



20 April 2018

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

via e-lodgement

Dear Sir/Madam

NOTICE OF DESPATCH OF RIGHTS ISSUE OFFER DOCUMENTS

MEC Resources Ltd (**Company**) refers to its announcement on 13 April 2018 in relation to an equity raising via a pro rata non-renounceable rights issue (**Rights Issue**)

The attached offer document (together with the accompanying entitlement and acceptance form) in relation to the Rights Issue has been despatched to eligible shareholders.

If you have any questions regarding the Rights Issue, please do not hesitate to contact the Company Secretary Ms Deborah Ambrosini on 9245 6187.

We thank you for your continued support.

Yours faithfully

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

Mr Goh Hock
Chairman

MEC Resources Ltd

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MEC RESOURCES LIMITED

ACN 113 900 020

PRO-RATA NON-RENOUNCEABLE RIGHTS OFFER DOCUMENT

1 FOR 2 PRO-RATA NON-RENOUNCEABLE RIGHTS OFFER OF NEW FULLY PAID ORDINARY SHARES AT AN ISSUE PRICE OF \$0.018 PER SHARE. IN ADDITION, FOR EACH NEW SHARE ISSUED, ONE UNLISTED OPTION OVER ONE ORDINARY SHARE TO BE GRANTED FOR NIL CONSIDERATION WITH AN EXERCISE PRICE OF \$0.05 PER NEW SHARE. THE OPTIONS WILL BE EXERCISABLE AT ANY TIME BETWEEN 1 AUGUST 2019 AND 23 AUGUST 2019 (BOTH DATES INCLUSIVE).

THIS RIGHTS OFFER CLOSSES AT 5:00 PM (AUSTRALIAN EASTERN STANDARD TIME) ON 7 MAY 2018 (SUBJECT TO THE COMPANY'S RIGHT TO VARY THIS DATE).

ELIGIBLE SHAREHOLDERS MAY ALSO APPLY FOR SHORTFALL SHARES IN ADDITION
TO THEIR ENTITLEMENT.

PRO-RATA NON-RENOUNCEABLE RIGHTS OFFER DOCUMENT

1 THE OFFER

The Company offers each of its Eligible Shareholders the opportunity to subscribe for New Shares under a pro-rata non-renounceable rights offer.

Each Eligible Shareholder is entitled to subscribe for one (1) New Share for every two (2) Shares held by that Eligible Shareholder as at the Record Date at an issue price of \$0.018 per New Share. 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 terms of the Options are set out in section 5.2 of this Offer Document. Eligible Shareholders may also apply for additional Shortfall Shares.

If an Eligible Shareholder becomes entitled to a fraction of a New Share, the entitlement will be rounded down to the nearest whole number.

2 TIMETABLE

The indicative timetable for the Rights Offer is as follows:

Event	Date
Announcement of the Offer, lodgement of Appendix 3B and statement under section 708AA(2)(f) of the Corporations Act 2001	13 April 2018
Notice sent to shareholders containing information required by Appendix 3B	16 April 2018
Existing Shares quoted on "ex" basis	18 April 2018
Record date to determine entitlements under the Rights Offer (Record date)	5:00pm (AEST) on 19 April 2018
Offer Document and Entitlement and Acceptance Form dispatched to eligible shareholders (Opening Date)	20 April 2018
Last day to extend Rights Offer	2 May 2018
Final date and time for receipt of acceptance and payment in full (Closing Date)	5:00PM (AEST) on 7 May 2018*
New Shares quoted on a deferred settlement basis	8 May 2018*
Company to notify ASX of under subscriptions	10 May 2018*
Allotment of New Shares and grant of Options (Issue date)	14 May 2018*
Deferred settlement trading of New Shares ends	14 May 2018*
Dispatch of transaction confirmation statements (holding statements)	14 May 2018*
Date of quotation of New Shares issued under the Rights Offer	15 May 2018*

* Assuming that the Offer is not extended. The Company reserves the right (subject to the Corporations Act, the Listing Rules and other applicable laws) to vary the dates of this Timetable including (without limitation) extending the Closing Date or accepting late Applications, either generally or in particular cases, without notice.

3 IMPORTANT INFORMATION

3.1 Contact details

If you have not received a personalised Entitlement and Acceptance Form, or if you have any queries on how to complete the Entitlement and Acceptance Form, please contact the Company on (08) 9245 6187.

