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MEC RESOURCES LTD

ABN 44 113 900 020

Contents

MEC Resources Ltd and its controlled entities

Appendix 4D -Half year report

Results for announcement to the market

Name of Entity	MEC Resources Limited
ABN	44 113 900 020
Half Year Ended	31 December 2021
Previous Corresponding Reporting Period	31 December 2020

\$A'000

Revenues from ordinary activities	Up	0%	to	0
(Loss) from ordinary activities after tax attributable to members	down	69%	to	(331)
Net (loss) for the period attributable to members	down	69%	to	(331)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend		
Previous corresponding period	N/A	N/A

Please refer to attached accounts for commentary on the results

Other notes to the condensed financial statements

	Current period	Previous corresponding Period
Ratios		
Loss before tax / revenue		
Consolidated (loss) from ordinary activities before tax as a percentage of revenue	0%	0%
Loss after tax / equity interests		
Consolidated net (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(4.75)%	(6.51)%

	Current period	Previous corresponding Period
NTA Backing		
Net tangible asset backing per ordinary security	(0.00) cps	(0.00) cps

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Directors' Report

MEC Resources Ltd and its controlled entities

Directors

David Breeze – Managing Director (appointed 23 October 2020)

Andrew Jones – Non-Executive Director (appointed 23 September 2020)

Anthony Huston – Non-Executive Director (appointed 23 October 2020)

Steve James – Non-Executive Director (appointed 4 March 2022)

Company Secretary

Robert Marusco

Registered Office

Level 1
9 Bowman Street
SOUTH PERTH WA

Principal Business Address

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9 Bowman Street
SOUTH PERTH WA 6151
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Website: www.mecresources.com.au
E-mail: admin@mecresources.com.au

Auditor

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

Share Registry

Boardroom Pty Ltd
Level 12
225 George St
SYDNEY NSW 2000

Australian Securities Exchange Listing

Australian Securities Exchange Limited
(Home Exchange: Perth, Western Australia)
ASX Code: MMR

Australian Business Number

44 113 900 020

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Directors' Report

MEC Resources Ltd and its controlled entities

The directors of MEC Resources Ltd ("**MEC Resources**" or the "**Company**") submit herewith the financial report for the half year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the period are:

D Breeze (appointed 23 October 2020)
A Jones (appointed 23 September 2020)
A Huston (appointed 23 October 2020)
S James (appointed 4 March 2022)
G Murray (appointed 23 October 2020, resigned 4 March 2022)
D Verley (appointed 11 February 2020 resigned 4 March 2022)

Review of Operations

Operating loss for the entity after tax for the half-year ended 31 December 2021 was \$330,848 (2020: \$475,577).

MEC Resources Ltd

- On 17 January 2020, the securities of MEC Resources were suspended from quotation on the ASX. The Company has been in dialogue with the ASX following its original submission on 16 December 2020 and subsequent submission on 12 January 2022, which included a shareholder meeting seeking approval of various resolutions the aim of which is to have MEC Resources readmitted to trading status. The ASX are currently assessing the submission. Noting that in anticipation of feedback from the ASX the Company is also working of an entitlement offer document aimed at recapitalising MEC Resources. The shares in MEC Resources remain suspended from trading.
- Following suspension from the ASX the Company has provided the market with Voluntary Suspension updates in the previous financial year and further updates on 26 August 2021, 21 October 2021 and 14 January 2022.
- During the half year MEC Resources continued to monitor and manage its investment in investee Advent Energy Limited ("**Advent**") with the key announcements concerning Advent outlined below.
- Advent's assets include PEP11 (85%) in the offshore Sydney Basin and RL1 (100%) in the onshore Bonaparte Basin in the Northern Territory. On 16 December 2021 MEC Resources announced to market that the Federal Government would refuse the first one of two of the joint venture's applications to extend the PEP 11 Permit for gas exploration in the offshore Sydney Basin. Advent received a formal notification of this decision from the National Offshore Petroleum Title Administrator (NOPTA). This is subject to legal review.
- The Company has two new investments projects during the last quarter via its investee company Advent.
- On 7 December 2021 BPH Energy Ltd (ASX:BPH) requested a trading halt which centered around participation of MEC's investee company Advent in a Farm In Agreement. As at the

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reporting date of this half year report details of the Farm in Agreement were yet to be released to market by both BPH and MEC.

