

05 October 2017

ASX ANNOUNCEMENT

By Electronic Lodgement

MARKET UPDATE – GRANITE BELT PROJECT

- **Plan of Operations lodged with Department of Environment and Heritage Protection and Approved**
- **Agreed Voluntary Financial Assurance placed with Department of Environment and Heritage Protection**
- **Major contracts currently being awarded**
- **Expected first Silver from Commissioning Activities within 45 days**

Moreton Resources Limited (ASX:MRV) (“Moreton”, “the Company”) is pleased to provide a further update upon progress of the Granite Belt Project.

The Companies plan of operations has formally been lodged with the Department of Environment and Heritage Protection as of Tuesday the 3rd of October 2017. Due to the significant background work undertaken and the cooperation between MRV Metals and the Department, notification today has been received that the plan of operations meets the regulatory guidelines and upon that basis subject to bond lodgement, the Company can now begin operations.

In addition to this, the Company has also, with agreement from the Department of Environment and Heritage Protection, lodged a Voluntary Bond of \$4,500,000 for Financial Assurance for our intended activities on the Granite Belt Site. This Voluntary Bond allows the Company to immediately commence operations whilst final assessment is ongoing and determination is notified to MRV Metals Pty Ltd.

These decisions, including Tuesday’s Company announcements, by the relevant Departments and decision makers, effectively operationalises MRV Metals Pty Ltd upon the Granite Belt Project, as of today the 5th of October 2017. The Company will however continue to mobilise and finalise its planning phases with operations expected to commence upon site on the 20th of October 2017.

The next key steps for the Company are:

Commissioning of Silver Room – The Company will seek to recommission the existing Silver Room and expects to be in production of Silver Concentrate within 30 days from today. This production will only be commissioning quantities and gradual ramp up of production is expected between now and the end of January 2018.

Silver Production from Processing Ponds – The Company is expecting by the end of October to have begun its project around the extracting of Silver from the processing ponds and running product through the Silver Room for extraction into Silver Concentrate. The Company does expect significant quantities from this process, however we will await the commissioning process to update the market, upon the eventual grade and quantities extracted. This process is expected to take up to six weeks from the operational start date of the 20th of October 2017.

Re-Start of Heap Leaches – The Company, in parallel with the above processes will be removing remaining economic silver from Heap Leaches 1 and 3, and stacking on heap leach 2 whilst recommissioning the pipe works, pumps and irrigation systems required to commence operations at the Granite Belt project from Heap Leach 2. This process is expected to take approx. 12 weeks prior to the introduction of Cyanide, which is expected to be late January 2017, which should see Silver liberation occurring post breakthrough of the process, which is expected within 10 days of the Cyanide introduction.

In addition to this, the Company will be recommissioning Heap Leach 4, which will undertake considerable make good operations around pumps, pipe work and heap stability. Which will lead to a recommissioning of Heap Leach 4 within approx. 6 weeks from commissioning of the site, thereby liberating what is identified as the highest grade and what is expected to be the majority of production for a six month period commencing recoveries in late December 2017.

Ensuring Environmental Compliance – The Company will also ensure from today, that all Environmental Compliance activities are undertaken and that the site is operated and maintained in an appropriate fashion, consistent with public expectations to ensure confidence that the restart of the project, is a safe and viable prospect for the Company not only now, but to the end of the 20 year mining operations projected.

MRV Metals Pty Ltd would like to thank the Department of Environment and Heritage Protection for the role they have played, as a major oversight role, given the history and challenges of this site and the assistance in navigating the additional processes and requirements unique to this site.

The Company would also like to flag the advanced stage of mobilisation for the project, given the following contract awards that have taken place in the prior weeks –

- **Orica have been awarded Cyanide supply** to the Company and this will commence on the 20th of October 2017.
- **Cement Australia and Sibelco have both been awarded contracts for Cement and Lime** respectively and our first deliveries have been received for environmental management purposes.
- **Puma Energy** has been awarded an approx. \$5-7 Million dollar fuel contract for the next three years, including lubricants and consumables.
- **Siltech has been awarded our smelting and refining** contract, based out of Melbourne which will assist reduce inefficiencies and maximise economies of scale, in the smelting and refining areas, removing this back-end processing requirements from site and optimising our day to day on site activities.

The Board will give any further updates at the AGM, scheduled for the 27th of October 2017, in Brisbane.

- ENDS -

Further Information:

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