

11 December 2020

ADVENT & ASSET WRITS - SETTLEMENT

The Directors of MEC Resources Limited (**MEC** or the **Company**) (ASX: MMR) advise that it has entered into a settlement agreement with both Advent Energy Pty Ltd (**Advent**) and Asset Energy Pty Ltd (**Asset**) in relation to writs and demands issued by both Advent and Asset.

On the 2 October 2020, the Company had announced entering into a Standstill Agreement the effect of which was to allow the parties time to negotiate a resolution of the pending claims.^{1 2 3 4} Following legal and audit consultation by MEC directors Douglas Verley and Andrew Jones and further negotiations with Advent and Asset a resolution and settlement has been reached.

Key points to note are as follows;

- MEC holds a 48.2% interest in its investee company Advent, which is owed a total of \$242,155 by MEC. Further, Advent owns 100% of Asset which is owed a total \$593,343 plus interest and costs of \$36,790 by MEC giving a total of \$872,288 arising for outstanding loans owing (together known as the **Advent Debt**).
- Following advice from its legal advisor and the Company auditors MEC has acknowledged the Advent Debt.
- MEC, and Advent and Asset have agreed a debt for equity conversion for the Advent Debt pursuant to which the total \$872,288 of the Advent Debt will convert to equity in the Company, subject to Shareholder approval (**Advent Debt Conversion**).
- Under the Advent Debt Conversion, the Company has agreed (subject to Shareholder approval) to issue 198,237,045 Shares at a deemed issue price of \$0.0044 per Share to Advent to settle \$872,288 of the Advent Debt as a full and final settlement in the following manner;
 - by issue of 124,708,409 Shares (subject to Shareholder approval) at a deemed issue price of \$0.0044 per Share to clear \$511,972 plus interest and costs of \$36,790 of the Advent Debt; and
 - by allowing Advent to participate in a future rights issue to the extent of 73,528,636 Shares (subject to Shareholder approval) at a deemed issue price of \$0.0044 per Share to settle the remaining balance of the Advent Debt being \$323,526.

¹ ASX release 25 June 2020 – MEC disputes claims by Advent and Asset

² ASX release 27 August 2020 – MEC receives writ of summons

³ ASX release 8 September 2020 – MEC receives writ of summons

⁴ ASX release 2 October 2020 – Advent & Asset Writs - Standstill

- The Advent Debt Conversion allows the Company to improve its balance sheet position and pay down \$872,288 in outstanding debt which it would otherwise need to pay in cash.

The Company is currently in discussions with the ASX and concurrently working on a notice of meeting which is intended to be combined with the Company's AGM. The Company will release the notice of meeting once its approved by the ASX.

This announcement has been approved by the Board of Directors of MEC.

Doug Verley
Director
MEC Resources Ltd