liabilities	256,570	1,992,172
Net Assets	8,385,689	9,677,873
Equity		
Issued capital	30,644,378	29,336,134
Option Reserve	442,273	16,268,145
Accumulated losses	(22,700,963)	(37,941,446)
Total Equity Attributable to Owners	8,385,689	7,662,833
Non-controlling Interest	-	2,015,040
Total Equity	8,385,689	9,677,873

Statement of Changes in Equity as at 30 June 2020

MEC Resources Ltd and its controlled entities

	Issued Capital \$	Accumulated losses \$	Option Reserve \$	Contribution Reserve \$	Total attributable to owners \$	Non- Controlling Interest \$	Total Equity \$
Balance at 1 July 2018	28,784,989	(36,601,776)	531,466	15,736,679	8,451,358	2,103,441	10,554,799
Loss attributable to members of the consolidated entity	-	(1,339,670)	-	-	(1,339,670)	(88,401)	(1,428,071)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(1,339,670)	-	-	(1,339,670)	(88,401)	(1,428,071)
Shares issued during the period	553,095	-	-	-	553,095	-	553,095
Share based payments	(1,950)	-	-	-	(1,950)	-	(1,950)
Balance at the year ended 30 June 2019	29,336,134	(37,941,446)	531,466	15,736,679	(7,662,833)	2,015,040	9,677,873
Balance at 1 July 2019	29,336,134	(37,941,446)	531,466	15,736,679	7,662,833	2,015,040	9,677,873
Loss attributable to continuing operations	-	(1,143,916)	-	-	(1,143,916)	-	(1,143,916)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(1,143,916)	-	-	(1,413,916)	-	(1,143,916)
Shares issued during the period	1,375,644	-	-	-	1,375,644	-	1,375,644
Capital raising costs	(67,400)	-	-	-	(67,400)	-	(67,400)
Net movements on deconsolidation (i)	-	16,384,399	(89,193)	(15,736,679)	558,527	(2,015,040)	(1,456,513)
Balance at the year ended 30 June 2020	30,644,378	(22,700,963)	442,273	-	8,385,689	-	8,385,689

(i) The net loss to the consolidated group on deconsolidating Advent Energy Ltd and its controlled entities was \$1,456,513.

Statement of Cash Flows
for the year ended 30 June 2020
MEC Resources Ltd and its controlled entities

	30 June 2020	Consolidated Group
	\$	30 June 2019
	\$	\$
Cash Flows From Operating Activities		
Payments to suppliers and employees	(719,023)	(1,591,219)
Research and Development incentives	65,140	556,126
Interest received	2,455	9,112
Net cash used in operating activities	(651,428)	(1,025,981)
Cash Flows From Investing Activities		
Payment for PPE	-	(3,647)
Repayment of loans from other entities	200,039	-
Loans to other entities	(300,000)	-
Deferred exploration costs	-	(44,098)
Net cash used in investing activities	(99,961)	(47,745)
Cash Flows From Financing Activities		
Proceeds from share issues	929,090	445,863
Net cash used in financing activities	929,090	445,863
<i>Net increase/(decrease) in Cash Held</i>	177,701	(627,863)
<i>Cash at the Beginning Of The Period</i>	260,409	978,497
Cash at The End Of The Period	438,110	350,634

Revenue and Expenses

	Consolidated	
	30 June 2020 \$	30 June 2019 \$
Revenue		
Interest revenue	2,455	9,110
Interest revenue: other entities	-	98,019
	<u>2,455</u>	<u>107,129</u>
Other gains and losses		
Loss on Legal Settlement	(346,514)	-
	<u>(346,514)</u>	<u>-</u>

	Consolidated	
	30 June 2020 \$	30 June 2019 \$
Other income		
R&D claim	25,140	339,347
	<u>25,140</u>	<u>339,347</u>

Expenses		
Consulting and legal expenses		
Consulting	203,906	343,413
Legal	212,199	369,782
	<u>416,105</u>	<u>713,194</u>

Contributed Equity

	30 June 2020 \$	Consolidated 30 June 2019 \$
Ordinary shares (i)	31,753,919	30,378,303
Less: Capital Raising Costs	(1,109,540)	(1,040,169)
	<u>30,644,378</u>	<u>29,336,134</u>

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

	Number	\$
Movement in ordinary shares on issue		
As at 1 July 2019	414,578,376	29,336,134
Shortfall shares issued under non-renounceable entitlements issue – shortfall shares	224,680,600	1,082,283
Shares issued as payment of consulting fees	15,792,200	78,961
Shares issued as settlement of employment liabilities	29,400,000	147,000
Balance as at 30 June 2020	<u>684,451,176</u>	<u>30,644,378</u>

Details of entities over which control has been gained or lost

On the 6th of August 2019 the board of MEC Resources announced that it had reached a settlement in relation to the various legal disputes between the company and BPH Energy Limited, Grandbridge Limited, Trandcorp Pty Ltd and David Breeze. As a part of the settlement the board of Advent Energy Ltd changed to consist of Stephen Kelemen, David Breeze, Steve James, Tony Huston and Tom Fontaine. MEC although at the time owning 53% of the shares in Advent Energy Ltd no longer control the activities of Advent therefore control was deemed to be lost with Advent Energy Ltd deconsolidated from MEC on the date of settlement.

Any other significant information

On 17th June 2020, Advent Energy Limited and Asset Energy Pty Ltd served Notices of Demand on MEC Resources which MEC disputes and on 27th August 2020, Advent served writs on MEC which MEC again disputes and will defend.

The amounts claimed pertain to contra accounts in MEC's December 2019 half yearly report that resulted from the deconsolidation of its shareholding in Advent Energy Limited, which MEC owns approximately 49% of.

Compliance Statement

- 1. This report has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.
- 2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3. This report does give a true and fair view of the matters disclosed.
- 4. This report is based on accounts to which one of the following applies.

- The accounts have been audited
- The accounts are in the process of being audited or subject to review.
- The accounts have been subject to review.
- The accounts have not yet been audited.

Sign here: *Andrew Bald* Date: 31 August 2020
Director

Print name: Andrew Bald

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