



MEC RESOURCES LIMITED

ACN 113 900 020

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2:00pm (WST)
DATE: 13 December 2021
PLACE: Here Business & Wealth
Boardroom
Level 1, 9 Bowman Street
SOUTH PERTH WA 6151

The business of the Meeting affects your shareholding and your vote is important.

Shareholders are urged to attend or vote by lodging the Proxy Form enclosed with this Notice.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stockbroker, investment advisor, accountant, solicitor or other professional adviser prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2.00pm (WST) on 11 December 2021.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9217 2400

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF SHARES TO ADVENT ENERGY LIMITED – DEBT FOR EQUITY CONVERSION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 124,708,409 Shares to Advent Energy Ltd on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely, Advent Energy Ltd) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 11 November 2021

By order of the Board

**Mr Robert Marusco
Company Secretary**

Notice of General Meeting

Notice is given that a general meeting of shareholders of MEC Resources Limited (**Company**) will held at Level 1, 9 Bowman Street, South Perth WA on 13 December 2021 commencing at 2.00pm (WST) (**Meeting**).

The Explanatory Statement provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form all form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 11 December 2021 at 2.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Statement are defined in the Glossary.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

This Explanatory Statement forms part of the Notice which should be read in its entirety. This Explanatory Statement contains the terms and conditions on which the Resolution will be voted.

1. RESOLUTION 1 – ISSUE OF SHARES TO ADVENT ENERGY LIMITED – DEBT FOR EQUITY CONVERSION

1.1 General

MEC Resources Limited (**Company** or **MEC**) presently holds a substantial shareholding interest in its investee company, Advent Energy Limited (**Advent**), and full details of Advent and its activities are set out in the various announcements made by the Company on ASX. Advent is in the process of completing a capital raising in order to fund its ongoing activities and on completion of that capital raising in full and prior to the issue of the shares in Resolution 1 to Advent, the interest of MEC in Advent will reduce to a 38.27% interest. At the time of issue of the shares under the capital raising by Advent, MEC considers that it does not control Advent within the meaning of the Corporations Act.

Advent is owed a total of \$242,155 by MEC. Further, Advent owns 100% of Asset Energy Pty Ltd which is owed a total \$593,343 by MEC plus interest and costs of \$36,790 giving a total of \$872,288 owing (together the **Advent Debt**).

As announced by the Company on 14 December 2020, the parties entered into a deed of settlement for the full and final settlement of the Advent Debt (**Deed of Settlement**).

The key terms of the Deed of Settlement are as follows:

- (a) MEC and Advent have agreed to a debt for equity conversion for the Advent Debt pursuant to which the total of the Advent Debt will convert to equity in the Company, subject to Shareholder approval (**Advent Debt Conversion**).
- (b) Under the Advent Debt Conversion, the Company has agreed (subject to Shareholder approval) to issue up to 198,247,272 Shares at a deemed issue price of \$0.0044 per Share to Advent to settle the Advent Debt.
- (c) To be completed in the following manner:
 - (i) by the issue of 124,708,409 Shares (subject to Shareholder approval and as set out in Resolution 1) at a deemed issue price of \$0.0044 per Share to discharge the sum of \$511,972 plus interest and costs of \$36,790 of the Advent Debt (**Conversion Shares**); and
 - (ii) by allowing Advent to participate in a future rights issue or capital raise of MEC to the extent of the balance of the Shares at a deemed issue price of \$0.0044 per Share to settle the remaining balance of the Advent Debt being \$323,526.

The Advent Debt Conversion allows the Company to improve its balance sheet position and pay down \$872,288 in outstanding debt which it would otherwise need to pay in cash.

The Directors (other than Mr Breeze and Mr Huston who are also directors of Advent and therefore do not wish to make a recommendation) are of the opinion that:

- (a) the Advent Debt Conversion is a reasonable and appropriate method to expedite the initial settlement of \$548,762 of the Advent Debt and alleviates any need for the Company to raise additional cash;
- (b) the Advent Debt Conversion improves the balance sheet position of the Company by discharging \$548,762 in debt; and
- (c) there are no significant opportunity costs to the Company or benefits foregone by the Company by completing the Advent Debt Conversion. Instead, it provides a greater benefit to the Company given the extent of debt being settled in consideration for the Shares being issued to Advent and the fact that the Company does not presently have sufficient cash reserves to discharge this amount.

1.2 ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Conversion Shares for the Advent Debt Conversion falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

1.3 Technical information required by Listing Rule 14.1A

If this Resolution is passed, the Company will be able to proceed with the issue of the Conversion Shares. In addition, the issue of the Conversion Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the Company will not be able to proceed with the issue of the Conversion Shares and will be required to pay the proposed Conversion Share based component of the Advent Debt in cash.

This Resolution seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Conversion Shares for the Advent Debt Conversion.

1.4 Technical Information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to this Resolution:

- (a) the Shares will be issued to Advent and in the opinion of the Company this entity is not a controlled entity or a related party of the Company on the basis that the voting power of MEC in Advent after the current capital raising in Advent will reduce to 38.27% and MEC has 2 common directors on the Board of Advent out of a total of 5 Advent directors;

- (b) none of the Conversion Shares are being issued to members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties;
- (c) the Conversion Shares that are to be issued will represent 15.41% of the issued capital of the Company;
- (d) the maximum number of Conversion Shares to be issued under this resolution is 124,708,409;
- (e) the Conversion Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue will take place on the same date;
- (f) the issue price of the Conversion Shares will be \$0.0044 and are being issued pursuant to the Advent Debt Conversion, where the Company will convert \$548,762 of the Advent Debt to equity;
- (g) the Conversion Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) the Conversion Shares are not being issued under, or to fund, a reverse takeover;
- (i) no funds will be raised from the issue of the Conversion Shares to Advent as the Shares are being issued pursuant to the Deed of Settlement as summarised above.

GLOSSARY

\$ means Australian dollars.

General Meeting or Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning given to it in ASX Listing Rule 19.12.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company or MEC means MEC Resources Limited (ACN 113 900 020).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Glossary means this glossary of definitions.

Meeting means the general meeting of shareholders of the Company to be held at Level 1, 9 Bowman Street South Perth WA on 13 December 2021 commencing at 2pm (WST).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

PROXY FORM

**MEC RESOURCES LIMITED
ACN 113 900 020
GENERAL MEETING**

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Level 1, 9 Bowman Street South Perth WA 6151, on 13 December 2021 at 2.00pm (WST), and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions (except where I/we have indicated a different voting intention below) even though Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Issue of Shares to Advent Energy Limited – Debt For Equity Conversion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail in relation to this Proxy Form: YES NO

Instructions for completing Proxy Form

1. **Appointing a proxy**

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. **Direction to vote**

A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. **Compliance with Listing Rule 14.11**

In accordance to Listing Rule 14.11, if you hold Shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the Shares, you are required to ensure that the person(s) or entity/entities for which you hold the Shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the Company that you are in compliance with Listing Rule 14.11.

4. **Signing instructions:**

- **Individual:** Where the holding is in one name, the Shareholder must sign.
- **Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- **Power of attorney:** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **Companies:** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

5. **Attending the Meeting**

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

6. **Lodgement of Proxy Form**

Proxy forms can be lodged by completing and signing the enclosed Proxy Form and returning by:

- (a) post to MEC Resources Limited, PO Box 840 SOUTH PERTH WA 6951;
- (b) facsimile to the Company on facsimile number +61 8 9217 2401;
- (c) hand delivering to Level 1, 9 Bowman Street South Perth WA; or
- (d) email to the Company at robert.m@herebusiness.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.