



Chairman's Address 10 July 2018

Welcome Ladies and Gentlemen to this general meeting of the Company's shareholders. I am Matthew Battrick and I am an alternate director to Darryl Moore. I am standing in for Mr Hock Goh who offered his sincere apology not being able to attend this meeting due to a family emergency. Hock's mother has just had another stroke and is in critical condition in a hospital in Singapore. He is now at the hospital taking care of his mother.

We are here to consider resolutions put forth by a group of small shareholders associated with Mr David Breeze to remove and replace the Company's board of directors. I am joined here today by another Director, Ms Deborah Ambrosini. Mr Darryl Moore and Mr Heng Yu have communicated their apologies for this meeting. Also attending the meeting today are Ms Natascha Hughes and Mr Toby Foster from the Perth office of MEC.

As most of you will be aware, this is not the first time that the Company has had to consider similar resolutions in the last year and a half. In February and March last year, the Company's shareholders voted to reject resolutions to appoint new directors, and supported the retention of the current board. Those actions were also brought against the Company by its former Managing Director, Mr Breeze. Mr David Breeze isn't publicly declaring his association with the so called 'shareholder interest group' that has called for this particular meeting, though shareholders can be in no doubt about his affiliation with these people.

Your company has been provided with damning evidence that Mr Breeze is behind this attempt once again including funding the unauthorised mailouts by this group. Indeed, Mr Fontaine was nominated by Mr Breeze in 2017 in his failed attempts to secure the control of the Company. Mr Fontaine also served on the board of ASX listed BPH Energy Ltd for approximately two years under the Managing Directorship of Mr Breeze.

The shareholder interest group originally demanded to hold a meeting of the Company's shareholders to consider the replacement of its directors by relying on section 249F of the Corporations Act. This section of the Corporations Act requires that the requisitioning party bears the cost of holding this meeting. All shareholders would consider that a fair position considering many of the resolutions you are currently voting on today were already considered last year.

However, in pointing this out to the shareholder interest group, they changed their mind and decided that the Company should again pay the costs of this meeting. Your Directors consider this to be a selfish action by the shareholder interest group as it has placed an unnecessary burden on shareholder funds.

Your Directors have worked tirelessly for the benefit of the Company and its shareholders. We have voluntarily reduced Directors' fees to one dollar per year to demonstrate to all that our intentions are for the success of the Company only. The directors have invested a significant portion of their

MEC Resources Ltd

ACN 113 900 020

PO Box 882, West Perth, WA 6872

Level 1, 100 Havelock Street, West Perth 6005, Western Australia

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

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



own cash into the Company at each opportunity provided to all shareholders to acquire new shares in the Company yet affiliates of the shareholder interest group did not.

In addition, we have attracted new talent with subsurface expertise and a wealth of broad oil and gas experience to the board of our major investment, Advent Energy. Your Directors and the team here today have supported Advent Energy to achieve significant developments over the last 12-18 months. These include the recent 2D seismic survey in PEP11, where over 200-line km of data was acquired in April this year. This survey satisfied the Year 2 seismic work commitment in PEP11, which had been unachieved since 2014 when it was first due. In committing to this seismic activity, your Directors facilitated the federal government's support for the ongoing exploration of PEP11. The PEP11 title was extended to February 2021 to enable exploration works to continue on this title in an attempt to discover commercial quantities of natural gas adjacent to the coast of NSW.

The planned farmout of a major exploration commitment in PEP11 has been a significant achievement against the flow of news in the exploration space in Australia. This is designed to accelerate the exploration and potential development of PEP11 with a view to discovering commercial quantities of natural gas and supplying it into the east coast gas market.

Shareholders are being provided the opportunity to vote on this transaction in a forthcoming additional meeting of the Company's shareholders. Additional discussion can and will be had over the logic of farmout of PEP11 to RL Energy to undertake a significant 3D seismic survey – the first ever in PEP11.

The shareholder interest group instigated and lead by Mr David Breeze had been a destructive force working against the shareholder's interest of this company. It is all driven by the selfish intent of Mr Breeze to regain control of this company and he is resorting to as many malicious ways he can possibly think of. All of the alleged proposals are unsubstantiated. I call on this group, if they are genuine, to come forward now and show us your cheque of \$5M as you have claimed. Something that we have already asked for on other occasions only to fall on deaf ears.

In addition, several shareholders have complained to us and other authorities about the constant harassment that they have felt from this group trying to pressure them to vote against their will. One shareholder reported to us that he received twenty-eight calls from a member of this group. Another complained that a few members turned up at their home to pressure them to change their vote. We hope that these harassment antics were reported to the Police as this behaviour is unacceptable at any time.

The company will stand by you if any shareholders wish to pursue any actions against those members of the shareholders interest group. You should not have to tolerate any of these disappointing behaviours of Mr Breeze and his associates.

Today's meeting, however, is only to determine the direction of MEC Resources itself. The nominee directors simply do not meet the standards of a public company directorship, particularly one with an energy focus. The nominee Directors' association with Mr Breeze would only be a step backward in time for the Company, and not a step toward the future. Mr Breeze had more than ten years to grow this company. Instead, he drained all the funding of this company with a dry well drilled without a 3D seismic survey.

MEC Resources Ltd

ACN 113 900 020

PO Box 882, West Perth, WA 6872

Level 1, 100 Havelock Street, West Perth 6005, Western Australia

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

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



The lead nominee, Mr Peter Richards has no oil and gas qualification or relevant energy experience. Mr Tom Fontaine is best known for the failure of PEP11 when he was the CEO of Bounty. Mr Grinceris is an accountant, again with no relevant oil and gas experience. Neither has he served on a public company board.

Directors now believe this shareholders group members are pushing to repeat the same mistake. In this day and age, it would be considered very unprofessional and not in accordance with good oilfield practice trying to drill an expensive offshore exploration well without a 3D seismic survey. For shareholders, if you want any chance of success in this company, keep these people out! The current board has shown that we are making good progress to get this company and its permits & assets back on track.

Lastly, I would like to thank all shareholders for the fantastic support received by the Company through the recent rights issue, and ongoing support communicated to the current directors and employees. It is gratefully appreciated and we look forward to returning the support via continued dedication toward a sustainable and prosperous future.

A handwritten signature in black ink, appearing to read "M Battwick", is centered within a light blue rectangular box.

MATTHEW BATTRICK
ACTING CHAIRMAN

MEC Resources Ltd

ACN 113 900 020

PO Box 882, West Perth, WA 6872

Level 1, 100 Havelock Street, West Perth 6005, Western Australia

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

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