
MEC RESOURCES LTD

ACN 113 900 020

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2.00pm (WST)

DATE: Friday 25 November 2011

PLACE: 14 View Street
NORTH PERTH WA 6006

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact Deborah Ambrosini, the Company Secretary on +61 8 9328 8477.

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TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00pm (WST) on Friday 25 November 2011 at:

14 View Street
NORTH PERTH WA 6006

Your Vote Is Important

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

Voting In Person

To vote in person, attend the Annual General Meeting on the date and at the 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.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean 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.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - o the proxy is not recorded as attending the meeting;
 - o the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 2:00pm (WST) on Friday, 25 November 2011 at 14 View Street, North Perth, Western Australia.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 7:00pm (AEST) on Wednesday, 23 November 2011.

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

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2011, together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2011."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

2. RESOLUTION 2 RE-ELECTION OF DIRECTOR MR KAH OH YAP

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

“That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Mr Kah Oh Yap, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 RE-ELECTION OF DIRECTOR MR HOCK GOH

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

“That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Mr Hock Goh, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 4 ADOPTION OF EMPLOYEE INCENTIVE OPTION SCHEME

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 7.2 (Exception 9) and for all other purposes, approval is given for the Directors to adopt and implement the Company’s Incentive Option Scheme known as “MEC Resources Limited Employee Incentive Option Scheme” (**Scheme**) and to issue securities under that scheme on the terms and conditions in the Explanatory Statement.”*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Directors of the Company (except one who is ineligible to participate in any employee incentive plan in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.
However, the above prohibition does not apply if:
- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Short Explanation: The Scheme is designed to be an incentive to key people who assist in the successful development and operation of the Company. Please refer to the Explanatory Statement for further details.

5. RESOLUTION 5 - AMENDMENT TO COMPANY CONSTITUTION

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

"That, for the purpose of Sections 136(2) and 648D of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders approve the amendment of the Constitution of the Company, by inserting a new Clause 27 containing Proportional Takeover Provisions as set out in Annexure A of this Notice to the Constitution."

DATED: 26 OCTOBER 2011

BY ORDER OF THE BOARD



DEBORAH AMBROSINI

DIRECTOR AND COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 2.00pm (WST) on Friday 25 November 2011 at 14 View Street, North Perth, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.mecresources.com.au.

1. RESOLUTION 1 ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ended 30 June 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

1.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 1, *you must direct the proxy how they are to vote*. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

2. RESOLUTIONS 2 AND 3 RE-ELECTION OF DIRECTOR MR KAH OH YAP AND MR HOCK GOH

Clause 11.3 of the Constitution requires that one third of the Directors for the time being, or if their number is not a multiple of 3, then the number nearest to one-third, shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

The Company currently has 5 Directors and accordingly 2 must retire.

Mr Kah Oh Yap and Mr Hock Goh, the Directors longest in office since their last election, retire by rotation and seek re-election.

3. RESOLUTION 4 ADOPTION OF EMPLOYEE INCENTIVE OPTION SCHEME

3.1 Background

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of directors and employees of a high calibre, the Company has established an employee incentive option scheme known as “*MEC Resources Ltd Employee Incentive Option Scheme*” (**Scheme**).

Resolution 4 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the grant of Options under the Scheme (**Incentive Options**), and the issue of Shares upon exercise of the Incentive Options, as an exception to ASX Listing Rule 7.1.

The grant of Incentive Options will only fall within exception 9(b) of ASX Listing Rule 7.2 if the Incentive Options are issued under an employee incentive scheme approved by Shareholders within 3 years before the date of grant.

If Resolution 4 is passed, the Company will have the ability to issue Incentive Options to eligible participants under the Scheme over a period of 3 years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Scheme is an appropriate method to:

- (a) reward Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable Directors and employees.

The Scheme will be used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals. The Scheme will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Scheme given the size of the Company.

No Incentive Options have yet been issued under the Scheme.

The key terms of the Scheme are summarised in Section 3.2 below. A full copy of the Scheme is available for inspection at the Company's registered office until the date of the Meeting.

3.2 General

The Board have adopted an Employee Incentive Option Scheme to allow Eligible Participants to be granted Incentive Options to acquire Shares in the Company, the principle terms of which are summarised below.