3.2 Offer Document not a prospectus

The Offer Document, which has been prepared by the Company, is not a prospectus or disclosure document for the purposes of Chapter 6D of the Corporations Act (or any other purpose), and has not been lodged with ASIC. The Company is offering New Shares and Options under this Offer Document without disclosure to investors under Chapter 6D of the Corporations Act, pursuant to section 708AA of the Corporations Act.

The Offer Document does not contain all the information that Eligible Shareholders may require to make an informed decision as to whether or not to apply for New Shares. Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to ASX, before deciding whether to accept the Offer.

It is important that you read and understand the information regarding the Company which is publicly available on the ASX website at <http://www.asx.com.au/> under stock code MMR, prior to accepting the Offer.

3.3 Speculative investment

The New Shares and Options offered under this Offer Document should be considered speculative.

3.4 Entitlement and Acceptance Forms

Accompanying this Offer Document is a personalised Entitlement and Acceptance Form that sets out your Entitlement. There is no minimum subscription and you may take up your Entitlement in whole or in part, and in addition you may apply for Shortfall Shares.

3.5 Opening and Closing of the Offer

Offers under the Rights Offer will open at 9:00 am (AEST) on 20 April 2018 (**Opening Date**) and will close at 5:00pm (AEST) on 7 May 2018 (**Closing Date**), unless extended. The Directors reserve the right to extend the Closing Date without prior notice.

The Company also reserves the right not to proceed with the whole or part of the Offer at any time prior to the Issue Date. In that event, Application Monies will be refunded in full without interest.

3.6 Acceptance of Applications for New Shares

If your Entitlement and Acceptance Form is not completed properly, or if the accompanying payment is for the wrong amount, the Directors may elect to treat it as valid or may reject it. The decision of the Directors as to whether to treat any Application for New Shares as valid or invalid and how to construe, amend or

complete the associated Entitlement and Acceptance Form will be final. The Directors may complete any blanks or spaces left in any Entitlement and Acceptance Form and you, by lodging that form, appoint the Directors, and each of them, as your joint and several attorneys for such purpose and authorise all such amendments, insertions and alterations. If the Company elects, in its absolute and unfettered discretion, to treat any such incomplete or incorrectly completed Entitlement and Acceptance Form, or any Entitlement and Acceptance Form accompanied by the wrong amount as invalid and to therefore reject the Application, the Application Monies will be refunded without interest.

A completed and lodged Entitlement and Acceptance Form, together with a cheque, bank draft or money order for the Application Monies, or the payment of your Application Monies by BPAY, constitutes a binding and irrevocable Application for the number of New Shares specified in the Entitlement and Acceptance Form or which could be subscribed for by the Application Monies paid by you (whichever is the lower).

3.7 Eligible shareholders

A shareholder is eligible to participate in the Offer if at the Record Date:

- the shareholder is a registered holder of Shares; and
- the shareholder has a registered address in Australia or New Zealand.

The Company will determine whether a Shareholder is eligible or ineligible to participate in the Offer and the decision of the Company is final.

3.8 Ineligible shareholders

The Company has decided that it is unreasonable to make the Offer to any Shareholder with a registered address outside Australia or New Zealand at the Record Date having regard to the cost to the Company of complying with applicable legal and regulatory requirements outside Australia and New Zealand.

Accordingly, the Offer is not being extended to Shareholders with a registered address outside Australia or New Zealand. In accordance with Listing Rule 7.7.1(b) the Company will send each holder to whom it will not offer New Shares and Options, details of the Rights Offer and an advice that the Company will not offer New Shares and Options to those holders.

3.9 Rights issue exception not available

No nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold). Eligible Shareholders who may be at risk of their voting power in the Company increasing beyond that allowed by the takeovers prohibition in section 606 of the Corporations Act as a result of the acceptance of the Offer should seek professional advice before completing and returning the Entitlement and Acceptance Form.

4 OFFER

4.1 General Structure

The Offer is a 1 for 2 pro-rata non-renounceable rights offer at \$0.018 per New Share, to raise up to \$2,447,512 (before the costs of the Offer, and ignoring the treatment of fractional entitlements). 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. The Offer is open to Eligible Shareholders being those Shareholders who have a registered address in Australia or New Zealand at the Record Date.

The capital structure of the Company before and after the Offer on the assumption the Offer is fully subscribed is as follows:

- The shares on issue at the date of this Offer Document are 271,945,731.
- The maximum number of New Shares to be issued pursuant to the Offer is 135,972,866 (ignoring the treatment of fractional entitlements).
- The unlisted options on issue at the date of this Offer Document are 3,350,000.
- The maximum number of Options to be issued pursuant to the Offer is 135,972,866 (ignoring the treatment of fractional entitlements).

