



Australian Government

Takeovers Panel

MEDIA RELEASE

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Monday, 10 April 2017

MEC Resources Limited – Panel Receives Application

The Panel has received an application from Grandbridge Limited (ASX:GBA), Trandcorp Pty Ltd and Mr David Breeze in relation to the affairs of MEC Resources Limited (ASX:MMR).

Details of the application, as submitted by the applicants, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

The applicants have voting power of 12.67% in MEC Resources. On 14 March 2017, MEC Resources announced a 1 for 2 non-renounceable rights issue at \$0.028 per share and released a cleansing notice under s708AA(2)(f)¹. On 23 March 2017, MEC Resources released an offer document for the rights issue. The rights issue is not underwritten.

The applicants submit (among other things) that:

- the structure of the rights issue (i) maximises the shortfall (ii) potentially dilutes the applicants' voting power in MEC Resources and (iii) does not permit shareholders equal access to the entitlement issue as the directors retain absolute discretion regarding the allocation of shortfall shares and
- there are disclosure deficiencies in the cleansing notice and the entitlement offer.

The applicants seek an interim order preventing MEC Resources from issuing any shares under the rights issue pending further order of the Panel. The applicants seek either a final order that the rights issue be prevented from proceeding or final orders including corrective disclosure and providing existing shareholders "*the right to take up shortfall shares*".

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¹ Unless otherwise indicated, all statutory references are to the *Corporations Act 2001* (Cth), and all terms used in Chapter 6 or 6C have the meaning given in the relevant Chapter (as modified by ASIC)