



Quarterly Report

30 April 2017



MORETON RESOURCES LIMITED

Committed to Safety, the Environment and the
Communities in which we seek to operate

The Board of Moreton Resources Limited (“Moreton” or “the Company”) releases this quarterly report, as it marks another significant step towards becoming an operator, in what we believe is an imminent time horizon.

It has been an extremely busy period for Moreton as is apparent from the ASX announcements released since 1 January 2017. The most significant advancements for the Company in the March quarter were;

- Significant work undertaken by MRV Metals Pty Ltd (MRV Metals) on review of re-start of operations at the Granite Belt Project (“the Project”) in Texas, southern Queensland, which incorporates the former Twin Hills silver mine;
 - Appointment of Chief Executive Officer to MRV Metals, Mr Nigel Slonker
 - Environmental notification of intention to Grant
 - Successful advertising and closure of Mining Lease notification
 - Renewal and additional Environmental Management Plan (EPM) forth coming
 - Site equipment and exploration accommodation blocks purchased
 - Significant JORC compliant resources and future exploration targets identified
- Appointment of Chief Geologist, Dr Louis Schurmann, to oversee all geological requirements of companies within the Moreton group.
- Progression of South Burnett Project through finalisation of Terms of Reference for completion of EIS and other matters pertaining to Environmental Approvals
- Appointment of Chief Financial Officer, Mr Ewan Stoddart
- Appointment of Project Manager, Mr Peter Jones, to lead the EIS process for the MRV South Burnett Coal Project and assist upon environmental and permitting matters across the Group.
- Running of the AAT matter in Melbourne

These activities continued to advance the position of Moreton and in particular two of our fully owned subsidiaries, MRV Tarong Basin Coal Pty Ltd (“MRV Tarong Basin Coal”) and MRV Metals, which continue to work towards commencing mining activities. These subsidiaries are starting to realise the value the Board set out to create in late 2013 when a significant change in strategic direction and management was made.

Subsequent to the end of the March quarter, MRV Metals has finalised the Re-Start Strategy for the Granite Belt Project and expects to release the document imminently. The strategy anticipates commissioning of the Project in the second half of 2017 subject to receipt of outstanding regulatory approvals and a final investment decision. The South Burnett Coal Project remains on track for commissioning in late 2020.

As detailed in the Re-Start Strategy, the Granite Belt Project has significant cash-generating potential and requires minimal upfront capital expenditure to bring into production, making it an ideal foundation asset around which can be built a robust and enduring mining company that delivers strong returns for shareholders. Given its belief that the outlook for coal, base and precious metals remains positive, Moreton will continue to assess additional acquisition opportunities, but is committed to prioritising value accretion above any other factor.

The Company as at the end of April 2017, finds itself in a trading halt and voluntary suspension whilst it continues to navigate its way through disclosure issues, whereby the Company has sort to be extremely overt with its financial disclosures to which the ASX has raised concern, as to when seeking to release material information as to the leaching circuit, the ASX continues to hold a view that processes pertaining to extraction of metals at the back end of leaching, are a JORC Code matter, and hence significant time and resources are being allocated to working our way through these matters which we believe are clear in intent, and what we feel are material matters that should be released to market, hence we continue to work our way through what is a compelling Re-Start Strategy announcement.

Moreton continues to await a ruling from the Administrative Appeals Tribunal in regards to the legitimacy of R&D rebate claims lodged by the Company in 2012, 2013 and 2014. The Board reiterates its belief that due process was followed in lodging the claims and anticipates a positive decision, but an element of uncertainty remains. As a precautionary measure, Moreton has factored a worst-case scenario into the Granite Belt Re-Start Strategy and is comfortable of being able to meet any requirement to repay funds and continue to rapidly advance the Project.

To support Moreton's rapid transformation, considerable resources have been added to the Company, including the following appointments:

- Mr Nigel Slonker, appointed as Chief Executive Officer of MRV Metals with responsibility for the Granite Belt Project and associated exploration.
- Mr Ewan Stoddart, appointed as Chief Financial Officer with responsibility for all companies within the Group.
- Dr Lewis Schurmann, appointed as Chief Geologist with responsibility across Moreton Group with a focus on the extensive exploration program for the Granite Belt Exploration Project.
- Mr Peter Jones, appointed as Project Manager for the EIS and Coordinated Project pertaining to the South Burnett Coal Project.