Assuming a full subscription, the total shares on issue after the Offer will be 407,918,596 and the total unlisted options on issue after the Offer will be 139,322,866 (ignoring the treatment of fractional entitlements). At this stage, and as the Offer is not underwritten, it is not possible to determine what the actual capital structure of the Company will be if the Rights Offer is not fully subscribed or if the Shortfall (if any) is unable to be placed.

4.2 Offer Price

The price payable for each New Share is \$0.018 cash per New Share payable in full on application.

Eligible Shareholders will not be required to pay brokerage or other fees in respect of any New Shares and Options acquired under the Offer.

Eligible Shareholders should note that the market price of Shares may rise and fall between the date of this Offer Document, and the date on which the New Shares are allotted and the Options are granted. Accordingly, the price paid for each New Share under the Offer may be higher or lower than the market price of Shares at the time of this Offer or at the time the New Shares are allotted (or the Options are granted) under the Offer. The market price of the Shares can be obtained at <http://www.asx.com.au/> by searching under stock code MMR.

4.3 Non-Renounceable

The Offer is non-renounceable which means that the Entitlement to New Shares and Options under the Offer cannot be sold, traded or transferred. Entitlements not taken up will lapse.

4.4 Minimum Subscription

There is no minimum subscription under the Offer.

4.5 Underwriting

The Offer is not underwritten.

Claymore Capital Pty Ltd (AFSL 261076) (**Claymore**), 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 Offer and the placement of the Shortfall Shares 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 Directors under the Offer). The Directors will not be participating in the placement of any Shortfall Shares by Claymore, and will only be participating in the Offer to the extent described in section 4.7 below.

4.6 Placement of Shortfall

The Shortfall Shares (and the Options that are granted on issue of any Shortfall Shares) will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any Shortfall in subscriptions.

If there is any Shortfall, the Shortfall Shares (and the Options that are granted on issue of any Shortfall Shares) will be allocated to Eligible Shareholders who have applied for Shortfall Shares, subject as set out below.

If the Company receives applications for Shortfall Shares that would result in the Offer being oversubscribed, then the Company will not accept such oversubscriptions and will reject or scale back applications for Shortfall Shares at its discretion.

The Directors reserve the right to issue the Shortfall Shares (and the Options that are granted on issue of any Shortfall Shares) in their discretion. Any Shortfall Shares so issued will be issued within three months after the Closing Date and will be issued at a price that is not less than the Issue Price of the New Shares under the Offer.

The Company will not issue Shortfall Shares where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law, including without limitation, a breach of section 606 of the Corporations Act. Eligible Shareholders wishing to apply for Shortfall Shares must consider whether the issue of the Shortfall Shares (and the Options that are granted on issue of any Shortfall Shares) applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares (and the Options that are granted on issue of any Shortfall Shares) than applied for. Application Monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on Application Monies held and returned.

To the extent any Shortfall remains after allocation to Eligible Shareholders who have applied for the Shortfall Shares, the Company will use its best endeavours to place those remaining Shortfall Shares.

No related party of the Company (including Directors and their Associates) is permitted to participate in the placement of any Shortfall Shares.

4.7 Participation of Directors under the Offer

All Directors except Ms Ambrosini and Mr Matthew Batrick (alternate Director for Mr Darryl Moore) are Eligible Shareholders either personally or through related entities. All eligible Directors except Mr Darryl Moore who will not participate, will participate in the offer by way of cash consideration, however they have not determined the extent of their participation in the Offer as at the date of this Offer Document.

Directors currently have the following holdings of Shares:

Director	Current Shareholding	Entitlement	Participating
Goh Hock*	8,486,191	4,243,095	Yes
K O Yap*	7,273,035	3,636,517	Yes
Heng Yu*	45,000	22,500	Yes
Darryl *Moore	666,667	333,333	No
Total	9,964,288	4,982,144	

* All of the shares are held either by the director or their related entities.

4.8 New Shares Issued

The Directors will proceed with the allotment of the New Shares (and grant of the Options) which are the subject of this Offer Document as soon as possible after the Closing Date.

A statement will be issued to Applicants confirming the issue of the New Shares and Options. New Shares will rank equally with other Shares on issue.

All Application Monies shall, pending allotment and issue of New Shares and grant of the Options, be held by the Company in trust in a bank account established for the purpose of depositing Application Monies received. Any interest earned on those moneys shall be to the account of the Company.

