

16 JANUARY 2020

ASX Release

UPDATE TO EXPANDED INVESTMENT MANDATE

MEC Resources Ltd (**MEC** or the **Company**) wishes to advise shareholders of the following:

1. the Company previously announced that the Innovation Investment Committee of Innovation and Science Australia has approved MEC's application to vary its approved investment plan to include investments into existing and start-up enterprises that have demonstrated technology and/or services that may have application not limited to the resources sector (refer to the ASX announcement dated 13 March 2019 for further details);
2. on 1 November 2019, MEC acquired 3.19% of the shares in Intelligent IP Hosting Pty Ltd trading as Claratti Workspace (**Claratti**), a managed services provider of cloud based IT infrastructure, service and software, for consideration of A\$100,000 (**Initial Investment**). No announcement was made in respect to the Initial Investment as the Company had considered the Initial Investment to be immaterial;
3. ASX has advised that the expansion of the Company's mandate constitutes a change in the nature of the Company's activities and requires the Company to seek shareholder approval pursuant to Listing Rule 11.1.2 and re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3;
4. having regard to the above, the Company has agreed to divest its existing minority investment of 3.19% in Claratti and, as at the date of this announcement, does not hold any shares in Claratti; and
5. the Company intends to convene a meeting of shareholders to consider (amongst other matters) the necessary resolutions to proceed with an investment in Claratti and any other potential investments under its expanded mandate.

Subject to (amongst other matters) the Company obtaining the requisite shareholder approval and re-complying with Chapters 1 and 2 of the Listing Rules, the Company intends to invest in Claratti's business and acquire at least 10% of the issued capital of Claratti. The Company will not undertake an investment in Claratti if the requisite shareholder approval is not obtained and/or it is unable to satisfy the requirements under Chapters 1 and 2 of the Listing Rules. The Company will provide shareholders with an update in respect to status and progress by way of further ASX announcements.

Ends

This announcement has been approved by the Board of Directors of MEC.

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