In addition to this, MRV Metals recently opened its Corporate Registered Office in Texas, Queensland and has begun recruiting local staff for administrative and site based roles as part of commitments made to the community. Whilst MRV Metals is a standalone company, albeit fully owned by Moreton, cross functional support is available to all companies within the group in order for the Group to continue to run a lean corporate office.

The Project's potential positive impact to the Texas region through employment, increased business opportunities and flow-on effects to essential services such as health and education is a testament to the co-existence of mining, agriculture and communities that can sustain and thrive through a multi-industry focus and support network.

The Company continues to enjoy a perfect Health, Safety, Environmental and Risk record in 2017 and has done so since late 2010. This, coupled with our increased community interaction in the South Burnett and Texas regions, has been a positive for Moreton and we look forward to advancing the Company on a number of fronts throughout 2017.

1.0 TENEMENTS and PROJECTS

Statement of Tenement Status (As at 31 March 2017)

Tenement	Status	Region	Name	Equity Interest (%) *		Sub Company
				1 Jan 2017	30 March 2017	
Exploration Tenements						
EPC 1445	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
EPC 882	Granted	Tarong Basin	South Burnett Project	100	100	MRV Tarong Basin Coal
EPM8854	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM11455	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM12858	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM18950	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM26275	Granted	Texas Region	Granite Belt Project	0	100	MRV Metals
Mining Development Leases						
MDL 503	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
MDL 420	Granted	Surat Basin	Wandoan Project	100	100	MRV Surat Basin Coal
MDL 385	Granted	Tarong Basin	South Burnett Project	100	100	MRV Tarong Basin Coal
Mining Lease Applications						
MLA700015	Under Application	South Burnett	South Burnett Coal Project	0	0	MRV Tarong Basin Coal
MLA100106	Under Application	Texas Region	Granite Belt Project	0	0	MRV Metals

Statement of Tenement Status (As at 31 March 2017)* All assets are fully owned by subsidiary Companies; however, each is 100% wholly owned by the parent Company of Moreton Resources Limited.

1.2 OPERATIONAL COMMENTS

South Burnett Project (Tarong Basin, MDL 385-EPC 882)

This asset is progressing through the MLA and Coordinated Project (EIS) process and we are seeking to have lodgment of Environmental Applications and advancement of the MLA process in hand by late-2017, with a determination of such in mid to late-2018 for the South Burnett Coal Project. Considerable site reviews have been undertaken and GHD consultants have recently begun fauna and flora surveys on behalf of the Company as they pertain to the Environmental Approvals process for the proposed mine site and transport corridor.

Mackenzie Project (Bowen Basin, EPC 1445, MDL 503)

The Mackenzie project is still a key focus for the Company and whilst we do not envisage any substantial progress in the coming quarter, we continue to assess and plan with a target of advancing next step activities within the 2018 calendar year.

Wandoan Project (Surat Basin, MDL 420)

This asset continues to be held and a recent renewal has been lodged. We do believe the Surat Basin Region will be the subject of interest in the coming 12-24 months and therefore still hold the view that this is a valuable strategic asset.

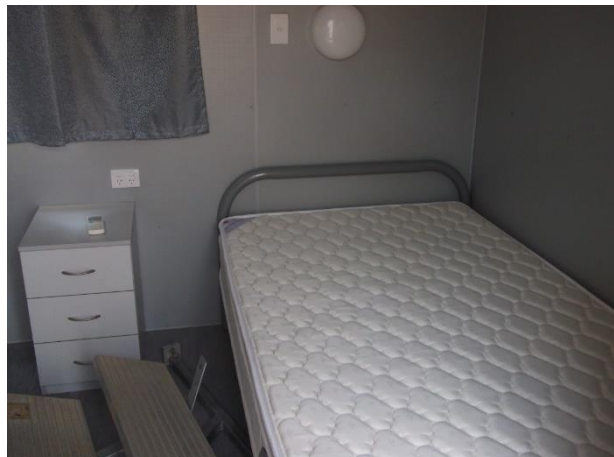
Granite Belt Project (EPM8854, EPM11455, EPM12858, EPM18950, EPM26275)

As outlined in ASX announcements these assets continue to progress through to target identification and follow up on the back of the proposed Granite Belt Project, the regional mining precinct being pursued by subsidiary MRV Metals. Please see below photos of our progress and mobilisation in anticipation of positive approvals applications.

