MEC Resources Limited: Announces Company Development and Board Changes

23.10.2020 | ABN Newswire

Perth, Australia - The Directors of MEC Resources Ltd. (ASX:MMR) are pleased to announce a number of significant developments which are now in progress to facilitate paving the way forward for the Company, the aim of which is to create long term value for MEC and its shareholders.

The new board of directors recently conducted a detailed review of the major issues present in the Company which was aimed at working up multiple solution scenarios. Some of the major issues identified include, achieving a successful in-specie or partial in-specie distribution of the shares held in Advent Energy Ltd by MEC, the resolution of writs and demands issued against the Company by Advent Energy Pty Ltd (Advent) and Asset Energy Pty Ltd (Asset), addressing the future capital requirements of the Company, focusing on its short term strategy of the in-specie distribution and bringing the Company back to trading status on the ASX.

On 1 October 2020 the Company announced its first step forward by bringing the Advent and Asset writs to a standstill by mutual agreement such that all parties can work towards negotiating a resolution of the pending claims.

The other material item is the in-specie or partial in-specie distribution of the shares held in Advent by MEC. The Directors have now reached out to Advent and this initial meeting proved fruitful in that there is an expressed desire by both MEC and Advent to work toward a mutually acceptable framework for the in-specie distribution and once agreed to present the in-specie distribution to the Company's shareholders at a general meeting of shareholders following consultation with and approval of the ASX.

MEC holds a non-controlling 49.3% interest in Advent. Advent, through wholly owned subsidiary Asset holds 85% of Petroleum Exploration Permit 11 (PEP11) an exploration permit prospective for natural gas located in the Offshore Sydney Basin. A full description of the PEP 11 Oil and Gas Permit can be found in the Advent Energy Ltd 2020 Annual Report released to market by BPH Energy Ltd (ASX:BPH) which in turn holds a 22.7% interest in Advent.

MEC has no representation on the board of Advent nor does it have any operational role or capacity within Advent. Notwithstanding this, Advent represents the key investment asset held by MEC. The Board is of the view it is in the interest of both MEC and Advent to work closely together with the aim of presenting an in-specie or partial in-specie distribution of the shares held in Advent by MEC to MEC shareholders.

Board Changes

With this in mind MEC is pleased to advise that it has confirmed the appointment of 3 additional directors, two of whom are Advent directors. Apart from being able to provide for a more seamless working environment to complete the in-specie distribution, it also gives MEC the ability to be better informed as to developments in Advent and therefore will be able to manage its continuous disclosure obligations in a far more effective manner, and significantly boost the board's collective skills and experience, positioning MEC very strongly into the future.

The newly confirmed directors are as follows;

Mr Anthony (Tony) Huston

Mr Huston has been involved for over 40 years in engineering and hydrocarbon industries for both on and offshore exploration/development. His early career experience commenced with Fitzroy Engineering Ltd, primarily working on development of onshore oil fields. During the 1990's Mr Huston managed JFP NZ International, a Texas based exploration company that included a Jack Up rig operating in NZ waters. In 1994, Mr Huston oversaw the environmental consent process required to drill a near inshore well that was drilled from "land" into the offshore basin during 1995. In 1996, Mr Huston formed his own E&P Company to focus on re-entry of onshore wells, primarily targeting shallow pay that had been passed or ignored from previous operations. This was successful and the two plays opened 20 years ago are still in operation. Recent focus (12 years) has been to utilise new technology for enhanced resource recovery and has been demonstrated in various fields, including US, Mexico, Oman, Italy and Turkmenistan.

During the last 3 years Mr Huston has been a director of listed company BPH Energy Limited from June 2017 to present and is a non-executive Director of Advent Energy Ltd.

