



16 January, 2018

RECEIPT OF NOTICE OF INTENTION TO REMOVE DIRECTORS

On 22 December 2017, MEC Resources Ltd (ASX: MMR) (the “Company” or “MEC”) received a notice purportedly issued under section 203D of the *Corporations Act 2001* (Cth) (the “Act”) (the “Notice”) from various shareholders set out in the Schedule to this announcement (together, the “Requisitionists”). The Requisitionists at that time, represented in aggregate approximately 5.004% of the votes that may be cast at a general meeting of the Company.

The Notice sets out the intent of the Requisitionists at the next General Meeting of the Company to move resolutions for the removal from office of all current Directors.

A letter accompanying the Notice states that it is the intention of the Requisitionists to call a meeting of shareholders under section 249F of the Act pursuant to which the Requisitionists (and not MEC) would call the meeting by issuing the enabling Notice of Meeting. Pursuant to section 203D, any such meeting cannot be held until at least two months after receipt of the Notice.

Although not himself one of the Requisitionists *per se*, MEC has been advised in a telephone conversation with Mr Albert Grincerì, a representative of AVCO Pty Ltd and one of the Requisitionists, that the person behind both the Notice and the intended meeting request is Mr David Breeze. Mr Grincerì stated:

“David Breeze is behind this but does not want his name associated with it. He wants to take down the Board and the Company. He has a personal vendetta.”

This is consistent with numerous phone calls made and emails sent by Mr David Breeze to MEC’s shareholders in recent weeks with material attacking the existing board.

As shareholders are aware, Mr Breeze was a Director of MEC from April 2005, and Managing Director until the termination of his consultancy agreement with the Company in November 2016.

Mr Breeze is currently the subject of legal proceedings issued by MEC in the Supreme Court of Western Australia for failing to return Company property following his termination.

As shareholders are further aware, this attempt by Mr Breeze (and his associates) to replace the Board of MEC with his own nominees is not the first time this has occurred since his termination as Managing Director.

Previous attempts by Mr Breeze to overthrow the Board

On 20 December 2016, MEC announced that it had received notices under sections 203D and 249D of the Act from Mr Breeze and entities under his control requiring the Company to convene a meeting of shareholders to consider resolutions for the removal of all of the existing Directors of the Company and the election of his three nominees.

MEC Resources Ltd

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The meeting was held on 16 February 2017 with approximately 57% of shareholders voting against the election of Mr Breeze's nominees.

A further meeting was held on 9 March 2017 with approximately 85% of shareholders voting against the removal of the existing Directors.

Notwithstanding the resounding defeat of the aforementioned resolutions, on 28 April 2017, Mr Breeze and his associates issued a notice under section 249F of the Act calling a meeting of shareholders to consider the exact same resolutions.

On 15 May 2017, the section 249F notice was withdrawn by Mr Breeze after MEC advised him that his notice contained a host of deficiencies of a legal nature.

With respect to the section 203D notice now received, MEC advises shareholders to take no action at this time.

MEC Chairman, Mr Hock Goh, said today:

"It is extremely disappointing that we are now going to have to endure yet another attempt by Mr Breeze to take control of MEC when shareholders voted so clearly just recently on the exact same matters.

"These actions come at significant cost to MEC, both in terms of the monetary outlay required in responding and through the distraction to key Company personnel.

"To put an end to Mr Breeze's antics, the best thing that shareholders can do is to tell him personally to cease and desist if he should call on the phone or reach out by way of email, and to vote against his resolutions if and when a proxy form in respect of a shareholders' meeting is received.

"Personally, I think that Mr Breeze would be better off focussing on the affairs of companies already under his control such as Grandbridge Limited, the shares of which have been suspended from trading due to its deleterious financial position, and BPH Energy Limited which, in the face of a substantial financial claim from MEC, is seemingly and not surprisingly struggling to raise capital, having twice needed to extend the timetable for its current capital raising."

The Board welcomes shareholders' comments and feedback, which can be provided by phone on +61 8 9245 6187 or by email at info@mecresources.com.au.

Yours faithfully,

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

Goh Hock
Chairman

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Schedule of Requisitioning Shareholders

Protax Nominees Pty Ltd
Anstey Superannuation Fund Pty Ltd
Paul Anstey & Co Pty Ltd
Paul Emile
Richards Anstey and Mrs Katherine Jean Anstey
Steven Craig James
Roger Julian Glyn Davenport and Mrs Frances Davenport
AVCO Pty Ltd
Mr Valentine Durnin
Mr Valentine Durnin and Mrs Pauline Durnin
Ms Claire Durnin
Mr Peter Durnin and Mr Joseph Durnin
Avatar Energy Pty Ltd
Kinetas Pty Ltd
Superfold Pty Ltd
Mr Thomas Andrew Keith Wilson
Mr David Booth & Mrs Tracey Booth

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