



19 July 2016

Companies Announcements Office
Australian Securities Exchange Limited
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Australian East Coast Gas Prices

MEC Resources Ltd (ASX: MMR) is pleased to advise the following market development in relation to the PEP11 project in the offshore Sydney Basin.

PEP11 is held 85% and operated by Asset Energy Pty Ltd. Asset Energy Pty Ltd is a wholly owned subsidiary of Advent Energy Ltd, an investee entity of MEC Resources Ltd. BPH Energy Ltd (ASX: BPH) and Grandbridge Ltd (ASX: GBA) are also significant shareholders of Advent Energy. Bounty Oil & Gas NL (ASX: BUY) holds the remaining 15% of PEP11.

Gas prices on the east coast have risen to extreme levels recently as cold weather and rising demand from the Queensland LNG projects has resulted in short-term wholesale gas prices in Sydney up to nearly \$29 per gigajoule (GJ). This data is publicly provided by the Australian Energy Market Operator.

This price spike means that industrial gas buyers relying on the spot market for gas supplies will be paying more than three times as much as Japan is paying for importing LNG.

Concerns have been raised that large gas consumers will be asked to reduce consumption to preserve supplies for households, in a similar move recently that impacted on Tasmanian industrial electricity users during the Tasmanian hydro-power crisis.

With the NSW onshore gas industry in turmoil and the declining reserves in the Bass Strait and Cooper Basin, we are pleased that Advent Energy is pushing ahead with a focussed seismic campaign around a key potential drilling prospect in PEP11, in the offshore Sydney Basin. The gas price spikes on the east coast augurs well for continued interest in PEP11 and its potential exploitation.

Yours faithfully,

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

David Breeze
Executive Director

About MEC Resources

ASX listed MEC Resources (ASX: MMR) invests into exploration companies targeting potentially large energy and mineral resources. The Company has been registered by the Australian Federal Government as a Pooled Development Fund enabling most MEC shareholders to receive tax free capital gains on their shares and tax free dividends.

About Advent Energy

Advent Energy Ltd is an unlisted oil and gas exploration company held by major shareholders MEC Resources (ASX: MMR), BPH Energy (ASX: BPH), Grandbridge (ASX: GBA) and Talbot Group Investments. Advent holds a strong portfolio of near term development and exploration assets spanning highly prospective acreage onshore and offshore Australia in proven petroleum basins. Advent Energy's asset base also incorporates both conventional and unconventional petroleum targets.

MEC Resources Ltd

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