



2 June 2008

Companies Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam,

RE: PEP 11 Offshore Sydney Basin

MEC Resources Limited would like to announce that the rights and conditions of the permit for PEP 11 has been suspended and extended for a period of twelve months to 3rd December 2008. The permit will now expire 3rd December 2009. Confirmation of this extension was received from the Designated Authority via email on Friday 31 May 2008. Formal notification has been mailed to MEC Resources. MEC Resources conducts its activities in the permit through its wholly owned subsidiary Asset Energy Pty Ltd.

In 2004 2D Seismic data was acquired and this has been used to identify drilling targets. This data has been coupled with a Radarsat seep analysis undertaken over the permit area. Radarsat analysis has revealed streaming slicks clustered over the Baleen South prospect that may provide evidence of an active petroleum system.

The target outcome for MEC Resources with this project is the discovery and processing of gas for power generation. This would be considered to be a very positive outcome for NSW.

Research on Geosequestration for the storage of CO₂ will be part of any drilling that MEC Resources undertakes in this area. MEC will cooperate with the Government in this research.

It should be noted that it was incorrectly reported in the Sunday Telegraph on the 1st of June 2008 that MEC Resources had lodged a report to the Australian Stock Exchange on the 31st of May 2008 on an airborne survey. MEC Resources in fact lodged a Notice of Meeting for a general meeting to the Australian Stock Exchange on Friday 31st of May 2008.

The Notice of Meeting detailed the results of the Radarsat seep analysis which revealed streaming slicks clustered over the Baleen South prospect. Asset Energy has conducted an airborne survey over the permit area; however the analysis and integration of the data is not yet complete.

Yours Sincerely

A handwritten signature in black ink that reads "D. Breeze". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Breeze
Executive Director