

MEC RESOURCES LIMITED
ACN 113 900 020
SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 23 September 2024 (**Prospectus**) issued by MEC Resources Limited (ACN 113 900 020) (**Company**).

This Supplementary Prospectus is dated 11 October 2024 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.mecresources.com.au.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

1. REASONS FOR THE SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus has been prepared to extend the Closing Date of the Offer to 25 October 2024 and to make the amendments to the Prospectus as set out in Section 3 below.

2. AMENDED INDICATIVE TIMETABLE

The Board wishes to advise that the Closing Date of the Offer has been extended until 4:00pm (AEDT) on Friday 25 October 2024, and accordingly, the Indicative Timetable set out in Section 2 of the Prospectus is deleted and replaced with the following:

ACTION	DATE
<i>Lodgement of Prospectus with the ASIC</i>	<i>Monday, 23 September 2024</i>
<i>Lodgement of Prospectus and Appendix 3B with ASX</i>	<i>Monday, 23 September 2024</i>
<i>Ex Date of Offer</i>	<i>Thursday, 26 September 2024</i>
<i>Record date for determining Entitlements of Offer</i>	<i>Friday, 27 September 2024</i>
<i>Opening Date for Offer and Cleansing Offer, Prospectus despatched to Shareholders and Company announces that despatch has been completed</i>	<i>Wednesday, 2 October 2024</i>
<i>Last date to extend the Closing Date of the Offer²</i>	<i>Tuesday, 22 October 2024</i>
<i>Closing Date of Offer</i>	<i>4:00pm (AEDT) Friday, 25 October 2024</i>
<i>Securities quoted on a deferred settlement basis from market open</i>	<i>Monday, 28 October 2024</i>
<i>Announcement of results of Offer</i>	<i>Monday, 28 October 2024</i>

Issue of Shares under the Offer and lodgement of an Appendix 2A with ASX applying for quotation of the Shares	Friday, 1 November 2024
Despatch of holding statements	Friday, 1 November 2024
Expected date for quotation on ASX and re-admission to the Official List ³	Monday, 4 November 2024
Closing Date of Cleansing Offer and issue of Shares under the Cleansing Offer	Monday, 4 November 2024

Notes:

1. The above dates are indicative only and may change without notice.
2. The Directors may extend the Closing Date by giving at least three (3) Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to re-commence trading on ASX may vary.
3. The proposed date of Re-Instatement and quotation of Shares is conditional on ASX being satisfied (in its discretion) that all Conditions have been satisfied. There is no guarantee that the Shares will be reinstated to Official Quotation following completion of the Offer.

3. AMENDMENTS TO THE PROSPECTUS

The Prospectus is amended as set out below.

4.6 Shortfall Offer

Section 4.6 is deleted and replaced with the following:

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer (**Shortfall Securities**). The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.005 being the price at which Shares have been offered under the Offer.

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shortfall Securities in accordance with Section 4.3. Any allocation of the Shortfall Securities will be at the absolute discretion of the Directors in consultation with Sixty-Two Capital.

The Board presently intends to allocate Shortfall Securities as follows:

- (a) to Eligible Shareholders who apply for an excess of their full Entitlement, so long as the issue of Shortfall Securities to that Eligible Shareholder would not take their voting power to in excess of 19.99%; and then
- (b) to other parties identified by the Directors, which may include parties who are not currently Shareholders.

No Shares will be issued to a party under the Shortfall Offer if the effect would be to increase that party's voting power in the Company to an amount greater than 19.99%.

The Company reserves the right to issue an Eligible Shareholder a lesser number of Shortfall Securities than applied for or no Shortfall Securities at all. However, the Directors do not intend to refuse an application for Shortfall Securities from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act. If the number of Shortfall Securities applied for by Eligible Shareholders exceeds the total Shortfall, the Shortfall Securities will be allocated among applying Eligible Shareholders proportionate to their existing holdings.

All decisions regarding the allocation of Shortfall Securities will be made by the Directors (in consultation with Sixty-Two Capital) and will be final and binding on all applicants under the Shortfall Offer, as such there is no guarantee that any Shortfall Securities applied for will be issued to Eligible Shareholders.