- On 13 December 2021 the Company held a shareholder meeting where approval was granted to issue 124,708,409 fully paid ordinary shares to Advent as part settlement of Advent writs. These shares were issued by the Company on 17 December 2021 at a deemed issue price of \$0.0044 per Share to discharge the sum of \$548,717 of the Advent Debt. As a result, the outstanding Advent Debt had been reduced from \$872,741 to \$324,024. Pursuant to the Deed of Settlement announced by the Company on 14 December 2020 Advent will be able to participate in a future rights issue or capital raise of MEC Resources to the extent of the balance of the Shares at a deemed issue price of \$0.0044 per Share to settle the remaining balance of the Advent Debt being \$324,024. The Advent Debt Conversion allows the Company to improve its balance sheet position and pay down the remaining \$324,024 in outstanding debt which it would otherwise need to pay in cash.
- Following the end of the half year on 21 January 2022 the Company held its AGM noting that all resolutions were approved by Shareholders.
- Following the end of the half year on 4 March 2022 the Company announced that both Mr Douglas Verley and Mr Geoff Murray had resigned as non-executive directors and concurrently Mr Steve James has joined the board as a non-executive director.
- Following the end of the half year on 5 April 2022 MEC Resources announced to market investee Advent had signed a farm out agreement with OMV New Zealand Limited in three offshore Taranaki Basin exploration permits.
- Following the end of the half year on 24 May 2022 information regarding a second proposed new investment in hydrogen production technology was released to market by BPH Energy Ltd ("BPH") whereby BPH and MEC's investee company Advent entered into a binding term share with Clean Hydrogen Technologies Corporation to subscribe for fully paid shares in Clean Hydrogen Technologies Corporation representing a total of 2 % of the total issued capital of Clean Hydrogen Technologies Corporation after the issue of the subscription shares noting that the investment by BPH is subject to BPH shareholder approval at a shareholder meeting set on 21 June 2022.
- During the half year MEC Resources investment in Advent reduced to 38.27% (from 48.2%) as a result of the issue of additional shares by Advent thereby diluting MEC Resource's interest in Advent.

Advent Energy Limited

Investee Advent is an unlisted oil and gas exploration and development company with onshore and offshore exploration and near-term development assets around Australia. Advent's assets include PEP11 (85%) in the offshore Sydney Basin and RL1 (100%) in the onshore Bonaparte Basin in the Northern Territory and 2 additional project details of which are yet to be released to market. MEC Resources holds a 38.27% interest in Advent.

Investee Advent has submitted to the National Offshore Petroleum Titles Administrator (**NOPTA**) an application to enable the drilling of the Baleen drill target in the PEP11 permit offshore NSW. The PEP11 Joint Venture has reviewed the work program and now proposes to proceed with the drilling of a well at Baleen (to be called Seablue-1) subject to approvals from NOPTA and other regulatory authorities, and financing, and has made an application to NOPTA to change the current Permit conditions. The

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current permit expiry date is in February 2021. The permit remains in place during this review period. The application to NOPTA includes the extension of the permit title for up to two years to enable the drilling and includes an application for the removal of the requirement for a 500 sq. km 3D seismic program. NOPTA has confirmed that this application is now in the final decision phase.

On 5 February 2021 MEC advised that investee Advent has on behalf of the PEP11 joint venture submitted to the National Offshore Petroleum Titles Administrator (NOPTA) an application to suspend and extend the PEP11 permit offshore NSW. The application has been made under the COVID-19 - Work Bid Exploration Permits announcement released by the Federal Government on 20 April 2020. In that release the Government recognised that the COVID-19 pandemic was having a significant impact on the offshore petroleum sector and that additional flexibility would be required to assist titleholders to manage the COVID -19 crisis. The Joint Authority confirmed in that release that it regarded the COVID-19 pandemic as a force majeure event. The application for a 24-month suspension of the Permit Year 4 work program commitments, with a corresponding 24-month extension of the permit term and was accepted for processing by NOPTA on 4 Feb 2021. This application was lodged to ensure the company is not in breach of the Year 4 PEP11 work program and expenditure commitments.

