



13 April 2018

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

via e-lodgement

Dear Sir/Madam

PRO-RATA NON-RENOUNCEABLE RIGHTS OFFER

MEC Resources Ltd (**the Company or MEC Resources**) is pleased to announce an equity raising of up to approximately \$2.4M before costs, via a pro-rata non-renounceable rights offer (**Rights Offer**). In addition, if an eligible shareholder subscribes for new shares, that eligible shareholder will be granted one (1) unlisted option for nil consideration per new share, with each option giving the holder the right to subscribe for one share in the Company by exercising such option at any time between 1 August 2019 and 23 August 2019 (both dates inclusive), at an exercise price of \$0.05 per option (**Option**). An offer document will be lodged in relation to the Rights Offer following this announcement.

Eligible shareholders will have the opportunity to subscribe for 1 new fully paid ordinary share in the Company for every 2 shares held at 5:00pm (AEST) on 19 April 2018 (**Record Date**) at an issue price of \$0.018 per share. The issue price of the shares under the Rights Offer represents a discount of 10% to the volume weighted average price (**VWAP**) of MEC Resources shares traded on the ASX during the period of 10 trading days up to and including the trading day prior to this announcement.

All eligible Directors of MEC Resources, except for Mr Darryl Moore, intend to participate in the Rights Offer by way of cash consideration. Mr Darryl Moore will not be participating in the Rights Offer.

Based on the current capital structure of the Company (and assuming no options to acquire shares are exercised prior to the Record Date), if the Rights Offer is fully subscribed, and ignoring treatment of fractional entitlements, an additional 135,972,866 new shares (**New Shares**) and 135,972,866 Options will be issued.

The Rights Offer is not underwritten. However, Claymore Capital Pty Ltd (AFSL 261076), which raised substantial capital for the Company when Asset Energy Pty Ltd drilled its offshore well on PEP11, has been retained to assist the Company with this Issue and the placement of the shortfall for an agreed fee. At this stage Claymore has advised it has procured irrevocable commitments for \$100,000 (which would be in addition to any New Shares subscribed for by the Directors under the Offer).

The Directors reserve the right to allocate any shortfall in New Shares not taken up under the Rights Offer, at their discretion. No shortfall shares will be allocated or issued to any related party of the Company, including Directors and their associates. It is anticipated that eligible shareholders will have an ability to apply for shortfall shares at the same time as they accept their entitlement under the Rights Offer.

The Rights Offer provides the opportunity for shareholders to increase their holding of shares and participate in the future development of the Company. The funds raised from the Rights Offer will be used primarily to support the ongoing exploration efforts, through the provision of ongoing funding to Advent Energy Limited (**Advent Energy**), one of the Company's investee companies. Funds deployed to Advent Energy will be directed to planning and execution of the proposed well intervention program in EP386 and RL1. The balance will be allocated for the working capital requirements of the Company and if required, completion of the 2D seismic campaign through provision of funding for any unforeseen expenses. One such unforeseen expense has been a possible increase in mobilization charges due to a change in the intended vessel to operate the survey on behalf of Advent's subsidiary company Asset Energy Pty Ltd (**Asset**). This change

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in vessel is due to the availability of a suitable vessel around the 'tight window' of available dates allowed to record the survey, one of the limitations of the approved Environmental Plan ("EP"). Asset's portion of the survey had previously been estimated to be between 500-700k however as a result of these changes the survey cost to Asset could be between 500-800k.

EP386 and RL1 permits are located onshore adjacent to the WA/NT border in northern Australia. RL1 is a retention licence over the Weaber gas field and EP386, an exploration permit, contains five gas discoveries from nine wells drilled. This is evidence of a high exploration success rate in this seemingly prolific petroleum basin. The area is a demonstrated hydrocarbon province and Advent Energy has engaged a specialist regulatory services group to assist it in working with the state regulators in extending the permit terms to assess well integrity and enable further evaluation of the gas resource, to facilitate the development of the local gas market.

Advent Energy has also engaged a consultant, Geoteknic, to work on a plan to further evaluate these assets. Geoteknic is an Australian reservoir engineering and technical analysis company, specialising in well test design and field well testing services. It is anticipated that data acquired will help provide support for the commercial potential of the discovered hydrocarbon accumulations, and enable conceptual field development planning.

The team supporting Advent Energy is working to apply for and secure extension to the title over the EP 386 permit, through the first and second quarters of 2018, while they work towards all necessary approvals to implement and achieve the well intervention operations previously announced. Efforts include a parallel planning process to undertake work on both RL1 in the NT and EP386 in WA, via regular engagement with the designated authority in each jurisdiction. The team is also working to monetise the contingent resources within the Weaber Gas field by conducting work necessary to prepare a formal field development plan. The expectation is that this resource can be developed in conjunction with further appraisal and exploration within the EP386 permit. Together, both assets have the potential to deliver as to local and regional customers.

