



9 July 2018

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

via e-lodgement

Dear Sir/Madam

INDEPENDENT EXPERT REPORT CLARIFICATION

MEC Resources Ltd (ASX: MMR) (the “**Company**”) is pleased to provide further advice to the ASX regarding the planned farm-out of PEP11 to RL Energy Pty Ltd. The Company holds an interest in PEP11 through 85% titleholder Asset Energy Pty Ltd, a wholly owned subsidiary of investee Advent Energy Ltd.

Section 12.5 of the Independent Expert Report, released to the ASX on 2 July 2018, included the statement “By entering the Farm In arrangement the Company is providing certainty that the 3D seismic will be completed thereby providing the necessary data to commence a drilling programme.”

Whilst the Company is confident that a 3D seismic survey will be achieved, it notes the following primary risks that may impact on the timing or ability to achieve the 3D seismic survey and drilling programme in PEP11:

- Acceptance of an environment plan by the National Offshore Safety and Environmental Management Authority (NOPSEMA) for any petroleum activity in PEP11
- Sufficient funding from the farm-in partner and the joint venture to achieve the 3D seismic and drilling exploration programmes. The Company’s response to the ASX query dated 15 February 2018 remains current and applicable based on available information provided by RL Energy Pty Ltd.
- Availability of a suitable seismic vessel and drilling rig
- Successful applications to the National Offshore Petroleum Titles Administrator (NOPTA) for relevant title dealings.

The Company has been advised that RL Energy Pty Ltd (“RL”) continues to progress suitable funding arrangements for the planned future work programme, and the Company will update the market once these are finalised.

RL remain fully committed to the terms of the executed farm-in agreement, which in the first instance, requires the preparation of an environment plan (“EP”) for the planned 3D seismic survey in return for a 5% Working Interest in PEP11. RL has confirmed it has already commenced the preparation of the EP which will require the approval of the regulator before any 3D seismic survey can commence. The EP approval is not expected to be received until late 2018. The approval of the EP is a condition required to be met prior to RL providing funding for the planned 3D seismic survey which, when completed, will earn RL a further 55% Working Interest in PEP11. Should RL not meet its commitment to commence the acquisition of the 3D seismic survey by 19 February 2020, the farm-in agreement will terminate.

The Company will keep the market informed as to progress against the planned work programmes.

Yours faithfully

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

Mr Goh Hock
Chairman

MEC Resources Ltd

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