On 8 March 2021 MEC advised that Advent had appointed a Drilling Manager to facilitate the Preliminary Well Services Agreement with Add Energy relating to the preparation for drilling of the Baleen well to undertake a phased approach to provide technical support in the following areas: -

- Review of current well design documentation
- Develop a suitable well design and cost estimates
- Develop drilling schedule and define a ready to drill tentative window

The scope of work to be conducted included review of existing data and latest geological prognoses for the well, documentation of the subsurface well design envelope and compilation of a preliminary well design, project costs and schedule to complete the Seablue – 1 Exploration well. The report received from Add Energy documents the Basis of Well Design (BOWD) and rationale for design of the well, the well cost compilation and the project schedule. The report addresses the revised drill target on the Baleen prospect initially announced with total depth of 2150 metres on seismic data line B4-18. Advent now intends, subject to approvals and funding, to undertake deeper drilling to also undertake evaluation of the Offshore Sydney Basin for carbon sequestration (storage). This has resulted in a revised specification of a well to target early Permian sandstones for both hydrocarbon and carbon sequestration potential with a revised total depth being set at 3150 metres.

Advent is a strong supporter of plans for Net Zero by 2050 and sees the company playing a direct role in achieving that target, especially in New South Wales. It aims to do this in two ways. First, by finding gas closest to Australia's biggest domestic energy market, gas which can be used to provide reliable back-up for increased uptake of renewable energy in NSW. Second, through its plans to explore for opportunities in offshore NSW for CCS, a key clean energy technology. The significance of the carbon storage objective in addition to gas has been highlighted by the report from The Australian Financial Review (7 April 2021) "Carbon prices tipped to surge" which references dramatic action in Europe's carbon markets with "carbon prices almost doubling in the last four months from Euro 23 (A\$35) a tonne in November 2020 to Euro 41 (A\$62) in March 2021 as more ambitious (carbon) markets aligned with net zero emissions goals to drive prices higher."

On 26 February 2021 MEC advised that its investee Advent had confirmed the engagement with Add Energy for the Xodus Group to undertake a preliminary environmental screening assessment of the proposed Baleen well in preparation for drilling of the Seablue-1 well in offshore licence PEP11. Xodus Group are a leading global energy environmental consultancy with a strong track record in the Australian offshore sector where they are subject matter experts in environmental impact assessment and regulatory approvals. The report was facilitated by the pre-existing environmental information from

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the prior technical work in the licence including the Environmental Plan which was accepted by the authorities for a 2D Seismic survey which was commissioned by Advent and carried out in 2018. The report has confirmed the program required to undertake an environmental impact assessment to support the required approvals for the Seablue-1 well. The aims of the preliminary environmental impact assessment were to:

1. Produce a detailed summary of required technical inputs.
2. Produce a detailed summary of required environmental inputs.
3. Outline a proposed approach for stakeholder consultation; and
4. Identify key controls potentially required to manage the activity

Advent subsequently appointed Xodus under a lump sum contract to prepare the Environmental Plan for first submission to NOPSEMA. Xodus's appointment was based on their high quality of engagement, willingness to provide a staged lump sum proposal, and recent experience by their Principal Consultant in working for NOPSEMA.

Advent's 100% owned subsidiary, Asset Energy, has issued a Call for Tender for the provision of subsea wellhead equipment, materials and associated services for the Baleen drilling program. This equipment provides the 'foundation' for the Baleen well and is the first stage of well construction. This is an important step in the preparation and planning for the Seablue-1 well ensures that Asset will be ready to commence drilling after relevant approvals have been received. When the well has reached total depth and been fully evaluated, the well will be plugged and abandoned in line with pre-drill planning as an exploration well, and the well head and associated equipment well be removed from the seabed.

