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30 October 2020

Update for the Quarter Ending 30 September 2020

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) ("**MEC**" or "the **Company**") is pleased to provide its Appendix 4C (Quarterly Cashflow Report) for the quarter ended 30 September 2020.

Operational Update

MEC has a non-controlling interest in the unlisted energy explorer Advent Energy Ltd ("**Advent**") of 49.3%.

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

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

MEC continues to monitor its investment in Advent noting that up until 22 October 2020 the Company had no representation on the board of Advent at which point Mr Anthony Huston and Mr David Breeze, who are directors of Advent were confirmed as MEC board members.

The Board is discussing a proposed partial in-specie distribution framework of shares it holds in Advent which will be subject to shareholder approval at a general meeting of shareholders. The Company is in consultation with the ASX as it works on preparation of a submission to the ASX which will be followed by a Notice of Meeting. The Company is consulting further with Advent about the in-specie distribution framework to enable it to complete its due diligence and issue a Prospectus.

On 2 October 2020 MEC advised that it has entered into a standstill agreement with both Advent (**Advent**) and Asset Energy Pty Ltd (**Asset**) in relation to writs and demands issued by both Advent and Asset the effect of which is to allow the parties time to negotiate a resolution of the pending claims. MEC is currently in discussion with Advent and expects to be in a position to provide additional information in the near future.

The Company has not considered new investments.

Advent Energy has provided the following information to MEC

Advent Energy

Investee Advent Energy Ltd 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 subject to approvals from NOPTA and other regulatory authorities and financing and has now made application to NOPTA to change the current Permit conditions. The current permit expiry date is in March 2021.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.

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Advent also announced it is proposing with its Joint Venture partner Bounty, to use the drilling program at Baleen to investigate the potential for CCS - Carbon Capture and Storage (geo-sequestration of CO2 emissions) in PEP11. CCS can capture CO2 fossil fuel emissions. Both the International Energy agency and the Intergovernmental Panel on Climate change believe that CCS can play an important role in helping to meet global emission reduction targets. CCS is part of a suit of solutions with the potential to mitigate greenhouse gas emissions and help address climate change. The Sydney Basin is a major contributor to Australia's greenhouse gas emissions and contributes up to 34% of the total national emissions. Independent Government published research has indicated at least 2 TCF (Trillion Cubic Ft) of CO2 storage may be feasible in the offshore Sydney Basin.

Advent subsidiary Onshore Energy ("**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 WA Minister of Resources who responded setting out a course of action in relation to that decision which Onshore is following. Onshore Energy Pty Ltd has lodged an appeal against this decision with the State Administrative Tribunal (SAT).

Corporate Update

On 3 August 2020 Mr Stephen Harrison and Mr Anthony Hamilton joined the board of the Company as non-executive directors and Mr Michael Sandy resigned on the same day.

On 13 August 2020 the Company received a notice to convene a meeting under Section 249D to remove Messrs Mr Andrew Bald, Stephen Harrison and Anthony Hamilton as directors of the Company and appoint Messrs Roderick Corps, Andrew Jones and Andrew Coloretti as directors of the Company. The Section 249D notice was subsequently withdrawn by the requisitioners on 11 September 2020.

On 8 September 2020 the Company received a notice to convene a meeting under Section 203D and 249F to remove Messrs Mr Andrew Bald, Stephen Harrison and Anthony Hamilton as directors of the Company and appoint Messrs Geoffrey Murray, Andrew Jones and David Breeze and Anthony Huston as directors of the Company. As at the date of this annual report this notice remains in force however no meeting has yet been called by the requisitioners.

On 8 September 2020 the Company was serviced with a writ of summons from Advent noting the Company is in the process of obtaining legal advice in respect to the claims made in the writ and to present its position in relation to the claims.

On 23 September 2020 Mr Andrew Jones and Mr Robert Marusco joined the board of the Company as non-executive directors and Mr Bald, Mr Stephen Harrison and Mr Anthony Hamilton resigned on the same day.

On 2 October 2020 the Company announced it entered into a standstill agreement with both Advent Energy Ltd and Asset Energy Pty Ltd in relation to the writs and demands issued by both Advent and Asset the effect of which is to allow the parties to negotiate a resolution of the pending claims. The Company has entered into further active dialogue with Advent and Asset the aim of which is to seek a resolution in the near future.

On 22 October 2020 Mr Anthony Huston and Mr Geoffrey Murray joined the board of the Company as non-executive directors and Mr Robert Marusco resigned on the same day continuing as company secretary. The Company had also ratified the continued director appointment of Mr David Breeze on the MEC board acting in his capacity as managing director.

The Company's shares are currently suspended from the ASX however the Board continues to liaise with the ASX as it works towards the return of its shares to trading status on the ASX.

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

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

This announcement has been approved by the Board of Directors of MEC.

David Breeze
Managing Director
MEC Resources Ltd

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Appendix 4C

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

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Name of entity	
MEC Resources Limited	
ABN	**Quarter ended ("current quarter")**
44 113 900 020	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	-	-
	(f) administration and corporate costs*	(122)	(122)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(122)**	**(122)**

*includes operational expense support for Advent Energy Ltd

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(1)	(1)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(1)**	**(1)**

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

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	438	438
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(122)	(122)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**315**	**315**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	315	438
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**315**	**438**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

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

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(237)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	249
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	249
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	1.05

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

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

Answer:

No. The Company is currently working on a partial in specie to MEC shareholders of its investment in investee company Advent following discussions with the Advent Board and ASX . During this time costs have been minimised and directors have agreed to take their directors fees as to 25% in cash and the remaining 75% as shares subject to shareholder approval.

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

Answer:

The Company anticipates that the work outlined above will take about 4 to 6 weeks subject to various approvals by the ASX to complete. Concurrent will making a market announcement in relation to this restructure the Company anticipates it will also work on a capital raising in the form of a rights issue.

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

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Answer:

Yes. The Company continues to focus on its short-term business objectives which is its investment in investee company Advent. As noted, this requires an approval from the shareholders of the Company and in this regard a Notice of General Meeting will be arranged in the near future subject to approval of such notice by the ASX.

The Company also continues to assess its funding opportunities in the form of a rights issue. However, no decisions have been made about further capital raising pending finalisation of the restructure process other than to raise sufficient working capital as required to relist on ASX .

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 Oct 2020.....

Authorised by: Company Secretary & CFO Robert Marusco
(By the Board – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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