



11 January 2017

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

via e-lodgement

Dear Sir/Madam

ADVENT ENERGY – PEP11 STRATEGIC REVIEW

The Board of MEC Resources Limited (“MEC”) is pleased to provide an update on the forward work program of its investee - Advent Energy Limited (“Advent”) - in relation to Advent’s principal offshore exploration permit, PEP11, offshore Sydney Basin.

Advent’s two core prospects in PEP11 have previously been calculated via external assessment to have the potential for un-risked (P50) prospective gas resources of **472** and **2,131 billion cubic feet** (“BCF”) respectively, with multi-trillion cubic feet upside (“multi-TCF”, Pmean). This resource assessment was originally comprised within the independent expert report disclosed to the ASX on 22 December 2010, and has not materially changed since that date.

As noted in MEC’s 2016 Annual Report, Advent believes there will be a gas supply shortage from approximately 2019 that could potentially be met by the commercial discovery of conventional gas in the offshore Sydney Basin. The exploration potential of PEP11 is ideally located to meet that demand if a future exploration drilling program is successful. Furthermore, offshore exploration for ‘conventional’ gas resources is likely to be received more favourably by other stakeholder groups in New South Wales (“NSW”) compared with onshore ‘unconventional’ exploration in that state.

Advent is planning and preparing for a small scale seismic operation to meet its current work program commitment. In addition, Advent management believe the best chance of de-risking the key prospects is to acquire a state-of-the-art 3 dimensional (“3D”) seismic survey across the prospective trend. Advent is therefore looking to bring forward the acquisition of a suitable 3D seismic survey to deliver a ‘drill-ready’ prospect as quickly as possible. This fast-tracking of future work commitments will be subject to regulatory support and approval, stakeholder approval and available resources. **This proposed activity is supported by the MEC Board and confirms commitment toward future exploration success in the PEP11 asset.**

The strategic review of Advent’s assets has clarified that Advent’s key to successfully meeting petroleum title commitments lies in its ability to secure appropriate financial and technical resources. Achieving these goals will be the responsibility of a new leadership team in Advent. We expect this team will be capable of professionally and efficiently securing new partnerships in both the corporate and operational sense to optimally increase asset value for the company and shareholders in an expedited time frame. We expect this will include the delivery of the 3D seismic survey in a timely manner. Offshore petroleum exploration presents a significant risk-reward spectrum, typically not undertaken by junior explorers in an operator capacity due to the considerable resources required to effectively explore for commercial hydrocarbon accumulations in this environment.

The successful acquisition and interpretation of this planned 3D seismic survey will likely lead to the drilling of the best prospect. The potential for the discovery of a substantial gas resource adjacent to Australia’s

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largest domestic gas market is an exciting opportunity for Advent and MEC shareholders. The Board will provide further updates as appropriate milestones are met, after engaging with regulatory authorities, joint venture partners and potential, appropriately qualified investment partners.

Yours faithfully



Mr Goh Hock
Chairman

Notes:

The geological information provided in this announcement has been approved by Mr Heng Yu, a qualified and highly competent geologist with over 30 years' experience in the Oil and Gas Industry. Mr Yu was formerly a Director within the Reservoir Development Services (RDS) China for Baker Hughes, and a Technical Director for Schlumberger-China Joint Venture. He has also previously held senior positions for PetroChina Xinjiang Oilfield Company, one of the largest oil companies in the world. Mr Heng Yu has advanced skills in Geology Fundamentals, Modelling, Reserves Calculation, Correlation and Analysis. His strengths lie in Borehole image processing and interpretation, multiwall correlation and interpretation, as well as integrated reservoir analysis.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. All resource and reserve statements have been previously published by the companies concerned unless otherwise stated. Summary data has been used. Please refer to relevant ASX releases for details and attribution. Unless otherwise stated, all resource and reserve reporting complies with the relevant standards. Resources quoted in this release equal 100% of the resource and may not represent MEC's investee's equity share.

About MEC Resources

ASX listed MEC Resources (ASX: MMR) invests into early stage companies targeting potentially large energy and mineral resources. The Company has been registered by the Australian Federal Government as a Pooled Development Fund enabling most shareholders to receive tax free capital gains on their shares and tax free dividends.