A Call for Tender for the provision of drilling rig services the Seablue-1 exploration well has also been issued. The tender has been issued to multiple drilling contractors who have semi-submersible drilling units in the region. The Seablue-1 well is planned to be drilled in 125m of water approximately 26 km offshore and approximately 30 km SSW of the City of Newcastle. The drilling of the well is subject to regulatory approvals and is expected to take around 40 days to reach total depth. The Seablue-1 well has two objectives: (i) a gas target and (ii) evaluation for Carbon Capture Storage, subject to funding.

Advent 100% subsidiary Onshore Energy Pty Ltd ("**Onshore**") made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore lodged an appeal against this decision with the State Administrative Tribunal ("**SAT**") (The matter will now be referred to the WA Supreme Court) .

Advent has continued with various aspects of the operational development of the PEP11 as noted above including the following key items ASX announcements made by MEC Resources;

- 5 July 2021 -Advent Called for Tender for the provision of Conductor and Surface Casing & Associated Services for Advent's upcoming exploration well had been issued.
- 21 July 2021 – Advent Called for Tender for the provision of Drilling and Project Management Services for their upcoming exploration well had been issued
- 16 August 2021 – A Letter of Intent has been issued by Advent to DQ Holdings Pty Ltd (Dril-Quip) for the provision of subsea wellhead equipment, materials and associated services for the upcoming Seablue-1 exploration well.
- 7 September 2021 – A Letter of Intent had been issued by Advent, through its' subsidiary Asset Energy Pty Ltd, to Aztech Well Construction Services Pty Ltd (Aztech) for the provision of Drilling

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Project Management services for the upcoming Seablue-1 exploration well.

- 15 September 2021 – A Letter of Intent had been issued by Advent, through its' subsidiary Asset Energy, to Oil States Industries (Asia) Pte Ltd (Oil States) for the provision of Conductor and Surface Casing & associated services for the planned Seablue-1 exploration well.
- 14 October 2021 - A Letter of Intent has been issued by Advent, through its' subsidiary Asset Energy, to Weatherford Australia Pty Ltd (Weatherford) for the provision of Liner Hanger & Expandable Equipment and Services for the planned Seablue-1 exploration well.
- 22 November 2021 - A Letter of Intent has been issued by Advent, through its' subsidiary Asset Energy for the provision of Drilling Fluids & Solids Control Equipment, Materials and Services for the planned Seablue-1 exploration well.
- 25 November 2021 – A Call for Tender has been issued by Advent, through its' subsidiary Asset Energy, for the provision of Directional Drilling, Measurement While Drilling and Logging While Drilling for the Seablue-1 gas exploration well.

As noted above on 16 December 2021 MEC announced to market that the Federal Government would refuse the joint venture's first of two applications to extend the PEP 11 Permit for gas exploration in the offshore Sydney Basin. Advent received a formal notification of this decision from the National Offshore Petroleum Title Administrator (NOPTA).

Onshore Bonaparte Basin

Advent Energy Ltd, through wholly owned subsidiary Onshore, holds 100% of RL 1 in the onshore Bonaparte Basin in northern Australia. The Bonaparte Basin is a highly prospective petroliferous basin, with significant reserves of oil and gas. Most of the basin is located offshore, covering 250,000 square kilometres, compared to just over 20,000 square kilometres onshore.

In the Northern Territory, Advent holds Retention Licence RL1 (166 square kilometres in area), which covers the Weaber Gas Field, originally discovered in 1985. Advent has previously advised that the 2C Contingent Resources for the Weaber Gas Field in RL1 are 11.5 billion cubic feet (Bcf) of natural gas following an independent audit by RISC. Significant upside 3C Contingent Resources of 45.8 Bcf have also been assessed by RISC.

The current rapid development of the Kununurra region in northern Western Australia, including the Ord River Irrigation Area phase 2, the township of Kununurra, and numerous regional resource projects provides an exceptional opportunity for Advent to potentially develop its nearby gas resources. Market studies have identified a current market demand of up to 30.8 TJ per day of power generation capacity across the Kimberley region that could potentially be supplied by Advent Energy's conventional gas project RL1.

