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MEC RESOURCES LTD
ACN 113 900 020

Appendix 4D
Half Year Financial Report
For the half year ended 31 December 2010

Contents

MEC Resources Ltd and its controlled entities

	Page Number
Directors' Report	1
Auditor Independence Declaration	3
Directors' Declaration.....	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Cash Flow Statement.....	8
Notes to the Financial Statements.....	9
Independent Auditor's Review Report	17
Appendix 4D.....	19

Company Information

Directors

H Goh – Non-Executive Chairman
D L Breeze – Executive Director
K O Yap – Non-Executive Director
C T Lim – Non-Executive Director
D Ambrosini – Executive Director

Company Secretary

Deborah Ambrosini

Registered Office

14 View Street
NORTH PERTH WA 6006

Principal Business Address

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NORTH PERTH WA 6006
Telephone: (08) 9328 8400
Facsimile: (08) 9328 8733
Website: www.mecresources.com.au
E-mail: admin@mecresources.com.au

Auditor

Deloitte Touche Tohmatsu
Woodside Plaza
Level 14,
240 St Georges Terrace
PERTH WA 6000

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Australian Stock Exchange Listing

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

Australian Business Number

44 113 900 020

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Directors' Report (continued)

MEC Resources Ltd and its controlled entities

The directors of MEC Resources Ltd ("**MEC Resources**") submit herewith the financial report for the half year ended 31 December 2010. 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:

H Goh
D L Breeze
K O Yap
C T Lim
D Ambrosini

Review of Operations

- Operating loss for the entity after tax for the half-year ended 31 December 2010 was \$2,067,740 (2009: \$361,784).
- MEC Resources successfully completed an Entitlement offer on 13 October 2010 which raised in excess of \$6M. The offer closed oversubscribed.
- MEC Resources made two placements to sophisticated investors during the half year with a total of \$4,775,000 being raised.
- MEC Resources investee Advent Energy Ltd ("**Advent Energy**") commenced its drilling operations of the New Seaclem-1 well in PEP 11 on December 9th. The New Seaclem 1 well was designed to target the Great White and Marlin prospects in the shallow Cainozoic geological sediments in the Offshore Sydney Basin.
- MEC Resources increased its holding in BPH Energy Ltd (formerly BPH Corporate Ltd) ("**BPH**") by sub underwriting BPH's entitlement issue and placement. A total of \$5,700,000 was invested into BPH through these commitments. MEC Resources currently holds 26.85% of BPH and BPH is now an associate of MEC Resources for reporting purposes.
- MEC Resources investee Advent Energy, in conjunction with international corporate advisors Pareto, successfully closed its book build during the year placing a total of 11,920,000 shares at an issue price of A\$1.25 per share. Equity placements under the book build were made to BPH and an Asian based hydrocarbons group.
- On 7 September 2010 MEC Resources sold 3M shares in Advent Energy to BPH at 50c per share. MEC Resources was issued 18.75M ordinary shares in BPH as consideration for this sale.

Subsequent Events

Other than referred in note 10 of these financial accounts there have not been any matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Directors' Report (continued)

MEC Resources Ltd and its controlled entities

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 3.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



D L Breeze
Executive Director
PERTH, 11 February 2011

The Board of Directors
MEC Resources Ltd
14 View Street
NORTH PERTH WA 6006

11 February 2011

Dear Board Members

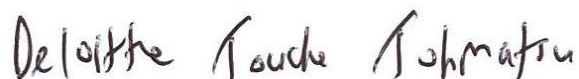
MEC Resources Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MEC Resources Ltd.

As lead audit partner for the half year review of the financial statements of MEC Resources Ltd for the financial period ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants

Directors' Declaration

MEC Resources Ltd and its controlled entities

In accordance with a resolution of the directors of MEC Resources Ltd, I state that:

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity, as set out on pages 5 to 16 are in accordance with the Corporations Act 2001:
 - a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