- (a) **Eligibility and Grant of Incentive Options:** The Board may grant Incentive Options to any full or part time employee or Director of the Company or an Associated Body Corporate, or any other persons working directly or indirectly for the Company on specified projects. Incentive Options may be granted by the Board from time to time as determined by the Board.
- (b) **Consideration:** Each Incentive Option issued under the Scheme will be issued for no cash consideration.
- (c) **Conversion:** Each Incentive Option is exercisable into one Share in the Company ranking equally in all respects with the existing issued Shares in the Company, except for entitlements which had a record date before the date of issue of that Share.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Incentive Options granted under the Scheme will be determined by the Board prior to the grant of the Incentive Options.
- (e) **Exercise Restrictions:** The Incentive Options granted under the Scheme may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Incentive Options (**Exercise Conditions**). Any

restrictions imposed by the Directors must be set out in the offer for the Incentive Options.

- (f) **Lapsing of Incentive Options:** Subject to the terms of the Offer made to a Participant, an unexercised Incentive Option will lapse:
 - (i) on its expiry date;
 - (ii) if any Exercise Condition is unable to be met; and
 - (iii) subject to certain exceptions, on the eligible participant ceasing employment with the Company.
- (g) **Share Restriction Period:** Shares issued on the exercise of Incentive Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a restriction period has expired, as specified in the offer for the Incentive Options.
- (h) **Trigger Events:** The Company may permit Incentive Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (i) **Participation in Rights Issues and Bonus Issues:**
 - (i) There are no participating rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options.
 - (ii) The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue.
 - (iii) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Incentive Option Exercise Price shall be reduced according to the formula specified in the ASX Listing Rules.
 - (iv) In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Incentive Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Incentive Option.
- (j) **Reorganisation:** The terms upon which Incentive Options will be granted will not prevent the Incentive Options being re-organised as required by the ASX Listing Rules on the re-organisation of the capital of the Company.
- (k) **Limitations on Offers:** The Company must comply with Chapter 6D of the Corporations Act if the Company makes an Offer where:

- (i) the total number of Shares that would be issued on exercise of the Incentive Options the subject of that Offer, exceed the limit set out in ASIC Class Order 03/184 (or any amendment or replacement of that class order); or
- (ii) the Offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 03/184 (or any amendment or replacement of that class order).

3.3 Disclosure relief

ASIC Class Order 03/184 provides that the Company is not required to issue a prospectus for the offer of options to employees under the Scheme provided a number of conditions are satisfied, including without limitation:

- (a) the options may not be exercised until the Shares have been quoted on ASX or an approved foreign exchange throughout the 12 month period immediately before the exercise of the option without suspension for more than a total of 2 trading days during that period; and
- (b) the total number of Shares that would be issued under the Scheme, were each option issued pursuant to the Scheme exercised, and the number of Shares issued by the Company pursuant to any employee share or option scheme implemented by the Company during the previous 5 years may not exceed 5% of the total number of Shares on issue as at the date any options are offered pursuant to the Scheme.

4. RESOLUTION 5 AMENDMENT TO COMPANY CONSTITUTION

The Company intends to amend its Constitution to insert the proposed Clause 27 "Partial Takeover Plebiscites" as set out in Annexure A to this Notice.

As a consequence, the Corporations Act requires the Company to provide shareholders with an explanation of the proposed proportional takeover approval provisions as set out below so that members may make an informed decision on the proposed inclusion of the proposed proportional takeover provisions in the Company's Constitution.

4.1 What is a proportional takeover bid?

A proportional takeover bid or offer is a takeover offer sent to all members being the holders of securities within a particular a class of securities of the Company, but only in respect of a specified portion of each member's securities in the Company. Accordingly, if a member accepts in full the offer under a proportional takeover bid, the member will dispose of the specified portion of their securities in the Company and retain the balance of the securities. This means that control of the Company may pass without members having the chance to sell all their securities to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

4.2 Effect of the provisions to be inserted

If inserted, in the event that a proportional takeover offer is made to members of the Company, the Board will be required to convene a meeting of members to vote on a resolution to approve the proportional takeover offer (**Approving Resolution**). That meeting must be held the 14th day before the offer under the proportional takeover bid closes.

The resolution will be taken to have been passed if the proportion that the number of votes in favour of the prescribed resolution bears to the total number of votes on the prescribed resolution is greater than one half, excluding the securities of the bidder and its associates. The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. However, the bidder and its associates are not allowed to vote.

The Directors will breach the Corporations Act if they fail to ensure the Approving Resolution is voted on. However, if no resolution is voted on before the end of the 14th day before the close of the offer, the Approving Resolution will be deemed to have been passed.

