

ASX ANNOUNCEMENT

29 November 2024

PRE-REINSTATEMENT DISCLOSURE

MEC Resources Limited ("**MEC**" or the "**Company**") (ASX:MMR) provides the following confirmations to satisfy the conditions for reinstatement of the Company's securities to quotation on ASX.

Capitalised terms not defined have the meaning given in the Company's prospectus dated 23 September 2024 as supplemented by the supplementary prospectus dated 11 October 2024 (together "**Prospectus**").

1. Completion of Capital Raising and close of Prospectus

The Company refers to its announcement dated 30 October 2024, where it confirmed that the Offer closed on 25 October 2024. The Company has raised a total of \$3,063,907 (before costs) under the Offer and the Shortfall Offer and the Company has reached the Minimum Subscription.

2. Issue of Securities under the Offer

On 21 November 2024 the Company issued a total of 729,162,436 Shares and 364,556,218 New Options under the Offer. The Options are exercisable at \$0.03 each and expire on the date that is 12 months from the date of issue. Refer to the Company's updated capital structure set out in paragraph 5 below.

3. Top 20 Holders

Refer to announcement released on 25 November 2024 titled "Top 20 Shareholders and Option Holders".

4. Holding Range Report

Refer to announcement released on 25 November 2024 titled "Distribution Schedule Shares and Options".

5. Capital Structure

The Company's capital structure at the date of Re-Instatement is as follows:

| Security | Number |
|---|---------------|
| Fully Paid Ordinary Shares ¹ | 1,831,807,078 |
| Options ² | 419,120,142 |

Notes:

1. Fully Paid Ordinary Shares comprise:
 - a. Share on issue prior to Offer - 1,102,644,642 (including 123,671,931 Incentive Shares vested)
 - b. Shares issued under the Offer - 165,825,361
 - c. Shares issued under the Shortfall Offer - 446,956,008
 - d. Shares issued as Offset Offer - 116,331,067
 - e. Cleansing Shares – 50,000
2. Options Comprise:
 - a. Options on issue prior to the Offer - 54,563,924
 - b. Options issued under the Offer and Shortfall Offer- 364,556,218

6. Current Operations

The Company is a Pooled Development Fund and an Investment Entity (as defined in the Listing Rules) and has been since its formation in 2006 via its passive investments in both listed and unlisted entities. Since its incorporation, the Company has focused on investing in companies that are targeting potentially large energy and mineral resources projects.

The Company's stated investment strategy is to provide selected companies in the resource sector with funding and corporate assistance. The Company aims to achieve maximum capital appreciation by early stage investing into small and medium sized energy and minerals exploration companies, with strong growth potential.

As set out in the Prospectus, the Company intends to use part of the funds raised to expand existing investments, including an additional investment in Advent Energy Ltd, and to seek new investment opportunities.

7. Business Model

The Company's business model is as follows:

- (i) as the Company's current major investment is in unlisted multi project company, Advent Energy Ltd ("**Advent**"), the Company will continue to assess Advent in terms of its development or opportunities going forward;
- (ii) seek out investments within the scope of the PDF Investment Mandate;
- (iii) the Company initially intends to focus on two main types of investments comprising newly formed unlisted and ASX-listed junior exploration companies;
- (iv) allow for investors to benefit from tax incentives under the PDF Act; and
- (v) provide for working capital.

8. Pro Forma

Please refer to the following updated reviewed pro-forma statement of financial position based on the actual amount raised under the Offer. The Company confirms that as at the time of Re-Instatement, it will be funded for at least 2 years.

MEC Resources Ltd

ACN 113 900 020

Level 1, 9 Bowman Street, South Perth WA 6151

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www.mecresources.com.au

| Statement of Financial Position | Audited 30-Jun-24 | Offer & Option Exercise | Pro Forma Adjustments | Pro Forma |
|--|-------------------|-------------------------|------------------------|-------------------|
| Current Assets | | | | |
| Cash and cash equivalents | 221,359 | 3,142,486 ¹ | | 3,363,845 |
| Other assets | 2,394 | | | 2,394 |
| Total Current Assets | 223,753 | 3,142,486 | - | 3,366,239 |
| Non-Current Assets | | | | |
| Investment Advent Energy | 3,840,376 | - | | 3,840,376 |
| Loan Advent Energy | 4,161,134 | - | - | 4,161,134 |
| Total Non-Current Assets | 8,001,510 | - | - | 8,001,510 |
| Total Assets | 8,225,263 | 3,142,486 | - | 11,367,749 |
| Current Liabilities | | | | |
| Trade creditors & accrued officers fees | 643,489 | - | (142,547) ² | 500,942 |
| Interest bearing loans and borrowings - BPH | 174,815 | - | - | 174,815 |
| Interest bearing loans and borrowings - Advent | 324,024 | - | (324,024) ³ | - |
| Total Current Liabilities | 1,142,328 | - | (466,571) | 675,757 |
| Non-Current Liabilities | | | | |
| Provisions | - | | | - |