It is the responsibility of Applicants to determine their allocation of New Shares (and Options granted to them) prior to dealing in those securities. Any

Applicants who sell or otherwise deal in any New Shares or Options before they receive their transaction confirmation statements will do so at their own risk.

The Entitlement and Acceptance Form which accompanies this Offer Document contains a warranty that the Applicant has personally received the complete and unaltered Offer Document prior to completing the Entitlement and Acceptance Form, or where the Applicant pays the Application Monies by BPAY, prior to making such payment.

The Company reserves the right to not accept an Application from a person if it has reason to believe that, when that person was given access to the Entitlement and Acceptance Form, they were not provided with the Offer Document or any relevant supplementary Offer Document or any of these documents were incomplete or altered. In any such case, the Application Monies received will be dealt with in the manner provided for in section 722 of the Corporations Act.

4.9 Application for Listing

The Company will apply to ASX for quotation of the New Shares issued under the Offer. If ASX does not grant quotation of the New Shares within three months of the date the Offer opens, then the Company will refund all Application Monies, without interest, as soon as possible.

5 RIGHTS ATTACHING TO NEW SHARES AND OPTION TERMS AND CONDITIONS

5.1 Rights attaching to New Shares

The New Shares issued pursuant to the Offer will rank equally with the existing Shares on issue and will have the same rights as those existing Shares on issue.

The rights and liabilities attaching to the Shares are primarily contained in the Company's Constitution, the Corporations Act, and the Listing Rules. To obtain a definitive assessment of the rights and liabilities which attach to the New Shares in any specific circumstances, Eligible Shareholders should seek their own advice.

5.2 Option terms and conditions

- (1) Each unlisted Option granted on the issue of a New Share gives the holder the right to subscribe for one (1) Share. To exercise the right given by each Option, the holder must exercise the Options in accordance with the following terms and conditions.
- (2) No amount is payable on grant of the Options.
- (3) The Options will be exercisable at any time between 1 August 2019 and 23 August 2019 (both dates inclusive) (**Exercise Period**). Any Option not exercised within the Exercise Period will automatically lapse at 5.00pm (AEST) on 23 August 2019.
- (4) The Company must give each holder of Options a certificate or holding statement stating:

- (a) the number of Options issued to the holder;
 - (b) the exercise price of the Options; and
 - (c) the date of grant of the Options.
- (5) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act.
- (6) The exercise price of each Option is \$0.05 (**Exercise Price**).
- (7) The Options held by each holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised.
- (8) If a holder of Options exercises less than the total number of Options registered in the holder's name:
 - (a) the holder must surrender its Option certificate (if any); and
 - (b) the Company must cancel the Option certificate (if any) and issue the holder a new Option certificate or holding statement stating the remaining number of Options held by the holder.
- (9) A holder may exercise their Options by lodging with the Company, at any time during the Exercise Period:
 - (a) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (b) a bank cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised (together, the **Exercise Notice**).
- (10) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (11) On 30 August 2019, the Company will allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified as being exercised in each Exercise Notice. Within 5 business days of the issue of these Shares, the Company will provide a cleansing notice to ASX complying with sections 708(5)(e) and 708(6) of the Corporations Act to allow for the resale of the Shares issued on exercise of the Options.
- (12) The Options will not be transferable.
- (13) Options do not carry any dividend entitlement until they are exercised. Subject to the Company's Constitution, all Shares allotted and issued upon the exercise of Options will upon allotment and issue rank pari passu in all respects with other Shares.
- (14) The holder of Options will not have any right to attend or vote in general meetings of Shareholders.
- (15) A holder of Options is not entitled to participate in any new issue to existing Shareholders in the Company unless the holder has exercised the holder's Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (16) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend

reinvestment) and no Share has been issued in respect of the Options before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the ASX Listing Rules.