Mr Geoffrey (Geoff) Murray

Mr Murray trained in mechanical and plastics engineering and technology management and is a product development specialist. He also has expertise in extended reach drilling technology and oil, gas and geothermal well optimization. He has been the founder or co-founder of eight tech start-ups. Mr Murray was the Engineering Manager of Fitzroy Engineering Ltd, Technical Manager of Austoil Group, Global Product-line Manager (extended reach technologies) at Weatherford International and Business Development Manager (NZ and PNG) for Weatherford International. Mr Murray was engaged in assessing oil and gas properties and making recommendations as the investment Vice President of Stealth Oil & Gas, Houston a wholly owned subsidiary of Weatherford International.

He is currently the Managing Director of Avant-Garde Developments Ltd. Noting that Mr Murray is not a director of Advent Energy Ltd.

Mr David Breeze

The Company has also ratified the continued director appointment of Mr David Breeze on the MEC board .In doing so the current Board acknowledges and makes special mention of the circumstances on and around 23 November 2016 at which time the record shows that Mr Breeze was removed in contravention to the Corporations Act from the ASIC register by the MEC directors at the time noting that he had neither resigned from the MEC board nor was removed at a meeting of shareholders. The Board is aware that under the Corporations Act a public company can only remove a director from office by passing a resolution of its shareholders. That is that a director of a public company cannot be removed by other directors. The Board understanding has been confirmed by legal counsel.

The MEC board believes that this issue alone has presented as a major source of agitation against the Company which has impeded its ability to move forward in a meaningful way. The Board believes that ratifying the continued appointment of Mr Breeze on the MEC board will allow the Company to positively focus on its short-term strategy and build shareholder value into the future.

Mr Breeze will be appointed as managing director. The Company noted that Mr Breeze acts as director of Advent and full-time managing director of BPH Energy Ltd which is an ASX listed company and also has an interest in Advent as noted above. In this regard whilst the position in MEC is not full time some of the activities that relate to Advent are common hence this is reflected in the remuneration structure outlined as follows;

- Managing Director fee - $65,000 plus GST

- Term of contract - One (1) year fixed

- Reasonable general expenses

- Issue of 10,000,000 options with an exercise price of $0.005 cents and expiry 3 years from issue date

Mr Breeze is a Corporate Finance Specialist with extensive experience in the stock broking industry and capital markets. He has been a corporate consultant to Daiwa Securities; and held executive and director positions in the stock broking industry. Mr Breeze has a Bachelor of Economics and a Master of Business Administration and is a Fellow of the Institute of Company Directors of Australia. He has published in the Journal of Securities Institute of Australia and has also acted as an Independent Expert under the Corporations Act. He has worked on the structuring, capital raising and public listing of over 70 companies involving in excess of $300m. These capital raisings covered a diverse range of areas including oil and gas, gold, food, manufacturing and technology. Mr Breeze was a founding Director of MEC Resources. He has just successfully raised $2.5m to enable Advents drilling of the Baleen well project in PEP11 for Advent Energy Ltd.

In the past three years Mr Breeze has also held the following listed company directorships:

Grandbridge Limited (from December 1999 to present as managing director) - note that Grandbridge was delisted from the ASX 2 February 2020

BPH Energy Limited (from February 2001 to present as managing director)

MEC Resources Ltd. (from April 2005 - see note above)

MEC director Doug Verley commented; "We welcome the confirmation of David, Geoff and Tony to the Board of MEC which will bring with their appointments a combination of extensive technical skills, project management expertise and commercial experience that will be highly valuable to MEC in its short term endeavours of management of the proposed in-specie distribution along with building shareholder value into the future. This represents a very positive step for all shareholders bring together a strong, cohesive and focused team of experience people."

Resigning Director

The Company also advises that Mr Robert Marusco has resigned as director and will continue to act as company secretary.

About MEC Resources Limited:

MEC Resources (ASX:MMR) aims to achieve maximum capital appreciation by early stage investing into small and medium-sized energy and minerals exploration companies with strong growth potential and a well-defined exit strategy, such as an initial public offering or acquisition.

Source:
MEC Resources Ltd.

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Die URL für diesen Artikel lautet:
https://www.rohstoff-welt.de/news/365006--MEC-Resources-Limited~-Announces-Company-Development-and-Board-Changes.html

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