



10 April 2019

Dear Shareholder,

I write to you in your capacity as the registered holder of shares (**Shareholder**) in MEC Resources Limited (ASX: MMR) (**Company** or **MEC Resources**) with a registered address outside of Australia and New Zealand.

On 9 April 2019, the Company announced a pro-rata non-renounceable rights issue of up to 341,868,046 new fully paid ordinary shares in the Company (**Rights Issue**) under which its shareholders whose registered addresses are in Australia and New Zealand (**Eligible Shareholders**) will be offered one (1) fully paid ordinary share in the Company (**New Share**) for every one (1) fully paid ordinary share in the Company held at 5:00pm AEST on Friday, 12 April 2019 (**Record Date**). The New Shares will be issued at an issue price of \$0.005 per New Share, with any fractional entitlements being rounded down. The Rights Issue will raise up to approximately \$1.7 million before costs. Shareholder approval is not required for the Rights Issue.

The Rights Issue is being undertaken in accordance with section 713 of the Corporations Act, meaning that the Company has issued a prospectus (**Prospectus**) for the purposes of making the offer of New Shares under the Rights Issue. The Prospectus has been lodged with the ASX and is available on the Company's ASX platform at the ASX website (www.asx.com.au) and on the Company's website (<https://www.mecresources.com.au/announcements/>). Further information regarding the Rights Issue is set out in the Schedule to this letter and the Prospectus released to ASX on 9 April 2019.

As announced on 9 April 2019, the funds raised from the Rights Issue will be used primarily to expand and diversify the Company's asset base in accordance with its approved investment mandate, and/or as modified from time to time following any necessary approval from AusIndustry, ASX and/or Shareholders (as applicable). In addition, the funds will also be used to continue to support the ongoing exploration efforts, through the provision of ongoing funding to Advent Energy Limited (**Advent Energy**), one of the Company's investee companies. Funds deployed to Advent Energy will be used for any additional costs it may incur toward planned exploration works within its petroleum titles. The balance will be allocated for the working capital requirements of the Company.

Indicative Timetable for Rights Issue

Event	Date
Lodgement of Prospectus with ASIC, lodgement of Prospectus and Appendix 3B with ASX and dispatch of letter to Optionholders	9 April 2019
Dispatch of letter to Shareholders	10 April 2019
Existing Shares quoted on "ex" basis	11 April 2019
Record date to determine entitlements under the Prospectus (Record Date)	12 April 2019
Prospectus and Entitlement and Acceptance Form dispatched to eligible shareholders (Opening Date)	17 April 2019
Final date and time for receipt of acceptance and payment in full (Closing Date)	5:00PM (AEST) on 3 May 2019*
New Shares quoted on a deferred settlement basis	6 May 2019*
Company to notify ASX of under subscriptions	6 May 2019*
Allotment of New Shares (Issue Date)	7 May 2019*
Deferred settlement trading ends	7 May 2019*
Dispatch of transaction confirmation statements (holding statements)	7 May 2019*
Date of quotation of New Shares issued under the Offer	8 May 2019*

MEC Resources Ltd

ACN 113 900 020

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* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such, the date the New Shares are expected to commence trading on ASX may vary.

Eligibility

The Company has decided, in accordance with ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the *Corporations Act 2001* (Cth), that it is unreasonable to make the offer to Shareholders with registered addresses outside of Australia and New Zealand having regard to:

- the number of Shareholders in each jurisdiction outside Australia and New Zealand;
- the number and value of the New Shares to be offered to Shareholders in each jurisdiction outside Australia and New Zealand; and
- the cost of obtaining legal advice in relation to, and complying with the legal requirements and the requirements of the regulatory authorities of, the countries concerned.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the *Corporations Act 2001* (Cth), we regret that the offer of New Shares under the Rights Issue is therefore not extended to you and you will not receive a copy of the Prospectus or an entitlement and acceptance form relating to the Rights Issue.

As the Rights Issue is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were eligible.

No action has been taken to register or qualify the Prospectus and entitlement and acceptance form, the Rights Issue, or the New Shares or to otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia and New Zealand.

This letter is to inform you about the Rights Issue, and to explain to you why you will not be able to subscribe for New Shares under the Rights Issue. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

If you have any questions, please contact me, Ms Deborah Ambrosini, on +61 8 9245 6187.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Michael Sandy', with a stylized flourish at the end.

Michael Sandy
Chairman

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SCHEDULE

Particulars of the Offer

Type of Offer	Non-renounceable rights issue. This means that the entitlements to participate are not transferable and, therefore, cannot be traded on the ASX or any other exchange or transferred privately. Eligible Shareholders who do not take up their entitlements under the Rights Issue in full or in part, will not receive any value in respect of those entitlements that they do not take up.
Issue Ratio	1 New Share for every 1 share held in the Company.
Issue Price	\$0.005 per New Share.
Fractional Entitlement	Where the determination of an Eligible Shareholder's entitlement results in a fraction of a New Share, such a fraction shall be rounded down to the nearest whole New Share.
Eligible Shareholders	Shareholders who have a registered address in Australia and New Zealand on the Record Date may apply for New Shares under the Rights Issue. Shareholders who have a registered address outside Australia and New Zealand (Ineligible Shareholders) may not subscribe for New Shares under the Rights Issue. At the date of this letter, the Company's Ineligible Shareholders reside in the following countries: USA, Singapore, Canada, India, Great Britain, France, Hong Kong, Indonesia, Oman. Holdings held on different registers (or sub registers) will not be aggregated for the purpose of calculating entitlements.
Shortfall Facility	Eligible Shareholders who wish to take up their entitlement under the Rights Issue in full may also apply for additional New Shares in excess of their pro-rata entitlement (Shortfall). To participate in the Shortfall, Eligible Shareholders must apply for Shortfall shares at the same time as they apply for their entitlement under the Rights Issue and will be subject to the terms and conditions outlined in the Prospectus. The Board reserves the right to allot and issue New Shares under the Shortfall in its absolute discretion.
Terms of New Shares	The New Shares will rank equally with all other fully paid ordinary shares of the Company, including in respect of dividends, from the date of the allotment.
New Shares to be issued	Approximately 341,868,046* * Assuming no options to acquire shares are exercised prior to the Record Date
Shares on issue following completion of the Rights Issue (assuming 100% of the New Shares are issued)	Approximately 683,736,092* * Assuming no options to acquire shares are exercised prior to the Record Date
Underwriter and broker to the Rights Issue	The Rights Issue is not underwritten, nor has a broker been appointed to manage the Rights Issue.

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