- (17) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the ASX Listing Rules.
- (18) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the holder of Options (including the number of Options to which each holder is entitled and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (19) Any calculations or adjustments which are required to be made under (15) to (18) (both inclusive) will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the holder of Options.
- (20) The Company must within a reasonable period give to each holder of Options notice of any change under (15) to (18) (both inclusive) to the exercise price of any Options held by a holder or the number of Shares for which the holder is entitled to subscribe on exercise of an Option.
- (21) If applicable, the Company will apply to ASX Limited for official quotation of the New Shares issued on exercise of the Options.
- (22) If during the currency of any Options and prior to their exercise a takeover bid (within the meaning of the Corporations Act) is made to holders of Shares, then within 14 days after the Company becomes aware of the takeover bid, the Company must forward a notice notifying the holders of Options of the takeover bid and specifying a notice period during which the holder may exercise the Options notwithstanding any other terms and conditions applicable to the Options. If the Options are not exercised within this notice period, the Options may be exercised during the Exercise Period according to their terms of issue.
- (23) If there is, or may be, an acquisition of Shares in the Company pursuant to a scheme of arrangement that is to be implemented in accordance with the Corporations Act, the holder of Options will be entitled to exercise Options held by him or her within the period notified by the Company.
- (24) These terms and the rights and obligations of holders of Options are governed by the laws of Victoria. Each participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.

5.3 Constitution of the Company

A copy of the Constitution of the Company can be obtained from ASIC. The Constitution may also be inspected at the Company's registered office during normal business hours.

6 HOW TO APPLY

6.1 Entitlement

The Entitlement of an Eligible Shareholder is set out in the Entitlement and Acceptance Form accompanying this Offer Document which will be sent to Eligible Shareholders on the Opening Date.

Eligible Shareholders will be entitled to 1 New Share for every 2 Shares held as at the Record Date. 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. Shareholders with multiple holdings of Shares will receive more than one set of Offer Documents and will have a separate Entitlement for each holding.

Fractional entitlements will be rounded down to the nearest whole number.

6.2 Applying for New Shares and Options

The Entitlement and Acceptance Form will allow you to apply for a lesser number of New Shares than your Entitlement. An Eligible Shareholder may take up all or part of their Entitlement by completing their personalised Entitlement and Acceptance Form which should accompany this Offer Document, and returning it together with the correct Application Monies by no later than the Closing Date.

The Company may, but is not obliged to, accept any Application received after the Closing Date if the Application is postmarked prior to the Closing Date. If an Application is rejected for any reason then the Company will refund the excess Application Monies to the Eligible Shareholder without interest.

6.3 Shortfall

If you wish to accept your Entitlement in full and apply for Shortfall Shares, complete the Entitlement and Acceptance Form and also fill in the number of Shortfall Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form.

6.4 **Payment**

Payment of Application Monies (Application Monies must be equal to the Offer Price multiplied by the total number of New Shares applied for including Shortfall Shares) will only be accepted in Australian currency, and as follows:

∞ **Through BPAY.**

To pay by BPAY Eligible Shareholders must make their payment using the Biller Code and Customer Reference Number set out in their personalised Entitlement and Acceptance Form.

An Eligible Shareholder with multiple holdings will have multiple BPAY reference numbers. To ensure you receive your Entitlement in respect of a particular holding, you must use the Customer Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

Eligible Shareholders making payment via BPAY do not need to complete and return their personalised Entitlement and Acceptance Form.

Applicants must be aware that their own financial institutions may impose earlier processing cut-off times for electronic payments. It is the responsibility of Applicants to ensure that payment is submitted through BPAY with sufficient time so that it is received before the close of the Offer.

∞ **By cheque, bank cheque or money order.**

Payment by cheque, bank cheque or money order must be made as follows:

- complete your personalised Entitlement and Acceptance Form;
- attach your payment of Application Monies which must be drawn on an Australian Bank, Australian branch of a financial institution or by money order and be made payable in Australian currency;
- address the cheque, bank cheque or money order to 'MEC Resources Limited' and mark it 'Not Negotiable'; and
- return the completed Entitlement and Acceptance Form and payment so that it is received by no later than 5.00pm (AEST) on the Closing Date to:

MEC Resources Ltd
C/- Advanced Share Registry
PO Box 1156
Nedlands Perth WA 6909

Cash payments will not be accepted. Receipts for payments will not be issued. Neither the Share Registry nor the Company accept any responsibility if Applicants do not follow the instructions above.

If the amount of Application Monies provided are insufficient to pay in full for the number of New Shares applied for (or the full Entitlement in the case of payment by BPAY) then the Applicant will be regarded as having applied for such whole number of New Shares as is covered in full by the Application Monies provided. Alternatively, the Company may in its discretion reject the Application, in which case the Application Monies will be refunded without interest.