Onshore made an application for suspension and extension of the permit conditions in EP386 which was not accepted by the Department (DMIRS). Onshore sought a review of the decision by the Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore has lodged an appeal against this decision with the State Administrative Tribunal ("SAT") and the matter is now to be referred to the Supreme Court of Western Australia.

PDF Status Update

MEC was notified on 5 February 2021 by the Innovation Investment Committee of Innovation and Science Australia (the "**Committee**") that the Committee had revoked MEC's PDF registration as a

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result of the Company contravening ss19(1), 27, 27A and 42 of the Pooled Development Fund Act 1992 ("PDF Act").

Following this notification on 1 March 2021 MEC informed the PDF Committee that it would exercise its right of review, had appointed legal counsel on the matter and would provide further information to the Committee and further noting on 12 March 2021 that it was informed by the Department of Industry, Science, Energy and Resources that it would commence a review of the decision that led to the revocation of MEC's PDF registration. MEC confirmed that the internal review is a merit-based process and enables a decision maker (not involved in the first decision in this circumstance) to take a fresh look at its original decision.

On 6 May 2021 MEC announced that the Delegate of Innovation and Science Australia, as required by s55(5) of the PDF Act, has reconsidered the Committee's decision of 3 February 2021 and following review of further information provided by MEC on 18 March 2021 and 15 April 2021, the Delegate has informed MEC via letter dated 30 April 2021 that he confirms the Committee's decision of 3 February 2021 to revoke MEC's registration declaration as a PDF under s47 of the PDF Act.

Following the decision from the Delegate of Innovation and Science Australia, MEC announced on 13 May 2021 that it had applied, through its legal representative, to the Administrative Appeals Tribunal under the Administrative Appeals Tribunal Act 1975 for review of the decision by the PDF Board. This appeal notice was lodged on 12 May 2021 well within the lodgment deadline of 28th May 2021.

On 30 September 2021 MEC filed written submissions to the Administrative Appeals Tribunal in support of stay application pursuant relating the revocation of its PDF status. This was followed by an interlocutory hearing on the 18 October 2021 the result of which was that no decision was given on the 18 October 2021 and further no timeframe provided as to when a decision would be given.

On 3 November 2021 the Administrative Appeals Tribunal advised the Company that it had refused MEC's request for a stay in relation to the revocation of its PDF registration.

Following the end of the quarter on the 27 & 28 January 2022 the Company attending its Administrative Appeals Tribunal (AAT) hearing. MEC has submitted its final written submissions and a final submissions hearing will be held on the 9th June.

The Company will continue to manage and monitor the PDF appeal process. In addition, MEC will engage further with the ASX in relation to the PDF status following reservation of the decision at the AAT hearing.

Subsequent Events

Following the end of the half year on 21 January 2022 the Company held its AGM noting that all resolutions were approved by Shareholders.

Following the end of the half year on the 27 & 28 January 2022 the Company attending its Administrative Appeals Tribunal (AAT) hearing in relation to its PDF Registration revocation. MEC Resources submitted its final written submissions and a final submissions hearing will be held on the 9th June.

Following the end of the half year on 4 March 2022 the Company announced that both Mr Douglas Verley and Mr Geoff Murray had resigned as non-executive directors and concurrently Mr Steve James has joined the board as a non-executive director.

Directors' Report

MEC Resources Ltd and its controlled entities

Following the end of the half year on 31 March 2022 MEC provided a general market update in relation to the PEP 11 Permit held via investee Advent whereby the PEP 11 Joint Venture had been given notice by the National Offshore Petroleum Titles Administrator (NOPTA) that NOPTA has refused the Joint Venture Application initially submitted on 24 December 2019 for a secondary work program variation and a 24-month suspension of the Permit Year 4 Work Program Commitment and the corresponding 24-month extension of the Permit Term. The second application made by Advent is still in review.

The Joint Venture has statutory legal rights to seek a review of the decision referred to in the notice under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 and is obtaining legal advice on such review process.

Following the end of the half year on 5 April 2022 MEC Resources announced to market investee Advent had signed a farm out agreement with OMV New Zealand Limited in three offshore Taranaki Basin exploration permits.

