



19 November 2018

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

via e-lodgement

Dear Sir/Madam

- **SIGNIFICANT PROGRESS TOWARDS ACQUIRING A 3D SEISMIC SURVEY OVER PEP 11 OFFSHORE NSW PERMIT**
- **RL ENERGY (WHICH IS FUNDING THE 3D SEISMIC) HAS ANNOUNCED A DEAL WITH ASX LISTED SACGASCO LTD (ASX: SGC)**
- **SACGASCO HAS ACQUIRED AN OPTION TO PURCHASE RL ENERGY**

The Board of MEC Resources Ltd (ASX: MMR) (the “Company” or “MEC”) is pleased to advise that RL Energy Pty Ltd (“RLE”), a private company which has previously signed a farm-in agreement to fund a 3D seismic survey over PEP 11, has taken a significant step forward. RLE through Sacgasco Ltd (ASX: SGC) announced today that Australian oil and gas producer Sacgasco Ltd has secured an exclusive option to purchase RLE.

The conditional agreement between Asset Energy Pty Ltd (“Asset Energy”) and RLE provides for RLE to acquire 3D seismic data to meet the future 500km² PEP11 permit work commitment (inclusive of acquisition, processing and interpretation), by carrying Asset Energy’s participating interest share of these costs up to a capped amount of \$4 million.

Asset Energy which is a wholly owned subsidiary of MEC investee Advent Energy Ltd and is the Operator of the PEP11 title.

MEC believe that the agreement with Sacgasco will have a positive effect on the farm-in agreement previously advised to the ASX between RLE and Asset Energy whereby RLE will acquire at least 500km² of 3D seismic in PEP11 by carrying Asset Energy’s share to the capped amount.

MEC Chairman, Michael Sandy commented

“An Australian listed company with a team which has decades of oil and gas exploration and production experience is a very strong forward progression for the PEP11 project. The principals of Sacgasco are well known to, and respected by, the MEC board. RLE, now backed by an active producer and ASX listed company has secured a solid supporter with technical and financial experience to assist in driving the PEP11 project forward, for the benefit of MEC and its shareholders.”

We welcome comments and feedback from all shareholders and encourage you to contact the Company with your questions.

Yours faithfully

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

Deborah Ambrosini
Managing Director

MEC Resources Ltd

ACN 113 900 020

PO Box 882 West Perth WA 6872 | Suite 2, Level 3, 1111 Hay Street, West Perth WA 6006

T: +61 8 9245 6187 F: +61 8 9200 6193

info@mecresources.com.au www.mecresources.com.au



About MEC Resources Ltd (ASX:MMR)

MEC is registered as a Pooled Development Fund under the *Pooled Development Fund Act (1992)*. It has been formed to invest into a variety of industries including companies that are targeting potentially large energy and mineral resources.

MEC will provide carefully selected companies with development and exploration funding. MEC intends to identify investment opportunities with a number of specific characteristics including: near to medium term revenue opportunities, large targets; a stage of development that permits a strategic investor or IPO within several years; strong and experienced management team and a definitive competitive advantage.

MEC's major investment lies in unlisted Australian oil and gas exploration company, Advent Energy Ltd who owns 100% interest in Asset Energy Pty Ltd and Onshore Energy Pty Ltd.

Asset Energy Pty Ltd – PEP 11

- Undiscovered gross prospective recoverable gas resources for structural targets within the PEP11 offshore permit have been estimated at 5.7 Tcf (at the Best Estimate level). A Low Estimate of 0.3 Tcf and High Estimate of 67.8 Tcf has been assessed by Pangean Resources in 2010. PEP 11 lies adjacent to the most populous region of Australia and the major industrial hub and port of Newcastle.
- Signed Farmin agreement with RL Energy Pty Ltd on 4 May 2018
- Under the agreement RL Energy will acquire 3D seismic data to meet the future 500km² PEP11 permit work commitment (inclusive of acquisition, processing and interpretation), by carrying Asset Energy's participating interest share of these costs up to a capped amount of \$4 million.

Onshore Energy Pty Ltd – EP386/RL1

- A conventional 2C Contingent Resource of 11.5 Bcf (1C is 0.3 Bcf and 3C is 45.8 Bcf) for the Weaber Gas Field (RL1) has been assessed by an independent third party as a component of Advent's drive to commercialise its 100% owned onshore Bonaparte Basin assets. Included in these assets in EP386 conventional recoverable resource estimates range from 53.3 Bcf (Low) to 1,326.3 Bcf (High) of Prospective Resources, with a Best Estimate of 355.9 Bcf of gas.
- Signed a binding and exclusive term sheet for the majority (90%) sale of Onshore Energy to Bonaparte Petroleum on 28 September 2018

Pooled Development Status – Benefits to Shareholders

Pooled Development Funds raise capital and make equity investments in small and medium-sized (SMEs) enterprises after complying with a structure established under the Australian Government's PDF Act, enacted in 1992.

Companies with PDF status are taxed at 15% on their income and capital gains received from their investments.

Resident shareholders are exempt from capital gains tax after selling shares. Investors will not be entitled to deductions or capital loss on the sale of their shares.

Shareholders receiving franked and unfranked dividends are also exempt from tax with shareholders including an option to use the imputation credits attached to the franked dividends to offset other tax obligations.

Shareholders should seek professional advice from their tax advisor regarding pool developments funds and the benefits specifically available to their situation.

MEC Resources Ltd

ACN 113 900 020

PO Box 882 West Perth WA 6872 | Suite 2, Level 3, 1111 Hay Street, West Perth WA 6006

T: +61 8 9245 6187 F: +61 8 9200 6193

info@mecresources.com.au www.mecresources.com.au