As previously advised to the ASX on 8 January 2018, extension of the PEP11 permit has been received. PEP11 is located offshore NSW in the Sydney Basin, proximate to the eastern Australian gas market and infrastructure. Advent Energy has engaged Minev Services and an international specialist technical equipment provider to support achieving (in the first instance) the 2D seismic work commitment in PEP11 which is scheduled to commence on 15th April 2018. The survey is anticipated to be conducted over a 3-4 day period.

The Board of Advent Energy has been further strengthened in 2018. Mr Stephen Kelemen, an engineer of over 30 years' experience, has been appointed as non-executive director of Advent Energy. He is currently a Member of Core Energy Group Advisory Council, the Deputy Chair (Petroleum) for the Queensland Exploration Council, and Adjunct Professor at the Centre for Coal Seam Gas at the University of Queensland. His career commenced with Santos Ltd in 1982, and since that time has performed significant technical and leadership roles including the Chief Reservoir Engineer, the Manager of Operations for the Queensland and Northern Territory Business Unit, the Manager of Northern, and Manager of Unconventional Resources Growth.

Mr Kelemen has been directly responsible for increasing petroleum reserves, leading and managing significant investments, management of joint venture operations, and leading discussions with investors, bankers and farminers on his employers' reserves. The board of Advent now comprises Mr Goh Hock (Chairman), Ms Deborah Ambrosini (Executive Director, Company Secretary and CFO), Ms Diana Hoff (Non-Executive Director), and Mr Stephen Kelemen (Non-Executive Director).

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. With the eastern Australian gas market supply short, there is an opportunity to immediately commercialise any exploration success. The 3D seismic is targeting the significant potential for potentially recoverable gas, as previously documented in the 2017 Annual Report. As announced on 5th December 2017, a term sheet was entered into with RL Energy Pty Ltd, whereby, and subject to finalisation of farmin documentation, RL Energy Pty Ltd will earn up to 60% in PEP11 by funding a 3D seismic survey up to a capped amount. The Company is pleased that additional interest and support is contributing to an expedited exploration of PEP11 to capitalise on the pressing need for natural gas in the eastern Australian energy market.

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Proposed Use of Funds	Assuming Full Subscription (\$) Estimate Only
EP 386 – Well Intervention Program	1,200,000
PEP 11 – 2D Seismic – additional costs (if required)	150,000
Working Capital	1,047,512
Cost of Issue	50,000
Total	2,447,512

As at the date of this announcement, the Company has 271,945,731 shares on issue, and 3,350,000 unlisted options.

Full details of the Rights Offer will be set out in the Appendix 3B and offer document to be lodged with the ASX in due course. It is expected that the offer document and accompanying Entitlement and Acceptance Form will be dispatched to shareholders on Friday 20 April 2018. An indicative timetable for the Rights Offer is included below.

If Shareholders have any queries regarding the Rights Offer please do not hesitate to contact the Company Secretary Ms Deborah Ambrosini on +61 8 9245 6187.

We once again thank you for your continued support and look forward to an exciting year of development.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Goh Hock', with a long horizontal stroke extending to the right.

Mr Goh Hock
Chairman

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Indicative timetable for Rights Offer

Event	Date
Announcement of the Offer, lodgement of Appendix 3B and statement under section 708AA(2)(f) of the Corporations Act 2001	13 April 2018
Notice sent to shareholders containing information required by Appendix 3B	16 April 2018
Existing Shares quoted on “ex” basis	18 April 2018
Record date to determine entitlements under the Rights Offer (Record date)	5:00pm (AEST) on 19 April 2018
Offer Document and Entitlement and Acceptance Form dispatched to eligible shareholders (Opening Date)	20 April 2018
Last day to extend Rights Offer	2 May 2018
Final date and time for receipt of acceptance and payment in full (Closing Date)	5:00PM (AEST) on 7 May 2018*
New Shares quoted on a deferred settlement basis	8 May 2018*
Company to notify ASX of under subscriptions	10 May 2018*
Allotment of New Shares and grant of Options (Issue date)	14 May 2018*
Deferred settlement trading of New Shares ends	14 May 2018*
Dispatch of transaction confirmation statements (holding statements)	14 May 2018*
Date of quotation of New Shares issued under the Rights Offer	15 May 2018*

*Assuming that the offer is not extended. Subject to the Listing Rules, the Directors reserve the right to amend the timetable at their discretion.

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