D L Breeze
Executive Director
PERTH, 11 February 2011

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

		Consolidated	
	Note	31 December 2010 \$	31 December 2009 \$
Revenue			
Revenue from ordinary activities	4	385,605	39,586
Other (losses)/gains	4	(1,483,442)	808,699
Administration expenses		(281,824)	(176,571)
Consulting and legal expenses		(806,313)	(402,362)
Management services expense		(173,520)	(173,520)
Employee Benefits expense		(735,589)	(279,607)
Share of gains and losses in associate		(201,809)	-
Interest expense		(100,786)	-
Insurance expenditure		(25,261)	(15,460)
Other expenses		(206,207)	(169,389)
Traveling expense		(228,912)	(48,242)
Loss before income tax		(3,858,058)	(416,866)
Income tax expense		-	-
Loss from continuing operations		(3,858,058)	(416,866)
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		(3,858,058)	(416,866)
Loss attributable to non-controlling interest		(1,790,318)	(55,082)
Loss attributable to members of the parent entity		(2,067,740)	(361,784)
Total Comprehensive Income attributable to non-controlling interest		(1,790,318)	(55,082)
Total Comprehensive Income attributable to parent		(2,067,740)	(361,784)
Earnings Per Share -			
Basic and Diluted (cents per share)		(1.16)	(0.31)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

as at 31 December 2010

MEC Resources Ltd and its controlled entities

	Note	Consolidated	
		31 December	30 June
		2010	2010
		\$	\$
Current Assets			
Cash and cash equivalents	5	14,617,490	17,360,848
Trade receivables		1,759,431	406,618
Financial assets	11	40,698	1,241,199
Other current assets		9,691,578	903,106
Total Current Assets		26,109,197	19,911,771
Non-Current Assets			
Other non-current assets		22,673	22,673
Evaluation and exploration costs	12	26,176,751	5,209,226
Investments in associates	9	9,514,956	-
Financial Assets	11	433,762	2,158,475
Property, plant & equipment		5,313	5,163
Total Non-Current Assets		36,153,455	7,395,537
Total Assets		62,262,652	27,307,308
Current Liabilities			
Trade and other payables		10,060,692	2,924,245
Financial Liabilities		2,069,310	369,086
Short-term provisions		108,413	102,298
Total Current Liabilities		12,238,415	3,395,629
Total Liabilities		12,238,415	3,395,629
Net Assets		50,024,237	23,911,679
Equity			
Issued Capital	6	24,920,661	11,808,203
Reserve		751,265	293,107
Accumulated losses		(9,650,731)	(7,582,991)
Non Controlling Interests		34,003,042	19,393,360
Total Equity		50,024,237	23,911,679

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

Consolidated	Ordinary Share Capital \$	Accumulated losses \$	Options \$	Total attributable to owners \$	Non- Controlling Interest \$	Total Equity \$
Balance at 1 July 2009	8,412,535	(4,677,981)	219,953	3,954,507	186,423	4,140,930
Loss attributable to members of the consolidated entity	-	(361,784)	-	(361,784)	(55,082)	(416,866)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income		(361,784)		(361,784)	(55,082)	(416,866)
Shares issued during the financial period	2,708,000	-	-	2,708,000	77,623	2,785,623
Options exercised during the financial period	345,379	-	-	345,379	-	345,379
Options issued during the financial period	-	-	42,357	42,357	-	42,357
Balance at the half year ended 31 December 2010	11,465,914	(5,039,765)	262,310	6,688,459	209,024	6,897,423
Balance at 1 July 2010	11,808,203	(7,582,991)	293,107	4,518,319	19,393,360	23,911,679
Loss attributable to members of the consolidated entity	-	(2,067,740)	-	(2,067,740)	(1,790,318)	(3,858,058)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	(2,067,740)	-	(2,067,740)	(1,790,318)	(3,858,058)
Shares issued during the financial period	10,984,715	-	-	10,984,715	16,400,000	27,384,715
Options exercised during the financial period	2,434,743	-	-	2,434,743	-	2,434,743
Options issued during the financial period	-	-	458,158	458,158	-	458,158
Capital raising costs incurred	(307,000)	-	-	(307,000)	-	(307,000)
Balance at the half year ended 31 December 2010	24,920,661	(9,650,731)	751,265	16,021,195	34,003,042	50,024,237

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

	Note	Consolidated	
		31 December 2010 \$	31 December 2009 \$
<i>Cash Flows From Operating Activities</i>			
Receipts from customers		423,600	-
Payments to suppliers and employees		(524,646)	(1,187,323)
Interest received		258,496	39,586
Net cash used in operating activities		157,450	(1,147,737)
<i>Cash Flows From Investing Activities</i>			
Payment for Property, Plant and Equipment		(1,628)	-
Amounts loaned from/(to) other entities		3,995,279	(58,012)
Payment for investments		(6,632,135)	(1,895,522)
Deferred exploration costs		(25,861,418)	-
Net cash used in investing activities		(28,499,902)	(1,953,534)
<i>Cash Flows From Financing Activities</i>			
Proceeds from share issue		25,599,094	3,071,002
Net cash provided by financing activities		25,599,094	3,071,002
<i>Net increase (decrease) in Cash Held</i>		(2,743,358)	(30,269)
<i>Cash At the Beginning Of The Period</i>		17,360,848	1,480,629
<i>Cash At The End Of The Period</i>	5	14,617,490	1,450,360

The accompanying notes form part of these financial statements

Notes to the Financial Statements

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

1. CORPORATE INFORMATION

The financial report of MEC Resources Ltd (the company) and its controlled entities for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 11 February 2011.