Where the Approving Resolution is passed or deemed to have been passed, transfers of securities resulting from accepting the takeover offer will be registered provided they otherwise comply with the Corporations Act, the ASX Listing Rules, the Settlement Operating Rules and the Company's Constitution. If the Approving Resolution is rejected, then in accordance with the Corporations Act, the takeover offer will be deemed to be withdrawn.

The decision of the Company's shareholders on the Approving Resolution will be binding on all individual members.

The proposed proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions may be renewed, but only by a special resolution.

4.3 Reasons for proposing the resolution

The Directors consider that members should have the opportunity to include the proportional takeover approval provisions in the Constitution. Without the inclusion of such provisions, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without members having the opportunity to dispose of all of their securities to the bidder. Accordingly, members could be at risk of passing control to the bidder without payment of an adequate control premium for all their securities whilst leaving themselves as part of a minority interest in the Company.

The proposed provisions deal with this possibility by providing that if a proportional takeover bid is made for securities in the Company, members must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provision is that members are able to decide collectively whether the proportional takeover offer is acceptable in principle, and it may ensure that any partial offer is appropriately priced.

4.4 No knowledge of present acquisitions proposals

As at the date of this Notice of Meeting, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

4.5 Potential advantages and disadvantages for the members and the directors of the Company

The Directors consider that inserting proportional takeover approval provisions will benefit all members in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of members

called specifically to vote on the proposal. Accordingly, members will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help members avoid being locked in as a minority with one majority member. In addition, increasing the bargaining power of members may ensure that any partial offer is adequately priced. Furthermore, knowing the view of members assists each individual member in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

As to the possible disadvantages to members of inserting a proportional takeover approval provisions, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which members may have to sell all or some of their securities at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price. Such a provision may also be considered an additional restriction on the ability of individual members to deal freely in their securities.

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that insertion of proportional takeover approval provisions is in the interests of members.

While the insertion of Clause 27 will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the proportional takeover bid should be accepted.

4.6 Directors Recommendation

The Board recommends that members vote in favour of Resolution 5. Each Director intends to vote all the Shares controlled by him or her in favour of the resolution.

If this resolution is approved, the proportional takeover approval provisions will be inserted into the Constitution and will take effect from the date of the Meeting.

5. ENQUIRIES

Shareholders are required to contact Deborah Ambrosini, the Company Secretary on +61 8 9328 8477 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or AGM or Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the *Income Tax Assessment Act 1936* (Cth).

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

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

Closely Related Party of a member of Key Management Personnel means:

- (d) a spouse or child of the member;
- (e) a child of the member's spouse;
- (f) a dependent of the member or the member's spouse;
- (g) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (h) a company the member controls; or
- (i) a person prescribed by the regulations, as defined in the Corporations Act.

Company means MEC Resources Ltd (ACN 113 900 020).

Constitution means the Company's constitution.

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

Director means a director of the Company.

Directors means the current directors of the Company.

Eligible Participant means a full or part time employee of the Company or an Associated Body Corporate or any other persons working directly or indirectly for the Company on specified projects.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel means those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, as defined in the Corporations Act.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Participant means an Eligible Participant to whom Incentive Options have been granted under the Scheme, or where applicable, an Associate of the Eligible Participant to whom Incentive Options have been granted under the Scheme.

Remuneration Report means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended June 2011.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Settlement Operating Rules the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 of the ASX Settlement Operating Rules).

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

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

PART 27 PARTIAL TAKEOVER PLEBISCITES**Resolution to Approve Proportional Off-Market Bid**

- 27.1 Where offers have been made under a proportional off-market bid in respect of a class of securities of the Company ("**bid class securities**"), the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the proportional off-market bid is prohibited unless and until a resolution (in this Part 27 referred to as a "**prescribed resolution**") to approve the proportional off-market bid is passed in accordance with the provisions of this Constitution.
- 27.2 A person (other than the bidder or a person associated with the bidder) who, as at the end of the day on which the first offer under the proportional off-market bid was made, held bid class securities is entitled to vote on a prescribed resolution and, for the purposes of so voting, is entitled to one vote for each of the bid class securities.
- 27.3 A prescribed resolution is to be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the prescribed resolution.
- 27.4 A prescribed resolution that has been voted on is to be taken to have been passed if the proportion that the number of votes in favour of the prescribed resolution bears to the total number of votes on the prescribed resolution is greater than one half, and otherwise is taken to have been rejected.