Following the end of the half year on 24 May 2022 information regarding a second proposed new investment in hydrogen production technology was released to market by BPH Energy Ltd ("**BPH**") whereby BPH and MEC's investee company Advent entered into a binding term share with Clean Hydrogen Technologies Corporation to subscribe for fully paid shares in Clean Hydrogen Technologies Corporation representing a total of 10% of the total issued capital of Clean Hydrogen Technologies Corporation (BPH 8% and Advent 2%) after the issue of the subscription shares noting that the investment by BPH is subject to BPH shareholder approval at a shareholder meeting set on 21 June 2022.

Dividends

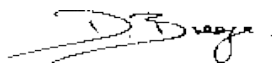
The Directors recommend that no dividend be paid in respect of the current period and no dividends have been paid or declared since the commencement of the period.

Auditor's Independence

The directors received a declaration of independence from the auditor. This is included in the financial report on page 9.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of the Directors



David Breeze
Managing Director
PERTH,
31 May 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307c OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF MEC RESOURCES LIMITED**

As lead auditor for the review of MEC Resources Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 1st day of June 2022.

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Directors' Declaration

MEC Resources Ltd and its controlled entities

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



David Breeze
Managing Director
PERTH, 31 May 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2021

MEC Resources Ltd and its controlled entities

		Consolidated	
	Note	31 December 2021	31 December 2020 \$
Revenue			
Revenue from ordinary activities	3	-	-
Other losses	3	-	-
Other income	3	-	-
Administration expenses		(120,376)	(134,418)
Consulting and legal expenses	3	(48,910)	(210,367)
Employee Benefits expense		(158,136)	(102,989)
Interest expense		-	-
Insurance expenditure		-	-
Exploration expenditure write off		-	-
Other expenses		(3,426)	(27,803)
Traveling expense		-	-
Loss before income tax		(330,848)	(475,577)
Income tax expense		-	-
Loss from continuing operations		(330,848)	(475,577)
Profit and loss from Discontinued Operations		(330,848)	(475,577)
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		-	-
Loss attributable to non-controlling interest		-	-
Loss attributable to members of the parent entity		(330,848)	(475,577)
Total Comprehensive Loss attributable to non-controlling interest		-	-
Total Comprehensive Loss attributable to parent		(330,848)	(475,577)
Earnings Per Share -			
Basic and Diluted (cents per share)		(0.00)	(0.00)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2021

MEC Resources Ltd and its controlled entities

	Note	Consolidated	
		31 December	30 June
		2021	2021
		\$	\$
Current Assets			
Cash and cash equivalents	4	16,707	130,516
Other current assets		2,164	2,164
Total Current Assets		18,870	132,680
Non-Current Assets			
Financial Assets	9	8,867,418	8,867,418
Property, plant & equipment		1,683	1,983
Total Non-Current Assets		8,869,101	8,869,401
Total Assets		8,887,971	9,002,081
Current Liabilities			
Trade and other payables		1,063,810	847,072
Financial liabilities	10	324,024	872,741
Total Current Liabilities		1,387,834	1,719,813
Total Liabilities		1,387,834	1,719,813
Net Assets		7,500,137	7,282,268
Equity			
Issued capital	5	31,193,095	30,644,378
Option Reserve		442,274	442,274
Accumulated losses		(24,135,232)	(23,804,384)
Total Equity Attributable to Owners		7,500,137	7,282,268
Non-controlling Interest		-	-
Total Equity		7,500,137	7,282,268

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity as at 31 December 2021

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 2020	30,644,378	(22,770,332)	442,273	-	8,316,320	-	8,316,320
Loss attributable to continuing operations	-	(475,577)	-	-	(475,577)	-	(475,577)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(475,577)	-	-	(475,577)	-	(475,577)
Shares issued during the period	-	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-	-
Balance at the half year ended 31 December 2020	30,644,378	(23,245,909)	442,273	-	7,840,743	-	7,840,743
Balance at 1 July 2021	30,644,378	(23,804,383)	442,274	-	7,282,268	-	7,282,268
Loss attributable to members of the consolidated entity	-	(330,848)	-	-	(330,848)	-	(330,848)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	(330,848)	-	-	(330,848)	-	(330,848)
Shares issued during the period	548,717	-	-	-	548,717	-	548,717
Capital raising costs	-	-	-	-	-	-	-
Balance at the half year ended 31 December 2021	31,193,095	(24,135,232)	442,274	-	7,500,137	-	7,500,137

The accompanying notes form part of these financial statements.