6.5 Effect of Application

By applying for New Shares under the Offer (including by way of payment through BPAY), an Eligible Shareholder is taken to:

- agree to be bound by the terms and conditions set out in this Offer Document and the accompanying Entitlement and Acceptance Form;
- acknowledge that the investment in New Shares is speculative and is subject to a wide range of risks including risks as detailed in this Offer Document;
- represent and warrant that they satisfy the criteria of being an Eligible Shareholder as set out in this Offer Document;
- irrevocably apply for the issue of the number of New Shares specified on the Entitlement and Acceptance Form and agree to accept those securities;
- authorise the Company to place the Eligible Shareholder's name on the Register of Members of the Company in respect of the New Shares specified on the Entitlement and Acceptance Form;
- acknowledge that, whether or not the Eligible shareholder has done so, the Eligible Shareholder has had opportunity to read the public announcements by the Company that are available on the ASX website at <http://www.asx.com.au/> by searching under the Company's stock code (MMR);
- acknowledge that the Eligible Shareholder has sufficient experience and expertise to make, and has made, its own assessment as to the nature and quality of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company, before deciding to subscribe for the New Shares, including, as necessary, by obtaining independent professional advice, and that the Eligible Shareholder was satisfied as to those matters before lodging any Application for the New Shares;
- agree that no warranty or representation (express or implied) has been given or made by any of the Company, any person on behalf of the Company or by, or on behalf of, any of the Directors or officers of the Company as to:
 - the merits or otherwise of subscription for New Shares;
 - the value of the New Shares and Options;

- the assets and liabilities, financial position and performance, profits and losses and prospects of the Company;
- the value of the assets of the Company; or
- the completeness or accuracy of the information available to the Eligible Shareholder regarding the Company;
- acknowledge that the Eligible Shareholder has decided to subscribe for the New Shares based solely on its own investigations;
- release and discharge (to the maximum extent permitted at law) the Company and each of its Directors, officers and agents from any action or claim for any loss or damage which the Eligible Shareholder may suffer as a result of the subscription for New Shares and any Options granted or as a result of the occurrence of any future act matter or thing which may adversely affect the value of any such New Shares and Options, or the existence or value of the assets of the Company; and
- agree to be bound by the Constitution.

Any Application under the Offer (including by way of payment through BPAY) cannot be withdrawn once it is lodged.

6.6 Allowing Entitlement to lapse

Eligible Shareholders who do not wish to accept the Offer need take no action and all of their Entitlement will lapse and their shareholding will be diluted.

7 PURPOSE AND EFFECT OF OFFER

7.1 Use of funds

Funds raised under the Offer may be used primarily:

- to support MEC Investee Advent Energy in achieving the proposed well intervention program;
- to support MEC investee Advent Energy in any additional costs it may occur while performing its 2D seismic survey in PEP 11; and
- for working capital purposes.

An indicative split of the use of the funds raised from the Rights Offer (assuming full subscription) is as follows:

Proposed use of funds	Assuming Full Subscription (\$)
Advent Energy – EP 386-Well Intervention Program	1,200,000
Advent Energy PEP 11 – 2D Seismic – additional costs (if required)	100,000
Working capital	1,047,512
Cost of Issue	50,000
Total	2,447,512

Note: the use of funds as listed above is indicative only, and is subject to change by the Directors in their discretion having regard to other any factors which may impact on the how the funds will best be applied for the Company's business.

7.2 What is the effect of the Offer on Shareholders and on control of the Company

If Eligible Shareholders take up their full Entitlement under the Offer they will not be diluted (subject to treatment of fractional entitlements). If Eligible Shareholders do not exercise their Entitlement under the Offer, or only exercise part of their Entitlement, they will be diluted.

Ineligible Shareholders will have their holdings diluted by the Offer. The extent of any dilution will depend on the level of participation in the Offer.

It is not possible for the Directors to predict the final level of participation and Shortfall under the Offer, or the identity of Eligible Shareholders who will subscribe for their Entitlements. The Directors are also unable to state with certainty the identity of any prospective subscribers under the Shortfall, or the total number of Shortfall Shares (and the Options that are granted on issue of any Shortfall Shares) which will or can be placed.

The potential effect of the Offer on the control of the Company is as follows:

- If all Eligible Shareholders take up their full Entitlements, there would be no significant effect on the control of the Company, as the Offer is made pro-rata and in that case no Entitlements would lapse or revert to the Shortfall.
- If Eligible Shareholders do not take up their full Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.

- The proportional interests of Ineligible Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Offer.

Given no nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act, Eligible Shareholders will not be able to rely on the exception for rights offers in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold).

