



15 March 2017

Dear Shareholder,

On 14 March 2017, MEC Resources Limited (**Company**) announced a non-renounceable rights issue of up to 100,017,316 new fully paid ordinary shares (**Rights Issue**). Under the Rights Issue, holders of ordinary shares in the Company with a registered address are in Australia or New Zealand as at 5:00PM (AWST) on 20 March 2017 (**Record Date**) (**Eligible Shareholders**) will be offered one (1) fully paid ordinary share in the Company (**New Shares**) for every two (2) fully paid ordinary shares held as at the Record Date at an issue price of \$0.028 per New Share, with any fractional entitlements being rounded down.

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. The Rights Issue is not underwritten.

The Rights Issue will raise up to approximately \$2.8 million before costs.

The funds raised from the Rights Issue will be used primarily to provide funding to Advent Energy Limited (**Advent Energy**) (one of the Company's investee companies) for the acquisition of 2D seismic data within PEP 11 and the proposed well intervention program in EP386 and RL1, and for working capital requirements of the Company.

Advent Energy has engaged Minev Services to support achieving (in the first instance) the 2D seismic work commitment in PEP11. We are also very enthusiastic in supporting an expedited 3D seismic survey to ensure the key targets in PEP11 are sufficiently de-risked to be 'drill-ready' at the earliest opportunity.

As previously advised to the ASX on 27 February 2017, extension of the EP386 permit has been received. Advent Energy has since engaged a consultant, Geoteknic, to start working on a plan to prove up this asset. Geoteknic is an Australian reservoir engineering and technical analysis company, specializing in well test design and field well testing services. Data from these proposed well interventions may provide new support for the commercial potential of the discovered hydrocarbon accumulations, and support field development planning upon positive results.

The Company has decided that it is unreasonable to make the offer to shareholders with registered addresses outside of Australia and New Zealand having regard to the cost of complying with the legal requirements and the requirements of the regulatory authorities of the countries concerned.

We regret that the Rights Issue is therefore not extended to you and you will not receive a copy of the offer document or an entitlement and acceptance form relating to the Rights Issue.

No action has been taken to register or qualify the offer document and entitlement and acceptance form, the Rights Issue, or the New Shares or to otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia and New Zealand.

If you have any questions, please contact the Company Secretary Ms Deborah Ambrosini on +618 61606101.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Goh Hock', with a stylized flourish at the end.

Goh Hock
Chairman

MEC Resources Ltd

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