



21 July 2017

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

via e-lodgement

Dear Sir/Madam

UPDATE ON DISPUTE WITH BPH AND GBA

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) (“**MEC**” or “**the Company**”) confirms that a settlement conference will be held between the Company, BPH Energy Ltd (ASX: BPH) and Grandbridge Ltd (ASX: GBA) to seek to achieve global resolution of the respective legal disputes (**Conference**).

MEC has withdrawn its Statutory Demand issued to BPH Energy Ltd on 3 July 2017 to enable discussions in good faith with BPH Energy Ltd and Grandbridge Ltd to occur. The Statutory Demand was issued to BPH Energy Ltd in relation to alleged default on repayment by BPH Energy Ltd under the terms of a formal loan agreement entered into in 2014.

Furthermore, the claims between each of BPH Energy Ltd, Grandbridge Ltd and MEC have been temporarily suspended to determine if the disputes can be resolved in an informal setting at the Conference with a view to saving the Company significant legal cost.

BPH Energy Ltd, Grandbridge Ltd and MEC have each agreed to attend the Conference for this purpose.

The withdrawal of the Statutory Demand by MEC should not be construed as MEC resiling from the amounts it alleges are owed to it.

BPH Energy Ltd and Grandbridge Ltd are to provide information supporting their claims of outstanding monies purportedly owed to them by the Company and its related bodies corporate prior to the Conference.

Yours faithfully

A handwritten signature in black ink, appearing to read "Goh Hock", with a horizontal line underneath.

Goh Hock
Chairman

MEC Resources Ltd

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