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

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 2010.

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 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year consolidated financial statements are 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.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010, except for the impact of the standards interpretations below in Note 2(c). The accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

Notes to the Financial Statements

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

(c) New Standards and Interpretations

(a) Changes in Accounting Policies and Disclosures

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period.

Significant new and revised standards and interpretations effective for the current financial reporting period that are relevant to the consolidated entity are:

- AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process;
- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions AASB 2.
- AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project:
- Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments.

(b) Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the half year ending 31 December 2010. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the consolidated entity.

(d) Investment in Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The equity method of accounting recognises the group's share of post-acquisition reserves of its associates.

The group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Dividends receivable from associates are recognised in the parent entity's profit or loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Financial Statements

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Any gain or loss encountered upon revaluation an associate is taken to equity.

3. SEGMENT INFORMATION

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the chief executive officer and his management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on their investment in exploration companies. Discrete financial information about each of these operating segments is reported to the chief executive officer and his management team on at least a monthly basis. Currently, management's focus is on the exploration program of Advent Energy project PEP 11.

The Group operates predominantly in one industry, namely investments in the mining and resources. These activities are predominantly in Australia.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments are the same as those contained in note one to the accounts and in the prior period.

4. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2010 \$	31 December 2009 \$
<i>Revenue</i>		
Consulting Fees	127,109	-
Interest revenue : other entities	258,496	39,586
<i>Total revenue</i>	385,605	39,586

Notes to the Financial Statements

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

	Consolidated	
	31 December 2010 \$	31 December 2009 \$
<i>Other gains and losses</i>		
Unrealised (losses)/gains on financial investments	(140,083)	808,699
Net Fair Value Gains on Foreign currency derivative	(1,343,359)	-
	<u>(1,483,442)</u>	<u>808,699</u>

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2010 \$	31 December 2009 \$
For the purpose of the half-year condensed consolidated cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	14,617,490	1,450,360
	<u>14,617,490</u>	<u>1,450,360</u>

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2010 \$	30 June 2010 \$
Ordinary shares (i)	25,960,810	12,541,352
Less :Capital Raising Costs	(1,040,149)	(733,149)
	<u>24,920,661</u>	<u>11,808,203</u>

Notes to the Financial Statements

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

(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 2010	118,149,377	11,808,203
Issued 14 October 2010 as part of MEC Resources Ltd entitlements issue	12,035,762	6,017,881
Placement to sophisticated investor on 8 October 2010	500,000	275,000
Payment of consultancy services	488,491	191,833
Placement to sophisticated investor on 15 September 2010	12,857,143	4,500,000
Conversion of options	11,767,377	2,434,744
Capital raising costs incurred	-	(307,000)
Balance as at 31 December 2010	155,798,150	24,920,661

7. Contingent Liabilities

Advent Energy has entered into a secured loan agreement with MEC Resources in November 2010. The principal amount of the loan is \$1 million, with further advances of up to an additional \$3 million payable at the MEC Resources' discretion. The Loan is secured by a fixed and floating charge over Advent Energy's present and future undertakings, assets and rights.

Advent Energy has entered into a secured loan agreement with BPH in July 2010. The principal amount of the loan is \$1 million, with further advances of up to an additional \$3 million payable at the BPH's discretion. The Loan is secured by a fixed and floating charge over Advent Energy's present and future undertakings, assets and rights. An amount of \$1.6 million has been drawn down at statement of financial position date.

8. 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	
	31 December 2010 \$	30 June 2010 \$
Work Program Commitments - Exploration permits		
Payable:		
Within one year	1,900,000	29,250,000
Greater than one year less than five years	-	900,000
Total	1,900,000	30,150,000

Notes to the Financial Statements

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

The EP 386 permit work commitment term concluded in April 2010. The permit is currently the subject of a renewal application by Advent Energy to the Department of Mines and Petroleum for a renewed term.

9. Investments accounted for using the equity method	31 Dec 2010 \$	30 June 2010 \$
Shares in Associates	9,514,956	-

(a) Shares in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Name of Entity	Country of Incorporation	Ownership Interest %	
		31 Dec 10	30 Jun 10
BPH Energy Ltd	Australia	26.85%	11.26%

MEC Resources increased its holding in BPH Energy Ltd (formerly BPH Corporate Ltd) by sub underwriting BPH's entitlement issue and placement. A total of \$5,700,000 was invested into BPH through these commitments. MEC Resources currently holds 26.85% of BPH and BPH is now an associate of MEC Resources for reporting purposes.