Any Shortfall will be issued by the Company on the basis that no person will be issued Shortfall Shares if such issue will result in their voting power in the Company increasing beyond that allowed by the takeovers prohibition in section 606 of the Corporations Act.

8 RISK FACTORS

The risks described in this section and elsewhere in this Offer Document are not exhaustive. Applicants should realise that any company with resource-based operations is subject to a wide range of risks, many of which may not be foreseeable.

Before deciding to invest in the Company, Applicants should read this document carefully, in its entirety and with particular emphasis on the risk factors detailed in this Offer Document.

Applicants should review past announcements made by the Company in order to fully appreciate such matters, and the manner in which the Company operates, before making a decision regarding the rights offer and whether they take up their Entitlement, in full or in part. This information is available from the ASX website (www.asx.com.au) where the Company's ASX code is MMR.

Applicants should note that no guarantee or representation is, or can be, made with respect to the payment of dividends, returns of capital or the market value of the New Shares offered for subscription.

The business operations of the Company will be subject to risks which may impact adversely and severely on its future performance. These risks may adversely affect the value of any shares in the Company. The value of shares in the Company and of its underlying assets will depend on factors beyond the immediate control of the Directors.

Eligible Shareholders should consult their professional advisers before deciding whether to invest.

Shareholders should consider the risk factors set out below which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to take up their entitlements to New Shares and Options. An investment in New Shares should be considered speculative.

8.1 General risks

The following general risks may significantly impact the Company, its performance and the price or value of the New Shares and Options:

- economic conditions in Australia and internationally;
- investors' sentiment and share market conditions;
- changes in fiscal and monetary policy by governments;
- changes in taxation and other laws;
- natural disasters;
- war or terrorist attacks;
- opposition of environmental or community groups to the Company's activities;
- changes in commodity prices and foreign exchange rates;
- inability of the Company to obtain any necessary regulatory approvals; and
- availability of credit.

8.2 Specific risks

The following specific risks may significantly impact the Company, its performance and the price of its Shares:

Exploration and development risks:

Oil and gas exploration, project development and mining by their nature contain elements of significant risk. The ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable oil and gas deposits;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to permits;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (g) access to competent operational management, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants;

- (h) native title risks;
- (i) adverse weather conditions over a prolonged period, which can adversely affect exploration and mining operations and the timing of revenues; and

Liquid investment

As Advent Energy is an unlisted entity, there is a risk that there won't be a ready market for the Company to sell its Advent Energy shares if it wishes to do so at any time in the future.

Additional funding

Advent Energy will require access to substantial capital to further identify and develop its substantial portfolio of exploration permits. There is no certainty that Advent Energy will have sufficient funding to pursue its exploration activities. Its ability to obtain additional funding will depend upon a number of factors, including the extent of its ability to generate income from activities which it cannot forecast with any certainty.

Commodity and currency price volatility

Commodity prices inherently fluctuate and are affected by numerous factors beyond the Company's control, including world demand for particular commodities, forward selling by producers and the level of production costs in major commodity producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity. Commodities are principally sold throughout the world in US dollars. The fluctuation of the price of oil (and to a lesser extent gas) could have a significant impact on the value of the investment being considered. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar and/or adverse movements in commodity prices (in particular, oil and/or gas), could have a materially adverse effect on the Company's investment in Advent Energy.

Exploration success

The petroleum permits described in this Offer Document are at various stages of exploration, and potential investors should understand that petroleum exploration and development are high-risk undertakings.

There can be no assurance that exploration of the permits, or any other permits that may be acquired in the future, will result in the discovery of an economic oil and gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Exploration costs are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from any estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's investment in Advent Energy.

Joint venture parties, contractors and agents

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company or Advent Energy may be or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

Environmental management

Advent Energy's operations are and will be subject to stringent environmental regulation. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance and more stringent environmental assessments of proposed projects. Environmental regulations could impact on the viability of Advent's projects. Advent Energy may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible.

Title risks and Native title

Interests in Australian petroleum tenements are governed by the respective State legislation and are evidenced by the granting of permits or licences. Each permit or licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, title to or any interest in the petroleum tenements discussed in this Offer Document could be lost if permit conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to the petroleum tenements that Advent Energy has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and production phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving petroleum tenements in which the Company has or may have an indirect interest.

