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## ASX ANNOUNCEMENT

By Electronic Lodgement

### **MORETON TO RAISE UP TO \$11M FOR GRANITE BELT RE-START**

- **Granite Belt Re-start project fully funded** through current commitments of \$6 million debt facility and pre-committed \$2 Million, of a \$5 million rights issue to be announced
- Funds also to be used to fast-track exploration and other activities
- Commissioning of Granite Belt project to proceed pending receipt of Mining Lease, expected within 6-8 weeks

Moreton Resources Limited (**ASX:MRV**) ("Moreton", "the Company") is pleased to advise it has **secured a debt facility for at least \$6 million** and intends to undertake a rights issue to raise up to an additional \$5 million.

The capital raised through these two initiatives is expected to be sufficient to re-start silver production at the Granite Belt polymetallic project near the township of Texas in southern Queensland, as well as fund exploration and other activities.

#### **Debt Facility**

Board members Mr Philip Feitelson and Mr Alexander Jason Elks, along with First Samuel Limited and A & J Consultancy Pty Ltd ("the financiers"), have agreed to extend Moreton a debt facility for at least \$6 million, with discussions still in progress over whether that amount will be increased by additional interested parties. This facility will be guaranteed by the MRV Metals Pty Ltd business, thereby giving these financiers secured creditor status for the life of the 2-year facility.

After assessing all options, the terms within this facility, taking into account dilution and also interest rates, were superior and in the view of the Board, the best option presented to the Company. The Company considered over 30 options or combinations of which there were 10 direct approaches to fund or assist in funding and approx. 20 approaches and negotiations undertaken by the Company.

Interest will be charged on the two-year facility at a rate of 10% per annum. As opposed to receiving the full interest amount in cash paid quarterly, the financiers have elected to receive half the interest as cash paid quarterly and half as equity paid quarterly at the agreed price of \$0.011 per Moreton share over the two-year period. This represents a premium to the current trading share price and reinforces the Boards view, that with such significant prospects before the company, we do not need to discount our share price and the projects speak for themselves.

The financiers have also been given the option of converting up to 25% of the debt funds to equity at \$0.011 per Moreton share. To date, half of the funds have elected to take their equity entitlement under this arrangement (\$750,000 or approximately 68,181,818 shares at \$0.011 per share), leaving the mix under this debt facility as:

Debt Contribution	\$5,250,000
Equity Conversion at \$0.011 (up to 25%)	\$750,0000

As two of the financiers are existing Board members, their participation will need to be approved by shareholders at a general meeting, which is currently being planned however to reduce the cost burden upon the Company, it is likely to be the AGM which will be brought forward to the start of the reporting season. The Company has incurred legal and other costs of approximately \$75,000 in the process of arranging the debt facility, which is slightly over 1% of the funds raised.

### **Rights Issue**

As a means of raising up to an additional \$5 million for the Granite Belt Project and limiting dilution for existing shareholders, Moreton has determined to undertake a rights issue priced at a minimum of \$0.011 per share.

The Company has already received commitments of approximately \$2 million from shareholders and has fielded interest from multiple external parties seeking to take up any shortfall from such an offer.

Further detail, including the opening date, will be forthcoming, but it is expected the offer will close mid-July. **Perth-based CPS Capital has been appointed lead manager.**

### **Use of funds**

Should Moreton raise the full amount of \$11 million, the Company will be fully funded to complete the following activities by the end of calendar year 2017:

- **Commissioning of the Granite Belt Project (subject to Mining Lease approval)**
  - Continued site mobilisation
  - Ramp-up activities
  - Staffing and equipment commissioning
  - Exploration of Twin Hills Deeps
- **Advancement of Granite Belt Exploration Project**
  - Assessment of Hornet, Harrier and Hawker prospects for copper mineralisation
- **Advancement of the South Burnett Coal project drilling campaign.**

Moreton Executive Chairman Mr Jason Elks said: *"Based on the funding commitments received to date, being \$8 Million, we are now in a position to commission the Granite Belt Project pending the receipt of the Mining Lease, which we anticipate within 6-8 weeks. The Project is forecast to have extremely strong net cash flows within the first 12 months and we expect it to be an enabler of Moreton's strategy across multiple assets."*

*"While the Granite Belt Project will initially be considered a silver operation, we are very encouraged by the potential of the copper prospects within the broader tenement package and hope to soon be faced with the challenge of transitioning to a polymetallic operation, and hence the early drill results from the multiple Copper targets will be of great interest and something we would expect to brief the market upon within the next three to four months."*

- ENDS -

**Further Information:**

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