Meetings

- 27.5 The provisions of this Constitution that apply in relation to a general meeting of the Company apply, with modifications as the circumstances require, in relation to a meeting that is convened pursuant to clauses 27.5 to 27.6 as if the last mentioned meeting was a general meeting of the Company.
- 27.6 Where takeover offers have been made under a proportional off-market bid, the Directors are to ensure that a prescribed resolution to approve the proportional off-market bid is voted on in accordance with this Part 27 before the 14th day before the last day of the bid period for the proportional off-market bid (the "**resolution deadline**").

Notice of Prescribed Resolution

- 27.7 Where a prescribed resolution to approve a proportional off-market bid is voted on in accordance with this Part 27 before the resolution deadline, the Company is, on or before the resolution deadline:
- (a) to give the bidder; and
 - (b) if the Company is listed – each relevant financial market (as defined in the Corporations Act) in relation to the Company;

a notice in writing stating that a prescribed resolution to approve the proportional off-market bid has been voted on and that the prescribed resolution has been passed, or has been rejected, as the case requires.

Takeover Resolution Deemed Passed

- 27.8 Where, at the end of the day before the resolution deadline, no prescribed resolution to approve the proportional off-market bid has been voted on in accordance with this Part 27, a resolution to approve the proportional off-market bid is to be, for the purposes of this Part 27, deemed to have been passed in accordance with this Part 27.

Takeover Resolution Rejected

- 27.9 Where a prescribed resolution to approve a proportional off-market bid under which offers have been made is voted on in accordance with this Part 27 before the resolution deadline, and is rejected, then:

- (a) despite Section 652A of the Corporations Act:
 - (i) all offers under the proportional off-market bid that have not been accepted as at the end of the resolution deadline; and
 - (ii) all offers under the proportional off-market bid that have been accepted and from whose acceptance binding contracts have not resulted as at the end of the resolution deadline,are deemed to be withdrawn at the end of the resolution deadline;
- (b) as soon as practicable after the resolution deadline, the bidder must return to each person who has accepted any of the offers referred to in clause 27.9(a)(ii) any documents that were sent by the person to the bidder with the acceptance of the offer;
- (c) the bidder:
 - (i) is entitled to rescind; and
 - (ii) must rescind as soon as practicable after the resolution deadline,each binding takeover contract resulting from the acceptance of an offer made under the proportional off-market bid; and
- (d) a person who has accepted an offer made under the proportional off-market bid is entitled to rescind the takeover contract (if any) resulting from the acceptance.

Renewal

- 27.10 This Part 27 ceases to have effect on the third anniversary of the date of the adoption of the last renewal of this Part 27.

PROXY FORM

APPOINTMENT OF PROXY FOR ANNUAL GENERAL MEETING MEC RESOURCES LTD ACN 113 900 020

I/We

of

being a member of MEC Resources Ltd entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy (Please note: Leave this box blank if you have selected the Chair of the Meeting as your proxy.)

OR

☐

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, 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 Annual General Meeting to be held at 2.00pm (WST), on Friday 25 November 2011 at 14 View Street, North Perth, Western Australia, and at any adjournment thereof.

Comment

"Important for Resolution 1: If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy and you have not directed the proxy to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1."

☐

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolution 4** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he/she has an interest in the outcome of Resolution 4 and that votes cast by the Chair of the Annual General Meeting for Resolution 4 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have **not** directed your proxy how to vote, the Chair will **not** cast your votes on Resolution 4 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 4.

If no directions are given, the Chair will vote in favour of all Resolutions in which the Chair is entitled to vote undirected proxies.

OR Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	☐	☐	☐
Resolution 2 - Re-election of Director – Mr Kah Oh Yap	☐	☐	☐
Resolution 3 - Re-election of Director – Mr Hock Goh	☐	☐	☐
Resolution 4 - Adoption of Employee Incentive Option Scheme	☐	☐	☐
Resolution 5 - Amendment to Company Constitution	☐	☐	☐

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 Member(s): *This section must be completed*

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

(Delete one)

Contact Name: _____ **Contact Ph (daytime):** _____



MEC RESOURCES LTD
ACN 113 900 020
Instructions for Completing Appointment of Proxy Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members must sign.
 - **(Power of Attorney):** If you have not already provided the Company or registry (as the circumstances require) with a Power of Attorney, please attach a certified photocopy of the Power of Attorney to the Proxy Form when it is returned.
 - **(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.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - post to MEC Resources Ltd, 14 View Street, North Perth, Western Australia, 6006; or
 - facsimile to the Company on facsimile number +61 8 9328 8733; or
 - email to the Company at admin@mecresources.com.au,

so that it is received not later than 2.00pm (WST) on Wednesday 23 November 2011.

Proxy forms received later than this time will be invalid.