The Company will have no liability to any Applicant who receives less than the number of Shortfall Securities they applied for under the Shortfall Offer. If the Company scales back any applications for Shortfall Securities under the Shortfall Offer any Application monies will be returned (without interest) as soon as practicable.

4.10 Purpose of the Offer

Section 4.10 of the Prospectus is deleted and replaced with the following:

The primary purpose of the Offer is to:

- (i) assist the Company to facilitate the Company's Re-Instatement;
- (ii) provide the Company with funding for:
 - (A) its objectives as set out in Section 5.1;
 - (B) evaluating investment opportunities that may be presented to the Board from time to time; and
 - (C) the Company's working capital requirements while it is implementing its business strategies; and
- (iii) pay transaction costs associated with the Offer.

The Company intends to apply the funds raised under the Offer together with its existing cash reserves in the manner detailed in Section 5.7.

4.12 Lead Managers

Section 4.12(a) (Lead Manager to the Offer) is deleted and replaced with the following:

The Company has appointed Grandbridge as lead manager to the Offer. The Lead Manager will receive a fee of 1% of the total amount raised under the Offer. For further information in relation to the appointment of the Lead Manager, please refer to Section 9.1.

Mr David Breeze, a Director of the Company, is a director of Grandbridge and therefore Grandbridge is a related party for the purposes of the Corporations Act. The Directors, other than Mr David Breeze (due to his directorship of Grandbridge), who do not have a material personal interest in Grandbridge consider the engagement to be on arm's length for the following reasons:

- (a) Grandbridge was considered to be the best alternative Lead Manager by the Board given the specific industry that the Company operates under, and the corporate knowledge required by the Company.
- (b) Grandbridge has the unique knowledge of the background and history of the Company.
- (c) Grandbridge are not participating in the Offer and are not receiving any additional benefit over and above any other potential lead manager. Accordingly, the Company considers that the arrangement with Grandbridge is beneficial to the Company.
- (d) The terms of the Lead Manager Mandate do not impact on the Company financially as the fee charged by Grandbridge, being 1% of the total funds raised, is much less than other alternatives.
- (e) The Lead Manager Mandate otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).
- (f) The Company has a strong, resourceful team with many years of experience and no third-party expert advice was required in the circumstances.

Grandbridge, as the appointed Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licenced securities dealers or Australian financial services licensees.

5 Company and Industry Overview

The introduction to Section 5 is amended to include the following above the heading to Section 5.1:

On 20 August 2020, the Committee wrote to the Company identifying potential breaches of the PDF Act and requested information from the Company in relation to those potential breaches. The Company's PDF registration was subsequently revoked in February 2021 for the following reasons:

- (a) failure to comply with conditions imposed on an approval granted by the PDF Board under section 25(1) of the PDF Act for the Company to commit more than 30% of its committed capital to Advent and the Company had not provided updates about its progress towards achieving compliance with section 25 of the PDF Act; and
- (b) on 5 September 2019, the then MEC board of directors entered into a series of investments into technology investee, Intelligent IP Hosting Pty Ltd trading as Claratti Workspace (**Claratti**). MEC did not proceed with this investment, however, the Committee formed the view that the Company had contravened various sections of the PDF Act by:
 - (i) committing more than 30% of its committed capital to Claratti, contrary to section 25 of the PDF Act;
 - (ii) an amount that was less than 10% of Claratti's paid-up capital immediately after the investment, contrary to section 27 of the PDF Act;
 - (iii) a failure to notify the PDF Board within 30 days after it invested in Claratti for the first time, contrary to Section 27A of the PDF Act; and
 - (iv) failure to notify the PDF Board in writing within 30 days after at least three notifiable events under section 42 of the PDF Act, comprising persons becoming or ceasing to be relevant officers of the Company, and a change to the Company's registered office.

The Company undertook various actions resulting in the reinstatement of the Company's PDF Registration in 2023, including a re-structure of the Board of Directors. The Company applied for a review of the decision made by the Committee under section 55 of the PDF Act and subsequently made an application to the Administrative Appeals Tribunal for a review who ultimately set aside the Committee's decision to revoke the Company's PDF registration.

