



23 February 2018

Companies Announcements Office
ASX Limited
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

BPH LOAN AGREEMENT – SUMMARY JUDGEMENT

MEC Resources Ltd (ASX: MMR) ("the Company" or "MEC") wishes to advise the results of its summary judgment application against BPH Energy Ltd for recovery of funds pursuant to a 2014 loan agreement.

In 2014, the Company entered into an agreement to provide a loan to BPH Energy Ltd (ASX:BPH) with repayment due on 24 December 2016. Through a variety of actions in 2017, the Company unsuccessfully attempted to recover funds owing to it under the loan agreement. As at 31 December 2017, the Company believed funds owing to it totalled approximately \$378,000 plus the costs of recovery.

In September 2017, MEC Resources brought an application for summary judgment in its favour through the District Court of Western Australia. A summary judgment application is brought when it is believed that the opposing party has no arguable defence to the claim and so as to avoid the formal trial process.

The application was heard in December 2017. At the reserved decision hearing this afternoon the Company was advised that its summary judgment was unsuccessful. The primary basis for this decision was that advice provided by the Company to its auditors indicating a potential delay in calling on funds owed from BPH Energy Ltd may arguably constitute a variation to the loan agreement. Based on the fact that this was a summary judgement application, the Company understands that the decision of the registrar is not an indication of the relative merits of either party's case rather; it is simply an acknowledgement that BPH was able to overcome the relatively low threshold to establish that it may have an arguable defence.

However, in providing his decision, District Court Registrar Kingsley observed that MEC's summary judgement application was reasonably brought and robustly argued. Furthermore, legal costs were awarded in the cause which means that no party is to pay costs at this time. **The key terms of the loan agreement describe BPH's obligations to pay for any of the Company's costs in recovery of the funds, and that the loan is unable to be offset.**

It is the Company's continuing belief that it has a strong case and will now proceed to trial through the District Court of Western Australia to recover funds it believes are outstanding and rightly owing to it. As at today's date, the Company believes the amount to be approximately \$390,000.

MEC Resources will keep the market informed of its progress through the forthcoming court process.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Goh Hock".

Goh Hock
Chairman

MEC Resources Ltd

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