



5 July 2017

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

via e-lodgement

Dear Sir/Madam

BPH ENERGY LTD

The Board of MEC Resources Ltd (ACN 113 900 020) (**Company**) has noted the ASX announcement made by BPH Energy Ltd (ASX: BPH) (**BPH**) on 4 July 2017 (**BPH Announcement**).

The BPH Announcement records amongst other things that there is a purported set off between the Company and BPH in respect of monies owed to the Company by BPH. This assertion is:

- (a) contrary to the express terms of the loan agreement between the Company and BPH in which BPH is the borrower; and therefore
- (b) wrong at law.

Further, the Company is unaware of the underlying factual basis for the asserted claims made by BPH in respect of the Company.

In these circumstances and in order to protect the interests of shareholders, the Company does not intend to withdraw its Statutory Demand.

Yours faithfully

A handwritten signature in black ink, appearing to read "Goh Hock".

Goh Hock
Chairman

MEC Resources Ltd

ACN 113 900 020

PO Box 882, West Perth, WA 6872

Suite 2, Level 3, 1111 Hay Street, West Perth 6005, Western Australia

T: +61 8 9245 6187

info@mecresources.com.au www.mecresources.com.au

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