



9 April 2019

Dear Option Holder,

I write to you in your capacity as the registered holder (**Optionholder**) of options (**Options**) in MEC Resources Limited (ASX:MMR) (**Company** or **MEC Resources**) with a registered address within Australia or New Zealand.

On 9 April 2019, the Company announced a pro-rata non-renounceable rights issue of up to 341,868,046 new fully paid ordinary shares in the Company (**Rights Issue**) under which its shareholders whose registered addresses are in Australia and New Zealand (**Eligible Shareholders**) will be offered one (1) fully paid ordinary share in the Company (**New Share**) for every one (1) fully paid ordinary share in the Company held at 5:00pm AEST on Friday 12 April 2019 (**Record Date**). The New Shares will be issued at an issue price of \$0.005 per New Share, with any fractional entitlements being rounded down. The Rights Issue will raise up to \$1.7 million before costs.

The Rights Issue is being undertaken in accordance with section 713 of the Corporations Act, meaning that the Company has issued a prospectus (**Prospectus**) for the purposes of making the offer of New Shares under the Rights Issue. The Prospectus has been lodged with the ASX and is available on the on the Company's ASX platform at the ASX website (www.asx.com.au) and on the Company's website (<https://www.mecresources.com.au/announcements/>). Further information regarding the Rights Issue is set out in the Schedule to this letter and the Prospectus released to ASX on 9 April 2019.

Optionholder Eligibility

Under the terms and conditions of the Options that you currently hold, there is no entitlement to participate in the Rights Issue (with respect to any Shares that underlie your Options) unless you first exercise those Options. In order to be entitled to participate in the Rights Issue in respect of a Share which underlies an Option held by you, you must complete the exercise of that Option before the Record Date.

If you wish to exercise some or all of your Options and they are eligible to be exercised on their terms, you should complete a notice of exercise of options (available from the Company) and lodge that notice with the Company together with your payment of the exercise price for the number of Options you wish to exercise. The notice of exercise of options can be sent to:

MEC Resources Ltd
PO Box 882
West Perth WA 6872

If some or all of your Options are exercised before the Record Date, the Shares issued upon exercise of those Options will be included in your shareholding as at the Record Date for the purposes of the Rights Issue. Subject to you being an eligible Shareholder (discussed below), your holding of Shares at the Record Date determines the extent of your entitlement to participate in the Rights Issue.

Eligibility

The persons eligible to participate in the Rights Issue are those persons who:

- (a) are registered as a holder of shares in the Company as at the Record Date; and
- (b) have a registered address in Australia or New Zealand (together the **Eligible Countries**).

The Rights Issue is not being extended to any Shareholder whose registered address is outside of one of the Eligible Countries. Shareholders not satisfying the above criteria will not be eligible to participate in the Rights Issue.

Applications

Further details of the Rights Issue can be found in the Prospectus and announcement of the Rights Issue that were lodged with the ASX on 9 April 2019. Eligible Shareholders must complete the entitlement and acceptance form in order to take

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up their entitlement and to apply for any Shortfall shares. Entitlement and acceptance forms must be properly completed and received by the Company no later than 5:00pm AEST on Friday 3 May 2019 in order to be issued New Shares and any Shortfall shares.

Indicative Timetable for Rights Issue

Event	Date
Lodgement of Prospectus with ASIC, lodgement of Prospectus and Appendix 3B with ASX and dispatch of letter to Optionholders	9 April 2019
Dispatch of letter to Shareholders	10 April 2019
Existing Shares quoted on "ex" basis	11 April 2019
Record date to determine entitlements under the Prospectus (Record Date)	12 April 2019
Prospectus and Entitlement and Acceptance Form dispatched to eligible shareholders (Opening Date)	17 April 2019
Final date and time for receipt of acceptance and payment in full (Closing Date)	5:00PM (AEST) on 3 May 2019*
New Shares quoted on a deferred settlement basis	6 May 2019*
Company to notify ASX of under subscriptions	6 May 2019*
Allotment of New Shares (Issue Date)	7 May 2019*
Deferred settlement trading ends	7 May 2019*
Dispatch of transaction confirmation statements (holding statements)	7 May 2019*
Date of quotation of New Shares issued under the Offer	8 May 2019*

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such, the date the New Shares are expected to commence trading on ASX may vary.

Enquiries

This letter is to inform you of the Rights Issue. You are not required to do anything in respect of this letter. If you have any questions, please contact me, Ms Deborah Ambrosini, on +618 9245 6187.

Yours faithfully

Mr Michael Sandy
Chairman

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SCHEDULE

Particulars of the Offer

Type of Offer	Non-renounceable rights issue. This means that the entitlements to participate are not transferable and, therefore, cannot be traded on the ASX or any other exchange or transferred privately. Eligible Shareholders who do not take up their entitlements under the Rights Issue in full or in part, will not receive any value in respect of those entitlements that they do not take up.
Issue Ratio	1 New Share for every 1 share held in the Company.
Issue Price	\$0.005 per New Share.
Fractional Entitlement	Where the determination of an Eligible Shareholder's entitlement results in a fraction of a New Share, such a fraction shall be rounded down to the nearest whole New Share.
Eligible Shareholders	Shareholders who have a registered address in Australia and New Zealand on the Record Date may apply for New Shares under the Rights Issue. Shareholders who have a registered address outside Australia and New Zealand (Ineligible Shareholders) may not subscribe for New Shares under the Rights Issue. At the date of this letter, the Company's Ineligible Shareholders reside in the following countries: USA, Singapore, Canada, India, Great Britain, France, Hong Kong, Indonesia, Oman. Holdings held on different registers (or sub registers) will not be aggregated for the purpose of calculating entitlements.
Shortfall Facility	Eligible Shareholders who wish to take up their entitlement under the Rights Issue in full may also apply for additional New Shares in excess of their pro-rata entitlement (Shortfall). To participate in the Shortfall, Eligible Shareholders must apply for Shortfall shares at the same time as they apply for their entitlement under the Rights Issue and will be subject to the terms and conditions outlined in the Prospectus. The Board reserves the right to allot and issue New Shares under the Shortfall in its absolute discretion.
Terms of New Shares	The New Shares will rank equally with all other fully paid ordinary shares of the Company, including in respect of dividends, from the date of the allotment.
New Shares to be issued	Approximately 341,868,046* * Assuming no options to acquire shares are exercised prior to the Record Date
Shares on issue following completion of the Rights Issue (assuming 100% of the New Shares are issued)	Approximately 683,736,092* * Assuming no options to acquire shares are exercised prior to the Record Date
Underwriter and broker to the Rights Issue	The Rights Issue is not underwritten, nor has a broker been appointed to manage the Rights Issue.

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