



Australian Government

Takeovers Panel

MEDIA RELEASE

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MEC Resources Limited 02 - Panel Declines to Make Declaration

The Panel has declined to make a declaration of unacceptable circumstances in response to an application dated 21 November 2019 from the trustee of the Anstey Super Fund and other MEC Resources Limited shareholders (the **Applicants**) in relation to the affairs of MEC Resources.

On 9 April 2019, MEC Resources announced a 1 for 1 pro-rata non-renounceable rights offer at \$0.005 per share to raise up to \$1,709,340 (**Rights Offer**). There was a significant shortfall under the Rights Offer, with a limited take up of rights and shortfall shares by shareholders.

The Panel considered (among other things) that there was insufficient material to establish a control effect in relation to the Rights Offer. However the Panel was concerned about aspects of MEC Resource's fundraising and has decided to refer the matter to ASIC under ASIC Regulation 18 for ASIC to make such inquiries as it considers fit and to consider whether to make a further application to the Panel. These concerns included:

- the transparency of the Rights Offer and subsequent fundraising, with potential inconsistencies in some of the details regarding MEC's need for funds, use of funds, future capital requirements and future direction
- the transparency regarding the placement of shortfall shares following the Rights Offer, and the basis for allocation decisions regarding the placement, including the apparent relationship of placees to the placement agent
- the apparent failings of recipients of shortfall shares to lodge substantial shareholder notices
- the difficulty experienced by at least one of the applicants obtaining a copy of MEC Resources' register of members and
- some curiosities in some of the statements made to potential placees that remain unexplained and the nature of the relationship of the placement agent to the company and to the placees which is of potential concern.

The Panel considered that it is not against the public interest to decline to make a declaration of unacceptable circumstances.

On the basis of the above, the Panel decided not to make a declaration of unacceptable circumstances.

The sitting Panel was Chelsey Drake (sitting President), Marissa Freund and Philippa Stone. The Panel will publish its reasons for the decision in due course on its website www.takeovers.gov.au.

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