(b) Summarised financial information of associates

The results of its associates aggregated assets (including goodwill) and liabilities, including the group's share of net assets and net loss for the period are as follows:

	Ownership interest %	Total:			Groups Share of		
		Assets	Liabilities	Profits/Losses	Revenues	Net Assets	Net Loss for the Period since becoming an associate
31 December 2010							
BPH Energy Ltd	26.85	57,686,108	943,346	(809,220)	196,980	15,235,432	(201,809)
		57,686,108	943,346	(809,220)	196,980	15,235,432	(201,809)

10. Events after the Balance Date

MEC Resources investee company Advent Energy completed the drilling operations of New Seaclem 1 in early January 2011. Whilst no hydrocarbons were encountered at prognosed target horizons reservoir quality sandstones of considerable thickness were observed. Invaluable information was obtained from the drilling that will allow Advent to further assess the numerous prospects and leads within PEP 11. The outcome of the drilling operations are not considered to be by management, impairment triggers of capitalised exploration costs on the statement of financial position.

Notes to the Financial Statements

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

	Consolidated	
	31 December 2010 \$	30 June 2010 \$
11. Financial Assets		
Current		
Derivative financial instruments - forward exchange contracts (a)	-	1,116,346
Loan receivable	40,698	124,853
Total	40,698	1,241,199
Non current		
Fair Value through Profit and Loss Financial Assets		
Investment in Central Petroleum Ltd	363,851	503,934
Investment in BPH Energy Ltd	-	1,584,630
Available for sale financial assets		
Investment in Molecular Discovery Systems Ltd	69,911	69,911
	433,762	2,158,475
Forward exchange contracts - held for trading		

The group has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

	Consolidated	
	31 December 2010 \$	30 June 2010 \$
12. Capitalised Exploration Costs		
Exploration expenditure capitalised		
Exploration and evaluation phases	26,176,751	5,209,226
	26,176,751	5,209,226

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Notes to the Financial Statements

for the half year ended 31 December 2010

MEC Resources Ltd and its controlled entities

	Consolidated	
	31 December 2010 \$	30 June 2010 \$
Reconciliation of movement during the year		
Opening balance at 1 July	5,209,226	2,617,507
Capitalised expenditure – EP 325	2,075	8,383
Capitalised expenditure – PEP 11	20,965,450	2,583,336
Capitalised expenditure written off	-	-
Balance at 30 June	26,176,751	5,209,226

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of natural gas.

13. Related Party Disclosures

BPH Energy Ltd is now a related party, since becoming an associate of MEC Resources during the period.

A loan payable exists between MEC Resources and BPH of \$2,449 (2009:\$2,408). This amount is unsecured, non interest bearing and repayable on demand.

A loan payable exists between Advent Energy and BPH of \$1,742,453 (2009:\$nil) The loan is secured by a fixed and floating charge over Advent Energy's present and future undertakings, assets and rights.

In December 2010, BPH converted \$2,400,000 of its loan receivable from Advent Energy into ordinary shares of Advent Energy.

Independent Auditor's Review Report to the Members of MEC Resources Ltd

We have reviewed the accompanying half-year financial report of MEC Resources Ltd, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 16.

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 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.

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 Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of MEC Resources Ltd, 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 other 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.

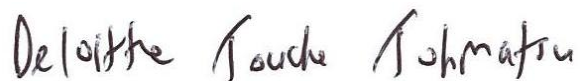
Auditor's Independence Declaration

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 MEC Resources Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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 MEC Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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*.


DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants
Perth, 11 February 2011

Appendix 4D
Half year report

MEC Resources Limited	ACN 113 900 020
Half Year ended 31 December 2010	
(corresponding period half year ended 31 December 2009)	

Results for announcement to the market

\$A'000

Revenues from ordinary activities	Up	874%	to	385
(Loss) from ordinary activities after tax attributable to members	Up	472%	to	(2,067)
Net (loss) for the period attributable to members	Up	472%	to	(2,067)
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend		Nil		Nil
Interim dividend				
Previous corresponding period		N/A		N/A

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	(536.88)%	(1.053)%
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	(8.29)%	(3.13)%

	Current period	Previous corresponding Period
NTA Backing		
Net tangible asset backing per ordinary security	32.1 cps	5.8 cps