



28 April 2017

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

via e-lodgement

Dear Sir/Madam

APPENDIX 4C - QUARTERLY CASH FLOW REPORT

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) (**Company**) was advised in a letter to the Company by ASX Limited that it is required to undertake quarterly reporting in the form of an Appendix 4C (Quarterly Cashflow Report).

In accordance with this correspondence, the Company is pleased to provide its first Appendix 4C detailing the expenditure and receipts for the last quarter.

The Company is also pleased to report that despite significant additional costs being incurred as a result of the former managing director and his associates causing the Company to hold two extraordinary general meetings and additional legal costs being incurred to recover Company property from these parties, the expenditure of the Company and its subsidiaries has decreased on a year to date basis compared with the previous financial year. It is anticipated that operating costs should stabilise in the forthcoming quarters and expenditure may decrease further.

A detailed review has been conducted of expenditure and all efforts have been made to ensure costs are kept to a minimum during this time. As previously advised Director fees have been reduced to \$1 per annum for all members of the Board. This arrangement remains in place and will continue until further notice.

As announced to the market on 14 March 2017 the Company is currently conducting a Non Renounceable Entitlements Issue which has the ability to raise up to \$2.8M. The offer closes at 5:00PM WST Friday 28 April 2017 and the Company will update the market with the total funds raised in due course.

The funds raised from the offer will be used to further the development of the Company's oil and gas assets through its investee company Advent Energy Ltd. As announced previously, Advent Energy Ltd has commenced preparation for a 2D Seismic campaign in its PEP 11 permit in the Offshore Sydney Basin. Development of the environmental plan continues and stakeholder engagement is underway with a view to operations commencing third quarter 2017. Completion of these activities is anticipated to occur within the calendar year subject to all regulatory approvals. The Company is fully committed to achieving this work obligation.

We welcome your questions regarding the Company. If you have any questions please do not hesitate to contact the Company on 08 9 245 6187 or info@mecresources.com.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'D Ambrosini', is written over a light blue circular stamp.

Deborah Ambrosini
Director and Company Secretary

MEC Resources Ltd

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