To ensure future compliance with the PDF Act the Company has in place the following processes to oversee and manage compliance issues within the Company, and to ensure that the board of Directors are properly informed of potential compliance issues with the PDF Act:

- provide regular and timely advice to the other Directors of the Company with respect to prospective and existing investments;
- ensure that the Directors of the Company have a competent understanding of the operations and requirements of the PDF Act;
- ensure that the registration status of the Company is not placed in jeopardy due to any potential breaches of the PDF Act or any conditions for investments which are approved under the PDF Act; and
- ensure that investments are made in accordance with the PDF Act and that annual reports are made to the PDF Board in accordance with the requirements of the PDF Act.

5.1 Objectives

Section 5.1 of the Prospectus is deleted and replaced with the following:

Objectives and Business Model

The Investment Mandate allows the Company to invest in a variety of compliant investments in small and medium sized exploration enterprises, both listed and unlisted, that are involved in the exploration and resources industry. Resources, for the purposes of the Investment Mandate, includes all operations primarily engaged in the exploration for metals, minerals occurring naturally as solids such as coal and ores, liquids such as crude petroleum or gases such as natural gas.

The Company offers a unique investment opportunity focused on two main types of investments, comprising newly formed unlisted junior exploration companies and ASX listed junior exploration companies. Junior exploration companies are considered those still in the project identification and discovery stage and as such have no producing mining operation and rely on the ability to raise funds externally to carry out exploration. The Company intends to invest into newly formed exploration companies providing them the funds to commence operations, identify projects and conduct exploration activity.

Over time MEC aims to create a portfolio of investments in emerging businesses in the in the energy and mineral resources sectors which, with careful management and that have the potential to outperform general market investment levels. The Company aims to create returns to Shareholders greater than those available from traditional investments by giving Shareholders exposure to unlisted Australian exploration businesses in their early rapid growth stage.

MEC is highly selective with its investments and will seek to invest in and will only consider opportunities that are within the sectors noted above and that have at least the following key attributes:

- a strong growth and cash flow potential (i.e. close to commercialisation);
- a focus on the importance of culture, people and values;
- clear business development and high-performance culture;
- strong leadership and management team with a track record of success;
- growth mindset regarding innovation;
- be in a stage of development that allows a strategic investment or an IPO within several years;
- have a competitive advantage in the industry that it operates; and
- willingness to embrace an investment by the Company and management relationship.

Once MEC has made the decision to invest in a company or business, it will continue to interact and remain in close communication with the company with the aim to (not exhaustive):

- provide investee companies with management support, strategy and planning;
- assist in future funding rounds in compliance with the PDF Act to support investee companies' business plan, development and operational planning; and
- support investee companies with expansion capital in compliance with the PDF Act.

Further, the board of MEC is committed to maximising the effectiveness of its PDF status for the benefit of the Company and its Shareholders by investing in opportunities to generate capital growth, whilst benefiting from the various tax incentives provided under the PDF Act.

5.8 Capital Structure

Section 5.8 (Capital Structure) of the Prospectus is deleted and replaced with the following:

The capital structure of the Company as at the date of this Prospectus and following completion of the Offer (assuming both Minimum Subscription and Maximum Subscription under the Offer) is set out in the table below:

Shares¹

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Shares currently on issue ¹	978,972,711	978,972,711
Shares to be issued pursuant to the Offer	400,000,000	978,972,711
Shares to be issued under the Cleansing Offer	50,000	50,000
Incentive Shares that will vest on Re-Instatement	123,671,931	123,671,931
Total Shares on completion of the Offer	1,502,694,642	2,081,667,353

Notes:

1. The material rights and liabilities attaching to the Shares are summarised in Section 10.2.

Options¹

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Options currently on issue	54,563,924	54,563,924
New Options to be issued pursuant to the Offer	200,000,000	489,486,356
Total Options on completion of the Offer	254,563,924	544,050,280

Notes:

1. The material rights and liabilities attaching to the New Options are summarised in Section 10.1.

10.2 Continuous Disclosure Obligations

Section 10.2 (Continuous Disclosure Obligations) of the Prospectus is deleted and replaced with the following:

Following Re-Instatement, the Company will continue to be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

Price sensitive information will continue to be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

4. CONSENTS

The Company confirms that, as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

5. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.