



1 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 30 January 2018 MEC Resources Ltd ("**MMR**" or "**the Company**") is pleased to confirm as follows:

1. ***Please advise the date the binding terms sheet was signed by MMR and RL Energy Pty Ltd ("RL Energy")***

MMR is not a party to the binding terms sheet and did not sign the terms sheet. Asset Energy Pty Ltd ("Asset") (a wholly owned subsidiary of Advent Energy Ltd) signed the binding terms sheet with Bounty Oil and Gas (ASX:BUY) and RL Energy Pty Ltd on the afternoon of 4 December 2017. MMR holds a 47% shareholding in Advent Energy.

After receiving approval to the form of the announcement from all parties concerned on the evening of 4 December 2017, an announcement was immediately uploaded to the ASX MMR platform for release when the market opened on 5 December 2017.

2. ***Did MMR undertake due diligence enquiries on the financial and other capacity of RL Energy to perform its obligations in relation the transaction referred to in the Announcement prior to signing the binding term sheet.***

The joint venture (comprised of Asset and Bounty Oil and Gas) undertook significant due diligence enquiries on the financial and technical capabilities of RL Energy.

3. ***If the answer to questions 2 is "yes", please advise what enquiries were made and what was the result of those enquiries?***

Enquiries undertaken by the joint venture parties or their representatives included meetings with RL Energy and the Chairman of the party identified as RL Energy's financial backers prior to signing the terms sheet. Further, a review of the financial position of the party concerned was also undertaken to verify information obtained at those meetings. The result of those enquiries was that the joint venture parties were satisfied for the purposes of entering into the terms sheet (which is expressed to be subject to execution of a full form joint venture agreement and regulatory approvals) that RL Energy had adequate capacity to perform its obligations in relation to the transaction.

MEC Resources Ltd

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4. ***If the answer to question 2 was “no”, does MMR consider the fact that it has not undertaken due diligence enquiries into the capacity of RL Energy to meet its funding obligations in relation to the transaction referred to in the Announcement prior to signing the binding terms sheet to be information that a reasonable person would expect to have a material effect on the price or value of its securities, given the other information included in the Announcement.***

Not applicable. Refer to the response to question 2.

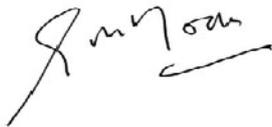
5. ***Please confirm that the Company is in compliance with the listing rules and, in particular, Listing Rule 3.1.***

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

6. ***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



GOH HOCK
CHAIRMAN

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