Operational and technical risks

The current and future operations of the Company's investee entities, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) geological and hydro geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) alterations to joint venture programs and budgets;
- (d) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;

- (e) electrical and mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- (g) unavailability of shipping load space to transport product to overseas buyers;
- (h) unavailability of train and/or truck haulage services for the transport of product;
- (i) the supply and cost of skilled labour;
- (j) unexpected shortages or increases in the costs of consumables, diesel fuel, spare parts, plant and equipment; and
- (k) prevention or restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals (including clearance of work programs pursuant to the existing and any future access agreements entered into with the registered Aboriginal Land Council and the Native Title claimants).

Resource estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company's investee entities encounter formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans altered in a way which could impact adversely on the Company's investment in those entities.

Access to infrastructure

Advent Energy will require access to processing and gas or liquids transmission facilities, including pipelines, in order to commercially exploit any hydrocarbons discovered. Third-party access to such infrastructure may depend on the level of uncontracted capacity available from time to time. Access to processing plant is likely to depend on the successful negotiation of commercial arrangements with the owner of such plant.

Investment speculative

The above list of risk factors should not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares and Options offered under this Offer Document. Therefore, the New Shares and Options to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, return of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares. Whilst the Directors have between them significant

mineral exploration and operational experience, no assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

9 ADDITIONAL INFORMATION

9.1 No financial product advice

This document is not, and is not to be taken to be, financial product advice or a recommendation to acquire New Shares and Options. This document has been prepared without taking into account the objectives, financial situation or needs of individual investors. All investors should consider all relevant information having regard to their own objectives, financial situation and needs and consult a stockbroker, accountant or other independent financial adviser before making an investment decision.

9.2 Representations

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this document or in a release by the Company to the ASX. Any information or representation in relation to the Offer which is not contained in this document may not be relied upon as having been authorised by the Company. To the maximum extent permitted by law the Company and its advisers and affiliates or related bodies corporate and any of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer or this Offer Document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

9.3 Taxation

None of the Company, its officers, employees or advisers is giving or is able to give advice about the specific tax consequences arising from the Offer. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

9.4 Discretion of the Directors

Without limiting the other powers and discretions set out in this document, the Directors may:

- implement the Offer in the manner they think fit (subject always to the Listing Rules and the Corporations Act); and
- settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this Offer Document as they think fit, whether generally or in relation to any Shareholder or any Shares, and the determination of the Directors is conclusive and binding on all relevant Shareholders and other persons to whom the determination relates.

9.5 Governing law

This Offer Document, the Offer and the contracts formed on acceptance of Applications made under the Offer are governed by the laws of the State of Victoria. Each person who applies for New Shares under the Offer submits to the jurisdiction of the Courts of the State of Victoria.

10 DEFINITIONS

In this Offer Document unless the context or subject matter otherwise requires:

Advent Energy means Advent Energy Ltd (ACN 109 955 400).

Applicant means a person who submits an Application.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the aggregate amount payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY calculated as the Offer Price multiplied by the Number of New Shares applied for.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to it in the Listing Rules.

ASX means ASX Limited (ACN 008 624 691) or the securities exchange operated by ASX Limited as the context requires.

Company means MEC Resources Limited (ACN 113 900 020)

Claymore means Claymore Capital Pty Ltd (AFSL 261076)

Closing Date means the closing date of the Offer as specified in the Timetable (unless extended).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Eligible Shareholder means a Shareholder holding Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the pro-rata entitlement of an Eligible Shareholder to subscribe for New Shares under the Offer.

Entitlement and Acceptance Form means the Entitlement and Acceptance form accompanying this Offer Document in respect of the Offer.

Ineligible Shareholder means a Shareholder with a registered address outside Australia or New Zealand as at the Record date.

Issue Date means the issue date of the Offer as specified in the Timetable.

Listing Rules means the Listing Rules of the ASX.

New Share means a new fully paid ordinary share in the capital of the Company to be issued under the Offer.

Offer or Rights Offer means the non-renounceable rights offer pursuant to this Offer Document.

Offer Document means this document which sets out the terms of the Offer.

Offer Price means \$0.018 cash per New Share.

Opening Date means the opening date of the offer as specified in the timetable.

Options mean the unlisted options granted for nil consideration per New Shares to each Eligible Shareholder who subscribes for New Shares, 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.

Record Date means the time and date for determining Entitlements under the Offer as specified in the Timetable.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share as recorded in the Register of Members of the Company.

Share Registry means Advanced Share Registry Pty Ltd.

Shortfall or Shortfall Shares means those New Shares not validly applied for by Shareholders under the Offer by the Closing Date.

Timetable means the timetable set out in section 2 of this Offer Document (as varied from time to time).