PHOTOS OF GRANITE BELT and GRANITE BELT EXPLORATION PROJECTS MOBILISATION



4-bedroom accommodation block



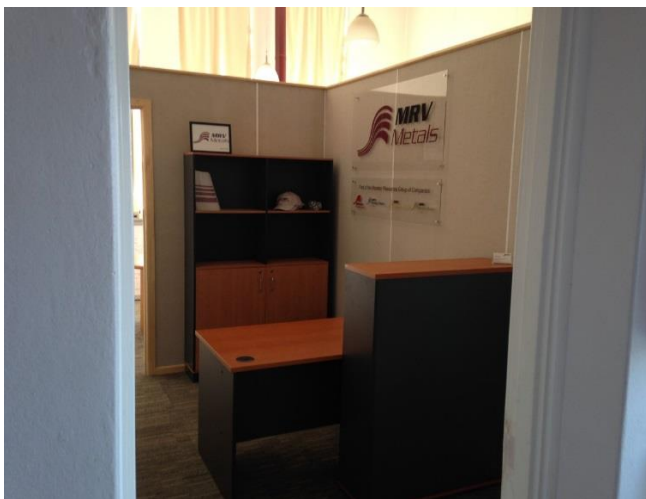
Inside a bedroom of the accommodation block



Site office



2 Significant 415KW Gen Sets purchased



Front Reception Centre of Town Texas



MRV Metals Board Room

2.0 BUSINESS DEVELOPMENT

The Company continues to focus internally and work toward optimisation of its assets for advancement. Moving the Granite Belt Project forward and the South Burnett Coal Project in parallel is a significant allocation on the resources of Moreton and hence the focus of the Company outside of AAT resolution attempts.

Further consideration has been given to our MRV Surat Basin and our MRV Bowen Basin Coal businesses, and as such the Board will determine next steps at the forward-looking budgeting and planning strategy workshop in June 2017. The Company has also been in high level talks as to potential acquisitions and cooperation agreements, however, we continue to see these as highly speculative.

3.0 FINANCE AND COMMERCIAL

Moreton continues to operate with no debt and at 31 March 2017 had available cash of A\$463,074. The Company has purchased several key assets for the Granite Belt Project including two 415V Gen Sets that are currently on route to the site, along with Exploration Camp Accommodation and Site Office Facilities. Forecast cash burn for the June 2017 quarter is A\$395,000.

As outlined when Moreton undertook a non-renounceable rights issue in late 2016, the Company was reluctant to dilute shareholders through a larger share placement without having built more value in to the above projects, and declined several offers to undertake such a capital raising from broking houses.

Since that time, the Moreton share price has appreciated over 100% and its projects are decidedly more advanced. The Company anticipates being able to announce a significant improvement in the investment case for the South Burnett Coal Project in the near future and will deliver the compelling Re-Start Strategy for the Granite Belt Project in the June 2017 quarter.

Discussions are in progress with multiple parties with regards to funding the re-start of the Granite Belt Project. Moreton expects to settle on an option in the coming weeks.

4.0 COMPANY OUTLOOK

Moreton believes the next 3-9 months will see a transition from explorer to operator, pending the receipt of government approvals for the Granite Belt Project. The Company continues to hold the view that coal will have an important role to play in Australia's energy mix for decades to come and is buoyed by the outlook for both base and precious metals markets. Both the MRV Metals and MRV Tarong Basin Coal business are expected to continue rapid advancement.

Jason Elks
Executive Chairman
Moreton Resources Limited