



5 December 2017

Companies Announcements Office  
ASX Limited  
10<sup>th</sup> Floor, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam,

**RE: PEP11 TERM SHEET FOR FARMIN**

MEC Resources Ltd (ASX: MMR) (“**the Company**” or “**MEC**”) is pleased to advise that a binding term sheet for a conditional farmin to Petroleum Exploration Permit 11 (“**PEP11**”) has been agreed between Asset Energy Pty Ltd, Bounty Oil and Gas NL (**ASX: BUY**) (“**Bounty**”), and RL Energy Pty Ltd.

Asset Energy Pty Ltd is a wholly owned subsidiary of MEC investee Advent Energy Ltd, and presently holds 85% of PEP11 and is Operator of that title.

The binding term sheet outlines a proposed conditional agreement between the existing title holders (Asset Energy and Bounty) and RL Energy. It provides for RL Energy to complete the current 2D seismic work commitment, inclusive of acquisition, processing and interpretation, for PEP11 to earn a 10% Working Interest in PEP11, by spending 85% of the costs in this survey up to a capped amount.

Furthermore, the proposed agreement provides RL Energy an option to acquire 3D seismic data to meet the future 500km<sup>2</sup> PEP11 permit work commitment (inclusive of acquisition, processing and interpretation), thereby earning a further 50% working interest in PEP11 by spending 85% of the costs of this survey up to a capped amount. Asset Energy Pty Ltd will receive a contribution to the costs incurred to date on meeting the 2D seismic commitment upon RL Energy committing to acquire the 3D seismic data under the proposed farmin agreement option.

The agreement also considers an expedited 3D seismic acquisition option, whereby RL Energy will expedite acquisition of a larger scale 3D seismic survey in PEP11 in an early timeframe, and in lieu of the planned 2D seismic survey. RL Energy shall earn 60% working interest in PEP11 should it complete this expedited 3D seismic option.

Commenting on the proposed farmin agreement, Advent Energy Ltd Chairman Mr Goh Hock said:

*“This is an excellent outcome for Advent and the east coast gas market in what is a very challenging period for oil and gas exploration in Australia and the world. This provides confidence to Advent’s shareholders that the necessary works to sufficiently de-risk the PEP11 prospects to attract a major drilling partner can be achieved in as short a time as possible, and with considerably less cost exposure to Advent Energy or its shareholders. This may all be achieved whilst retaining a material interest in this highly prospective asset.”*

Conditions precedent to the farmin agreement being consummated include, but are not limited to:

- (i) An approved Environment Plan for the 2D work commitment (currently being assessed by the National Offshore Petroleum Safety and Environment Management Authority (NOPSEMA));
- (ii) Confirmation that the PEP11 title is in good standing with the National Offshore Petroleum Titles Administrator (NOPTA); and

**MEC Resources Ltd**

ACN 113 900 020

PO Box 882 West Perth WA 6872 | Suite 2, Level 3, 1111 Hay Street, West Perth WA 6006

T: +61 8 9245 6187 F: +61 8 9200 6193

[info@mecresources.com.au](mailto:info@mecresources.com.au) [www.mecresources.com.au](http://www.mecresources.com.au)



(iii) Necessary joint venture and regulatory approvals.

Upon completion of first phase of the farmin agreement (2D seismic), the PEP11 joint venture interests will be:

Asset Energy Pty Ltd	76.5% Working Interest and Operator
Bounty Oil and Gas NL	13.5% WI
RL Energy Pty Ltd	10.0% WI

RL Energy Pty Ltd is a privately owned exploration company with current activities in Australia and New Zealand. It has a highly experienced leadership team with extensive knowledge and expertise in the international oil and gas industry. RL Energy has significant financial backing and has the technical capability to undertake the proposed work programs. RL Energy Chairman Mr Greg Channon was previously a director of Advent Energy, having recently resigned from this role to focus on development of RL Energy. To ensure good governance Mr Channon recused himself from all discussions regarding PEP 11 since RL Energy expressed an interest in putting forward an offer.

This is an exciting step in the development of PEP 11 and we look forward to achieving the goal of encountering commercial quantities of hydrocarbons adjacent to Australia's major domestic gas market.

The addition of a fresh, technically capable and financially backed team to the PEP11 joint venture enables the exploration vision to be achieved in an expedited fashion for the benefit of all shareholders.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Goh Hock', with a horizontal line underneath.

Goh Hock  
Chairman

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