



15 October 2018

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

via e-lodgement

Dear Sir/Madam

ASSET ENERGY ASSUMES 100% OF PEP11

The Board of MEC Resources Ltd (ASX: MMR) (the “**Company**” or “**MEC**”) hereby advises of the exercise of the rights to require the assumption of 100% of the participating interest in PEP11, offshore Sydney Basin, by Asset Energy Pty Ltd (“**Asset Energy**”).

Asset Energy is a wholly owned subsidiary of investee Advent Energy Ltd.

Asset Energy today issued a formal notice to former PEP11 joint venture partner Bounty Oil and Gas NL (ASX: BUY, “**Bounty**”) exercising its option under the terms of the PEP11 Joint Operating Agreement (“**JOA**”) to require Bounty to completely withdraw from the JOA and the PEP11 permit in lieu of default in payment of outstanding invoices. The withdrawal of Bounty will be finalised on registration of the transfer of Bounty’s interest in PEP11 to Asset Energy by the regulator.

The effect of Bounty’s withdrawal from the JOA and the PEP11 permit will be that Asset Energy assumes Bounty’s former 15% participating interest in PEP11, subsequently increasing Asset Energy’s current interest to 100% of that permit.

This will have no effect on the farmin agreement previously advised to the ASX between RL Energy Pty Ltd (“**RLE**”) and Asset Energy whereby RLE will acquire at least 500km² of 3D seismic in PEP11 by carrying Asset Energy’s share to a capped amount. Upon completion of the farmin agreement, RL Energy will hold a 60% working interest and Asset Energy will hold the balance of 40% of PEP11.

Yours faithfully

A handwritten signature in blue ink, appearing to read "D Ambrosini".

Deborah Ambrosini
Managing Director

MEC Resources Ltd

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