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| | | | | |
|--------------------------------------|------------------|------------------|------------------|-------------------|
| Total Non-Current Liabilities | - | - | - | - |
| Total Liabilities | 1,142,328 | - | (466,571) | 675,757 |
| Net Assets | 7,082,935 | 3,142,486 | (466,571) | 10,691,992 |
| Equity | | | | |
| Contributed equity/assets | 32,208,956 | 3,962,487 | | 36,171,443 |
| Reserves | 442,274 | | | 442,274 |
| Current year profit (loss) | - | (353,430) | | (353,430) |
| Accumulated losses | (25,568,295) | - | | (25,568,295) |
| Total Equity | 7,082,935 | 3,609,057 | - | 10,691,992 |

Notes:

- Cash includes the following;
 - \$316,359 received in July 2024 from the exercise of Options announced on the ASX 9 July 2024 and 22 July 2024.
 - \$3,063,907 received from the Offer less estimated costs. The Company anticipates that the costs of the Offer will be approximately \$385,054.
- The creditors pro forma adjustments net reduction amount of \$142,547 includes the following;
 - Reduction in creditors includes the issue of Offset Shares as of part directors and company secretary outstanding fees to the value of \$257,631 as outlined in the Prospectus.
 - Increase of creditors by \$115,084 during July 2024.
- Reduction in loans includes the issue of Shares as loan repayment to Advent to the value of \$324,024 as outlined in the Prospectus.

9. Use of funds

The Company intends to apply funds raised from the Offer, over the next two years following Re-Instatement of the Company to the Official List of ASX as follows:

| Funds Available | Actual Subscription | Percentage of Funds (%) |
|--|----------------------------|--------------------------------|
| Existing cash reserves ¹ | \$538,283 | 14.9% |
| Funds raised from the Offer | \$3,063,907 | 85.1% |
| Total | \$3,602,190 | 100% |
| Allocation of funds | | |
| Additional investment in Advent ² | \$1,500,000 | 41.6% |
| New investments | \$1,000,000 | 27.8% |
| Due Diligence ³ | \$50,000 | 1.4% |

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| Funds Available | Actual Subscription | Percentage of Funds (%) |
|--|---------------------|-------------------------|
| Corporate overhead & administration costs ⁴ | \$450,000 | 12.5% |
| Maximum Offset Entitlement ⁵ | \$0 ⁶ | 0% ⁶ |
| Repayment of loan to BPH under Invoice Funding Agreements ⁷ | \$174,815 | 4.9% |
| Expenses of the Offer ⁸ | \$238,345 | 6.6% |
| Working capital | \$189,029 | 5.2% |
| Total | \$3,602,190 | 100% |

Notes:

1. Refer to the Financial Information set out in Section 6 of the Prospectus for further details.
2. Refer to Section 5.7 of the Prospectus for further details.
3. Due diligence costs to assess potential new investments and include costs of legal, financial, statutory and technical due diligence required by the Board to make an investment decision. To the extent that the Company identifies additional investment opportunities the Company's working capital will also be utilised to fund such further activities and/or investment costs (including due diligence investigations) as applicable. Any amounts not so expended will be applied toward corporate and administration costs for the period subsequent to the initial two-year period following Re-Instatement.
4. Administration costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs.
5. As set out in Section 5.7 of the Prospectus, Directors David Breeze and Andrew Jones and company secretary Robert Marusco are using their Entitlement to offset outstanding fees totalling \$257,631. The balance of the total offset of \$324,024 is part of Advent's Entitlement which is being used to offset the Advent Debt.
6. As noted in the Prospectus, the Director offsets and offset to Advent Debt have been issued in addition to the Minimum Subscription.
7. Refer to Section 9.6 of the Prospectus for further details of the Invoice Funding Agreements.
8. Refer to Section 10.9 of the Prospectus for the expenses of the Offer.

10. Working Capital

Following the close of the Offer, the existing cash held by the Company, together with the funds raised under the Offer, and Shortfall Offer, the Company has approximately \$3.36m (after costs of the offer) in cash. This ensures that the Company is adequately funded going forward and as set out in the Prospectus, the Company has developed a clearly defined business framework that covers its strategic goals to develop and commercialize its investments over the first two years following its Re-Instatement. The Directors are satisfied that the Company will have sufficient working capital to carry out its objectives as stated in the Prospectus.

11. Free Float

The Company confirms that 1,383,828,616 fully paid ordinary shares are held by non-affiliated security holders and as such the Company has a free float of approximately 75%.

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12. Spread

The Company confirms that the level of spread satisfies the requirements of Listing Rule 12.4.

13. No Legal, Regulatory or Contractual Impediments

The Company confirms that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the proposed use of funds disclosed in paragraph 9 above.

14. Listing Rule 3.1

The Company confirms that it is in compliance with Listing Rule 3.1.

David Breeze (Managing Director) authorised the release of this announcement to the market.

For further information please contact:

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Managing Director

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