



4 May 2018

Companies Announcements Office  
ASX Limited  
10<sup>th</sup> Floor, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam,

### **PEP11 FARMIN AGREEMENT SIGNED**

MEC Resources Ltd (ASX: MMR) (“**the Company**” or “**MEC**”) is pleased to advise that, further to announcements on 5 December 2017 and 19 February 2018, a conditional farmin agreement to Petroleum Exploration Permit 11 (“**PEP11**”) has been signed by Asset Energy Pty Ltd and RL Energy Pty Ltd (“**RL Energy**”).

Asset Energy Pty Ltd (“**Asset Energy**”) is a wholly owned subsidiary of MEC investee Advent Energy Ltd, and presently holds 85% of PEP11 and is Operator of that title.

The conditional agreement between Asset Energy and RL Energy provides for RL Energy to acquire 3D seismic data to meet the future 500km<sup>2</sup> PEP11 permit work commitment (inclusive of acquisition, processing and interpretation), by carrying Asset Energy’s participating interest share of these costs up to a capped amount of \$4 million. PEP11 Joint Venture partner Bounty Oil and Gas NL (**ASX:BUY**)(holding 15% of PEP 11) has indicated its support for the farmin agreement and for it to be to the benefit of the Joint Venture and the progressive exploration of PEP11.

The agreement replaces the binding term sheet previously in place between the parties. Key terms of the agreement include, but are not limited to:

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

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

- Regulatory approval of the agreement.
- Asset Energy confirming that its ultimate parent entity (MEC) has sought and received shareholder approval to the transaction – as previously announced on 19 February 2018. The ASX has used their discretion to determine that RL Energy is a person to whom Listing Rule 10.1 will apply. Accordingly, the Company is required to now comply with Listing Rules 10.7 and 10.10. The Company will seek shareholder approval and an independent expert report will be included in the notice of meeting to be provided to shareholders, at the earliest opportunity.

**MEC Resources Ltd**

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Commenting on the farmin agreement, Advent Energy Ltd Chairman Mr Goh Hock said:

*"This is an excellent outcome for Advent and the east coast gas market in what is a very challenging period for oil and gas exploration in Australia and the world. This provides confidence to Advent's shareholders that the necessary works to sufficiently de-risk the PEP11 prospects to justify further investment in an exploration drilling program of one or more wells can be achieved in as short a time as possible. This will also result in considerably less cost exposure to Advent Energy or its shareholders. This may all be achieved whilst retaining a material interest in this highly prospective asset."*

Greg Channon, the Chairman of RL Energy commented:

*"We are looking forward to working with Advent Energy on the upcoming 3D seismic program. The proposed seismic program will be a giant step forward in understanding the prospectivity of the permit and aims to bring state of the art technology to de-risk one of Australia's last unexplored sedimentary basins that is close to East Coast gas infrastructure and markets."*

**About RL Energy Pty Ltd:**

RL Energy Pty Ltd is a privately owned Australian based exploration company backed by industry professionals. Its leadership team has extensive experience, knowledge and expertise in the Australian oil and gas exploration and production industry. RL has demonstrated that it has the financial and technical capability to undertake what will be a phased work program in PEP11, commencing almost immediately with a detailed environmental approval process followed by the proposed 3D seismic survey. RL Energy is chaired by Mr Greg Channon, who was formally CEO of Pathfinder Energy and prior to that was the Upstream CEO of Brightoil Petroleum (Holdings) Limited based in Hong Kong. Mr Channon is a geologist by training, with over 30 years of experience in the oil and gas industry. He has recently been joined on the Board of RL Energy by Mr Dougal Ferguson. Mr Ferguson has over 24 years of experience in senior management positions in listed upstream oil and gas for both domestic and international companies. Mr Ferguson is currently Managing Director of Elixir Petroleum Limited and spent seven years in London with Premier Oil plc and Hess Corporation. He has gained broad commercial and technical experience working in business development and commercial roles in small to medium exploration and production companies..

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Goh Hock', with a long horizontal flourish extending to the right.

Goh Hock  
Chairman

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