



14 February 2018

Ms Isabelle Andrews  
Adviser  
Listing Compliance (Perth)  
Australian Securities Exchange  
Level 40  
Central Park  
152-158 St Georges Terrace  
PERTH WA

Dear Ms Andrews,

**RE: MEC Resources Ltd – Response to ASX Query**

In response to your letter dated 9 February 2018, MEC Resources Ltd (“**MMR**” or “**the Company**”) is pleased to confirm as follows:

As detailed in MMR’s recent submissions to the ASX dated 1 February 2018, the negotiation of the full form farm-in terms between Asset Energy Pty Ltd, Bounty Oil and Gas NL and RL Energy Pty Ltd (together, the **Joint Venture Participants**) (**Farm-in Agreement**) is progressing.

While negotiations are still ongoing, the parties are discussing an option whereby the current Joint Venture Participants will fund the 2D seismic works, following which they will enter into a two-phased farm-in with RL Energy in respect of the 3D seismic works which will involve the 3D work being split into two phases; the first phase will be funded by RL Energy’s existing cash resources and the second phase (subject to satisfaction of conditions precedent) will be subject to RL Energy securing further funding at the relevant time.

**1. Please provide the name of the party or parties which are RL Energy’s financial backers referred to in the Announcement (together the “Financial Backers”).**

As a result of the developments referred to above, if negotiations conclude on the basis which is currently being discussed, RL Energy will only be committed to expend amounts in relation to the first phase of the 3D seismic-related work. This is a change from the position previously outlined, but for completeness, the discussions MMR previously referred to took place before the current round of discussions and Asset has now confirmed to MMR that RL Energy has its own cash resources sufficient to fund the first phase of the 3D seismic works.

RL Energy is currently financially supported by its main shareholder, Rubylloyd Pty Ltd. Based on the current draft terms of the Farm-in Agreement, RL Energy does not require third party funding (other than that to be provided by Rubylloyd to RL Energy) to discharge its obligations under the Farm-in Agreement in respect of phase 1 of the 3D seismic works.

**MEC Resources Ltd**

ACN 113 900 020

PO Box 882, West Perth, WA 6872 Suite 2, Level 3 1111 Hay Street, West Perth 6005, Western Australia

T: +61 8 9245 6187 F: +61 8 6160 5901

[info@mecresources.com.au](mailto:info@mecresources.com.au) [www.mecresources.com.au](http://www.mecresources.com.au)



2. ***Please advise what information MMR now has in its possession about the financial capacity of RL Energy to perform its obligations in relation to the farmin referred to in the Announcement ("Farmin").***

Asset Energy has provided MMR with documentary evidence in the form of a bank statement of Rubyloyd which demonstrates that RL Energy has sufficient funds to discharge its obligations in respect of phase 1 of the Farm-in Agreement (as outlined above) without recourse to third party funding. Phase 1 is anticipated to be at a cost around \$300,000.

RL Energy is continuing its discussions with other interested parties to fulfil the funding obligations of the phase 2 3D seismic acquisition should all necessary conditions precedent be fulfilled. These discussions are at various stages of completeness and details will be provided once the relevant party (or parties) and agreement has been determined.

At the time of initial discussions with RL Energy, the Joint Venture Participants were informed that RL Energy was in positive discussions with an ASX listed oil and gas explorer regarding funding Phase 2 of the transaction. In that regard, we understand RL is continuing those discussions. It is this party that was referred to in the response dated 1 February 2018, however while those negotiations are continuing, and there can be no guarantee that the provision of funding to finalise the phase 2 3D seismic works will be finalised with that party.

3. ***Please confirm that the Company is in compliance with the listing rules and, in particular, Listing Rule 3.1.***

The Company believes it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

4. ***Please confirm that MMR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MMR with delegated authority from the board to respond to ASX on disclosure matters.***

This response has been authorised and approved by the Board of MEC Resources Ltd.

Yours sincerely

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

GOH HOCK  
CHAIRMAN

**MEC Resources Ltd**

ACN 113 900 020

PO Box 882, West Perth, WA 6872 Suite 2, Level 3 1111 Hay Street, West Perth 6005, Western Australia

T: +61 8 9245 6187 F: +61 8 6160 5901

[info@mecresources.com.au](mailto:info@mecresources.com.au) [www.mecresources.com.au](http://www.mecresources.com.au)



**MEC Resources Ltd**

ACN 113 900 020

PO Box 882, West Perth, WA 6872 Suite 2, Level 3 1111 Hay Street, West Perth 6005, Western Australia

T: +61 8 9245 6187 F: +61 8 6160 5901

[info@mecresources.com.au](mailto:info@mecresources.com.au) [www.mecresources.com.au](http://www.mecresources.com.au)