



12th August 2019

Australian Securities Exchange
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

via e-lodgement

Dear Sir/Madam

SETTLEMENT OF LEGAL MATTERS

The Board of MEC Resources advises that it has reached a settlement of the various legal disputes between MEC Resources and BPH Energy Limited, Grandbridge Limited, Trandcorp Pty Ltd and David Breeze.

The terms of settlement are recorded in a deed of settlement, to which MEC's 53%-owned subsidiary Advent Energy Pty Ltd is also a party.

The directors of MEC Resources have agreed to the settlement to resolve the continual disputes which have impeded the progress of both MEC Resources and Advent Energy over the period since November 2016, and the resultant series of expensive and value-destructive legal actions. As a result of the settlement, both companies should now be free to pursue commercial activities intended to generate value for shareholders.

Material terms of the settlement are:

- All legal actions between the various parties to the settlement are discontinued.
- Changes in the Board of Advent Energy: Matthew Battrick and Tobias Foster to resign, Board of Advent Energy going forward to consist of Stephen Kelemen, David Breeze, Steve James, Tony Huston and Tom Fontaine.
- Two-year standstill on action by MEC Resources to interfere with the Board composition or management of Advent Energy.
- One-year standstill on disposal of the shares in Advent Energy held by MEC Resources, except by in-specie distribution to shareholders of MEC Resources. MEC Resources to propose and support in-specie distribution of its shareholding in Advent Energy to MEC Resources shareholders (subject to approval by MEC Resources shareholders, ASX and ASIC) if requested by Advent Energy.
- Loan of \$3.6 million owed by Advent Energy to MEC Resources to be placed on limited-recourse basis – recoverable only by conversion to shares of Advent Energy one month prior to commencement of drilling of a well within the PEP-11 permit area, at 80% of 5-day VWAP.

Investor Enquiries

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