



20 April 2017

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

via e-lodgement

Dear Sir/Madam

RE: AUSTRALIAN GOVERNMENT TAKEOVERS PANEL

MEC Resources Ltd (ASX: MMR, ACN 113 900 020, “the **Company**”) refers to the recent announcements in relation to the application to the Takeovers Panel made by Mr David Breeze, Trandcorp Pty Ltd and Grandbridge Ltd in relation to the Company’s rights issue (**Rights Issue**).

In the context of that application, the Company wishes to confirm the process by which the Directors’ discretion to allocate and issue Shortfall Shares will be exercised if the Rights Issue is undersubscribed. Terms used in this announcement which are defined in the Offer Document despatched to shareholders on 23 March 2017 have the same meanings when used in this announcement.

Applications from Eligible Shareholders for Shortfall Shares will be dealt with as follows:

- (a) To the extent there is a Shortfall (**First Shortfall**) then, subject to paragraph (d) below, each Eligible Shareholder who has validly applied for Shortfall Shares will be allocated their proportionate share of the First Shortfall in proportion to their shareholdings as at the Record Date. If an Eligible Shareholder has made a valid application for Shortfall Shares but has applied for a lower number of Shortfall Shares than the amount of new Shares which that shareholder would otherwise be allocated under this process, that shareholder will be allocated the lower amount.
- (b) If, following allocation of the First Shortfall, there remains a shortfall between the allocated new Shares and the total number of new Shares proposed to be issued under the Rights Issue (**Second Shortfall**), the above allocation process will be repeated in respect of the Second Shortfall and any subsequent shortfalls until either all the new Shares proposed to be issued under the Rights Issue have been allocated or all valid applications for Shortfall Shares have been satisfied in full.
- (c) If, following allocation of the Second Shortfall and any subsequent shortfalls in accordance with the above, there remains a shortfall between the allocated new Shares and the total number of new Shares proposed to be issued under the Rights Issue the Directors may, subject to paragraph (d) below, place that remaining shortfall in their discretion from time to time during the three month period after the close of the Rights Issue offer.
- (d) No Shortfall Shares will be allocated or issued to any related party of the Company (including Directors and their Associates) or to any person to the extent that the Company is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law, including without limitation, a breach of section 606 of the Corporations Act.

The Company would like to advise ALL Eligible Shareholders have the ability to not only participate in the Rights Issue, but to also apply for Shortfall Shares. **The above allocation mechanism does not restrict the number of Shortfall Shares for which any particular Eligible Shareholder may apply (although Eligible Shareholders should have regard to the information set out at paragraph 3.9 of the Offer Document).**

The Rights Issue offer is currently scheduled to close at 5:00pm WST Friday 28 April 2017.

The Directors would like to thank all of the shareholders for their continued support.

MEC Resources Ltd

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If you have any further queries please do not hesitate to contact the Company on 08 9245 6187.

Yours faithfully

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

Mr Goh Hock
Chairman

MEC Resources Ltd

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