



22 November 2017

ASX ANNOUNCEMENT

By Electronic Lodgement

GRANITE BELT PROJECT MINE OPTIMISATION OUTCOMES

- The Granite Belt LOM strip ratio of the existing pit has dropped from approx. 1.7/1 to a 1/1 with expected drop in operating costs to correlate
- Total minable ore has increased from 2.7Mt (average of 2.3Mt High Grade (83g/t) and 0.43Mt Low Grade (31g/t)) to 4.4Mt at an overall Grade of 56.7g/t
- Waste rock due to redesign of pit model, has remained the same as per our released restart strategy at approx. 4.6Mt
- Considerable positive impact upon early cash flow forecasts and NPV are expected, given the additional potential recovery of 850,000oz (59% recovery factor already applied) within the first three years of mining.

Moreton Resources (**ASX:MRV**) ("Moreton" or "the Company") is pleased to announce that fully owned subsidiary MRV Metals Pty Ltd ("MRV Metals") has completed an optimisation review of the Granite Belt Mining Strategy for the former Twin Hills Mine, which was previously released to market in our base case restart strategy 3rd May 2017, on the ASX. Within this document and within our prior release of the Twin Hills JORC upon the 19th September 2016, titled "MRV Metals Pty Ltd confirms significant resource in Twin Hills Mine" on the ASX, it was evident that increase potential was possible within this asset and the Company released our forward looking forecasts upon a base case scenario.

As expected opportunities and enhancements were expected through mine planning review, which has now reduced the stripe ratio for LOM by approx. 40%. However in adopting this superior mining strategy, it will bring forward significant waste movement earlier in the mine plan, as we seek to redesign pit access and working ramps, that will allow us to take an optimised strategy to ore removal but maintaining our cut-off grade at 25.5g/t. This strategy will not only recover significantly more ore, but also it will be direct feed to our crushing circuit ROM, which will move away from stockpiling high and low grades, thereby reducing double handling and brining downward pressure upon the over all anticipated production costs in this area.

In turn, this will lead to a better forecast financial outcome for LOM of the former Twin Hills pit, which was forecast over 28 months, and now will run for 36 months. The key outcome being reduction in double handling and the increase in minable ore of an additional 1.7MT, which is attainable with no additional anticipated increase in waste movement.

As a consequence to this optimisation and positive outcome in MRV Metals mining strategy, the Company intends to bring on mining of waste earlier, whilst they continue to treat the heap leach pads and seek to utilise the existing ore stock pile for crushing material in commissioning. Hence the business is seeking to have fully acquired its mining fleet by the end of this calendar year. This in turn has required a bringing forward of our planned capital expenditure from March 2018 to pre Christmas.

As such the Metals business has sort additional funding from Moreton Resources Limited, and in working with one of our key financial partners in First Samuel's, they have agreed to debt fund the Company for a further \$1.5 Million, based upon the same terms as previous advised mid year, and identical to the agreement which shareholders voted approval for at the AGM, whereby to Company Directors also offered financing loans to the Company.

In addition to this work, the Metals business continues to alleviate and resolve the historic Environmental and Safety issues as it moves into production phase. Several spill ways have had major earth works and reforming undertaken, along with a review and upgrade to the entire water management program on site. The company has installed a lime mixing facility which is a new initiative to the operations, that will allow for a greater control of pH levels, and in turn allow for a tighter control upon consumables use, but also to protect the controlled conditions for Silver liberation and ultimately metal production.

The Metals business also reports that the ponds project continues and whilst they are encountering some difficulties in the density and style of sludge present, onsite laboratory analysis of test liberation batches has confirmed the ability to liberate and extract the metal content, with very high-grade results received to date which are well above the predicted liberation profile estimates. This is extremely encouraging, and we are still expected to meet if not exceed our planned outcomes from this trial project, through commissioning of the site.

We look forward to updating the market further, when more information is available from the MRV Metals Pty Ltd business, with full production expected to be achieved by the end of January 2018.

Regards

Jason Elks
Executive Chairman
Moreton Resources Limited

All material assumptions on production targets within this report, have been prepared by the relevant Competent Person, Ms Karen Goh of Mine Planning and Design Services Limited as they relate to mine planning and pit design. Ms Karen Goh is a member of AusIMM and significant experience in the relevant area of design and interpretation of pit design. The Company can confirm it is not aware of any material changes or issues that would affect or alter the former release to which this report and these production targets rely upon, which is the underlying JORC release which was "MRV Metals confirms significant resources in Twin Hills Mine" on 19 September 2016.