About Advent Energy

Advent Energy Ltd is a public unlisted oil and gas exploration consolidated group company of MEC Resources (ASX: MMR). Advent holds a strong portfolio of petroleum assets spanning highly prospective acreage onshore and offshore Australia in proven petroleum basins.

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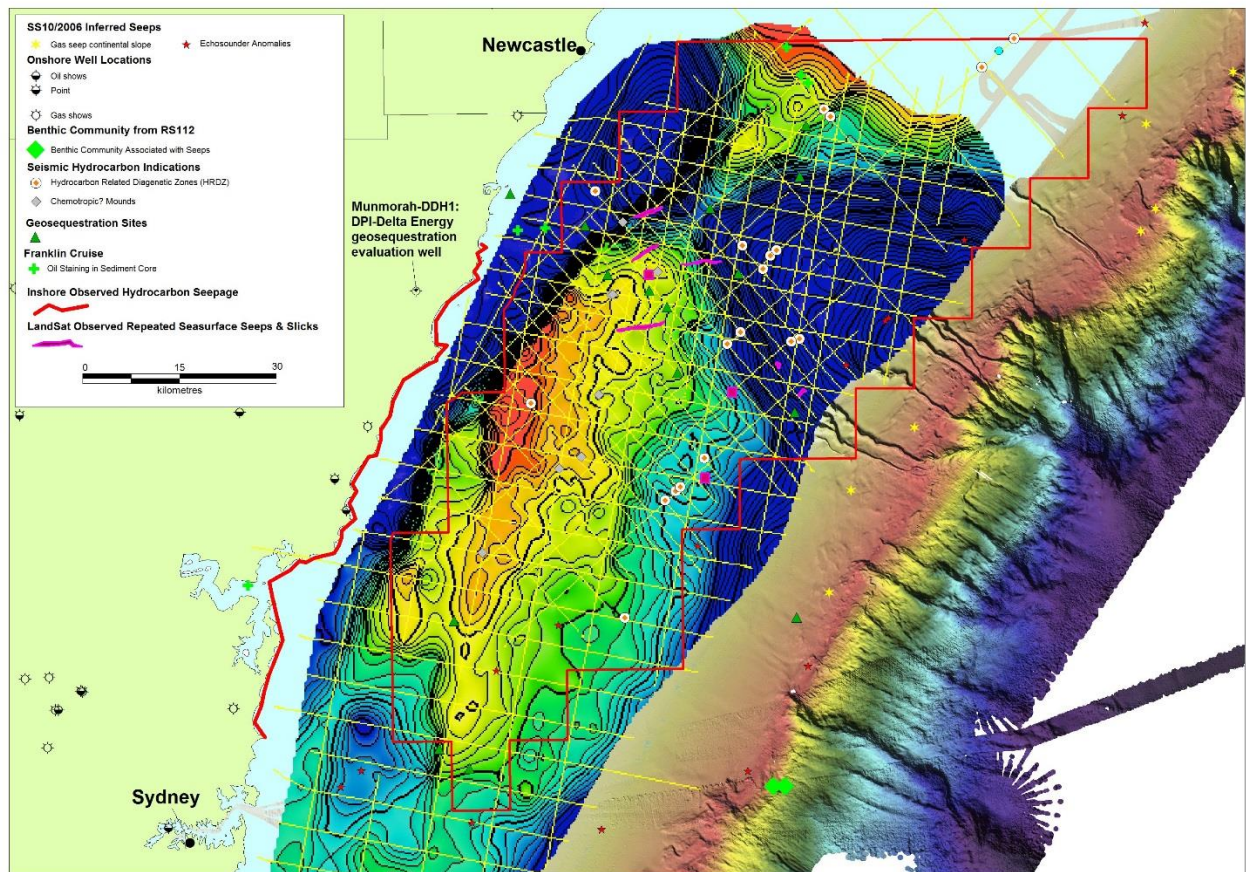
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The PEP11 petroleum title (red outline) and the offshore Sydney Basin's many direct and indirect hydrocarbon features demonstrating an active petroleum system. The underlying colour contour image represents a key structural sub-surface horizon. The PEP11 core prospects lie approximately 30km south-southeast of Newcastle on the nose and crest of the offshore uplift structural feature.

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