



31 August 2017

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

via e-lodgement

Dear Sir/Madam

RECOVERY OF DEBT OWED BY BPH ENERGY LTD

On or about 14 November 2014, MEC Resources Ltd (ACN 113 900 020) (**Company**) entered into a written loan agreement with BPH Energy Ltd (ASX:BPH) pursuant to which the Company advanced monies to BPH (**Agreement**).

BPH has defaulted under the Agreement and monies are presently owed to the Company by BPH. The Company calculates that as at 31 August 2017, the sum of approximately \$353,133.36 is owed.

The Company has made various attempts to resolve the matter of the outstanding monies owed to it by BPH to no avail. These attempts have included:

- informal and formal discussions between the parties and their representatives;
- a formal Notice of Default being issued pursuant to the Agreement; and
- a statutory demand being issued by the Company to BPH on 3 July 2017 (**Statutory Demand**) which was subsequently withdrawn to enable further settlement discussions to occur;

Despite the above, BPH has not at any time presented the Company with an offer capable of acceptance to satisfy the Company's claim for monies owed pursuant to the Agreement.

The Company has therefore formed the view that BPH has no desire to satisfy its claim to the monies it is owed under the Agreement. In the interests of its shareholders, earlier today the Company issued a legal proceeding out of the District Court of Western Australia to recover the monies owing pursuant to the Agreement.

The Company will keep the market informed on the progress of the legal proceeding.

Yours faithfully

A handwritten signature in black ink, appearing to read "Goh Hock", with a long horizontal stroke extending to the right.

Mr Goh Hock
Chairman

MEC Resources Ltd

ACN 113 900 020

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