**Consolidated Statement of Cash Flows
for the half year ended 31 December 2021**

MEC Resources Ltd and its controlled entities

	Note	Consolidated	
		31 December 2021 \$	31 December 2020 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(103,882)	(247,818)
Research and Development incentives		-	-
Net GST movement		(9,928)	-
Interest received		-	-
Net cash used in operating activities		(113,810)	(247,818)
Cash Flows from Investing Activities			
Payment for PPE		-	-
Repayment of loans to other entities		-	(367)
Loans to other entities		-	-
Deferred exploration costs		-	-
Net cash used in investing activities		-	(367)
Cash Flows from Financing Activities			
Proceeds from share issues		-	-
Net cash used in financing activities		-	-
<i>Net increase/(decrease) in Cash Held</i>		(113,810)	(248,185)
<i>Cash at the Beginning of The Period</i>		130,516	437,880
Cash at The End of The Period	4	16,707	189,925

The accompanying notes form part of these financial statements

1. CORPORATE INFORMATION

The financial report of MEC Resources Ltd (the company) and its controlled entities for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 31 May 2022.

MEC Resources Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half-year financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of MEC Resources Ltd as at 30 June 2021. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

It is also recommended that the half-year financial report be considered together with any public announcements made by MEC Resources Ltd and its controlled entities during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

(b) Significant Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for those as described in note 2(d) below.

(c) Financial Position/Going Concern

The Company has incurred losses for the half year ended 31 December 2021 of \$330,848 and has cash assets of \$16,707 as at 31 December 2021. The company also has a significant working capital deficiency as at 31 December 2021.

Based on the Company's working capital deficiency and cash flow forecast, the Company will require additional funding in the next 12 months to enable to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due is therefore dependent upon:

- the Company's operating cash requirements not exceeding its historical levels;

- The creditors of the Company continuing to support it by not demanding repayment of amounts due to them; and
- the directors being successful in obtaining future funding to meet the Company's objectives and payment obligations as and when they fall due by engaging with parties in raising additional capital or issuing debt in which the Company has demonstrated a history of success in this regard. In this regard the Company is working to complete a placement to raise working capital.

As a result of the above matters, there exists a material uncertainty that casts doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. T

Notwithstanding the above, the Directors are of the opinion that the Company is a going concern and, as a result, the financial report for the half year ended 31 December 2021 does not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(d) Application of New and Revised Accounting Standards

Standards and Interpretations applicable to the 31 December 2021 Interim Period

In the half year ended 31 December 2021, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half year reporting periods beginning on or after 1 July 2021.

As a result of their review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the presented financial statements of the Company. Accordingly, no retrospective adjustments were required as a result of adopting these new accounting standards.

Standards and Interpretations issued but not yet adopted by the Group

The Directors have also reviewed all of the new and revised Standards and Interpretations Issued but not yet adopted that are relevant to the Company and effective for the half year reporting periods beginning on or after 1 January 2021.

None of the above standards are expected to have a significant impact on the Group.

3. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Revenue		
Interest revenue: other entities	-	-
	-	-
Other gains and losses		
Loss on Legal Settlement	-	-
	-	-

Expenses

Consulting and legal expenses

Consulting

Legal

-	66,914
48,910	143,453
48,910	210,367

4. CASH AND CASH EQUIVALENTS

Consolidated

31 December 2021 \$	30 June 2021 \$
------------------------------------	--------------------------------

For the purpose of the half-year condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

Cash at bank and in hand

16,707	130,516
16,707	130,516

5. CONTRIBUTED EQUITY

Consolidated

31 December 2021 \$	30 June 2021 \$
------------------------------------	--------------------------------

Ordinary shares (i)

