



13 April 2018

Australian Securities Exchange
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

via e-lodgement

Dear Sir/Madam

PRO-RATA NON-RENOUNCEABLE RIGHTS OFFER SECTION 708AA NOTICE

MEC Resources Ltd (**the Company or MEC Resources**) has today announced a pro-rata non-renounceable rights offer on a 1 for 2 basis of up to 135,972,866 new fully paid ordinary shares (**New Shares**) at an issue price of \$0.018 per share (**Offer or Rights Offer**). In addition, if an Eligible Shareholder subscribes for New Shares, that Eligible Shareholder will be granted one (1) unlisted option for nil consideration per New Share, with each option giving the holder the right to subscribe for one Share by exercising such option at any time between 1 August 2019 and 23 August 2019 (both dates inclusive), at an exercise price of \$0.05 per option (**Option**).

The Offer will be made to holders of ordinary shares in the Company with a registered address in Australia or New Zealand (**Eligible Shareholders**) as at 5:00PM (AEST) on 19 April 2018 (**Record Date**). Eligible Shareholders have the right to take up one New Share for every two shares held as at the Record Date (**Entitlement**).

All eligible Directors of MEC Resources, except for Mr Darryl Moore, intend to participate in the Rights Offer by way of cash consideration. Mr Darryl Moore will not be participating in the Rights Offer.

The Rights Offer is not underwritten. However, Claymore Capital Pty Ltd (AFSL 261076), which raised substantial capital for the Company when Asset Energy Pty Ltd drilled its offshore well on PEP11, has been retained to assist the Company with this Issue and the placement of the shortfall for an agreed fee. At this stage Claymore has advised it has procured irrevocable commitments for \$100,000 (which would be in addition to any New Shares subscribed for by the Directors under the Offer).

The Directors reserve the right to allocate any shortfall in New Shares not taken up under the Rights Offer, at their discretion within 3 months of the close of the offer subject to the *Corporations Act 2001* (Cth) (**Act**) and the ASX Listing Rules. It is anticipated that Eligible Shareholders will have an ability to apply for shortfall shares at the same time as they accept their Entitlement under the Rights Offer.

The Company provides the following information in accordance with section 708AA(2)(f) of the Act:

- (a) The New Shares will be offered for issue (and the Options will be granted) without disclosure to investors under Part 6D.2 of the Act;
- (b) This notice is being given in accordance with section 708AA(2)(f) of the Act;
- (c) As at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act; and
- (d) As at the date of this notice there is no information that is “excluded information” (in accordance with the requirements of subsections 708AA(8) and (9) of the Act); and
- (e) The potential effect the Rights Offer will have on the control of the Company is as follows (based on the issued share capital of the Company as at the date of this notice):

MEC Resources Ltd

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- a. If all Eligible Shareholders take up their Entitlements under the Rights Offer, the Rights Offer will have no effect on the control of the Company (subject to (c) below).
- b. If any Eligible Shareholders do not take up all of their Entitlements, then the interests of those Eligible Shareholders will be diluted.
- c. The proportional interests of shareholders who are not Eligible Shareholders will be diluted because those shareholders are not entitled to participate in the Rights Offer.
- d. If all Board members take up their Entitlements in full, and no other Eligible Shareholder takes up their Entitlement and the shortfall is not placed, the percentage of the total issued share capital of the Company held by the directors (or their related entities) will increase from 6.06% to 8.82%.
- e. Any issue of the shares under the Rights Offer (including any shortfall placement) will be subject to the takeovers prohibition in section 606 of the Act which prohibits a person from acquiring New Shares if such issue will result in their voting power in the Company increasing from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

If Shareholders have any queries regarding the Rights Offer please do not hesitate to contact the Company Secretary Ms Deborah Ambrosini on +61 8 9245 6187.

We once again thank you for your continued support and look forward to an exciting year of development.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Goh Hock', with a long horizontal stroke extending to the right.

Mr Goh Hock
Chairman

MEC Resources Ltd

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