Equity issued for part settlement Advent Writ/ loan payable to Advent Energy Limited

Less: Capital Raising Costs

30,644,378	30,644,378
548,717	-
-	-
31,193,095	30,644,378

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

Number	\$
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Movement in ordinary shares on issue

As at 1 July 2021

Equity issued for part settlement Advent Writs/loan payable to Advent Energy Limited

Balance as at 31 December 2021

684,454,926	2,737,820
124,708,409	548,717
809,163,335	3,286,537

6. CONTINGENT ASSETS AND LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

7. COMMITMENTS

There were no capital commitments at balance date.

8. EVENTS AFTER THE BALANCE DATE

Following the end of the half year on the 27 & 28 January 2022 the Company attending its Administrative Appeals Tribunal (**AAT**) hearing in relation to its PDF Registration revocation. MEC Resources has submitted final written submissions. A decision on the matter is anticipated by end of June 2022 following a final submissions hearing on the 9th June .

9. FINANCIAL ASSETS

Non-Current

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Loan receivables – Advent Energy Ltd (a)	4,161,135	4,161,135
Investment in Advent Energy Ltd	4,705,917	4,705,917
Loan receivables – Catalyst 1 Pty Ltd	367	367
	8,867,418	8,867,418

(a) This loan is recoverable only by conversion to shares of Advent one month prior to the scheduled commencement date for the drilling of a well within the PEP-11 permit area. The shares are calculated at 80% of 5-day VWAP of Advent Energy Ltd immediately prior to that date or if as at that date Advent shares are not listed on any securities exchange, the price at which ordinary shares in Advent were last issued.

The ability of the Company to recover the book values of the investment in and loans to Advent and its controlled entities is dependent upon the ability of Advent to successfully commercialise and/or sell its core exploration and other assets (which includes an 85% interest in PEP11), thereby realising sufficient value from which the Company can recoup the value of its loans to and investment in Advent, the outcome and timing of which is subject to significant uncertainty. As noted above on 31 March 2022 the National Offshore Petroleum Titles Administrator (NOPTA) that NOPTA has refused the Joint Venture Application initially submitted on 24 December 2019 for a secondary work program variation and a 24-month suspension of the Permit Year 4 Work Program Commitment and the corresponding 24-month extension of the Permit Term. The Joint Venture has statutory legal rights to seek a review of the decision referred to in the notice under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 and is obtaining legal advice on such review process. A decision on a second application is still pending .

10. FINANCIAL LIABILITIES

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Loans payable		
Loan from Advent Energy Limited	872,741	872,741
Repayment by issue of shares in the Company	(548,717)	-
	<hr/>	<hr/>
	324,024	872,741
	<hr/>	<hr/>

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MEC RESOURCES LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of MEC Resources Limited (the company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

In forming our opinion on the half-year financial report, which is not modified, we have considered the adequacy of the disclosure made in Note 2(c) to the financial report concerning the Company's ability to continue as a going concern. The conditions explained in Note 2(c) to the financial report indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. Given the significance of the matters set out in Note 2 (c) we are not able to conclude that the Company will be able to continue to operate as a going concern for at least the next 12 months. The Company's half-year financial report does not include any adjustments that would result if the Company were unable to continue as a going concern.

Material Uncertainty - Carrying Value of Loans Receivable from and Investment in Advent Energy Limited

We draw attention to Note 9 to the half-year financial report and specifically to the loans receivable from Advent Energy Limited amounting to \$4,166,473. We also draw attention to the Investment in Advent Energy Limited of \$4,705,917. The ability of the Company to recover the book values of the investment in and loans to Advent Energy Limited and its controlled entities is largely dependent upon the ability of Advent Energy Limited to successfully commercialise and /or sell its core exploration assets, thereby realising sufficient value from which the Company can recoup the value of its loans and investment in Advent Energy Limited, the outcome and timing of which is subject to significant uncertainty. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MEC RESOURCES LIMITED (CONTINUED)**

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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 provided to the directors as at the time of this auditor's review report.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 1st day of June 2022.

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