

12 January 2018

ASX ANNOUNCEMENT

By Electronic Lodgement

**\$3.1 Million Rights Issue and
Notice under Section 708AA of the Corporations Act 2001**

The Board of Moreton Resources Limited (**ASX: MRV**) ("Moreton" or the "Company") is pleased to announce a one (1) for ten (10) non-renounceable pro rata rights issue at an issue price of \$0.012 per new Moreton share (**Rights Issue**) to raise up to approximately \$3.1 million before costs and expenses.

The proceeds of the Rights Issue will be used for the following purposes:

- Mobilising and commissioning the Granite Belt Project;
- Advancement of the South Burnett Coal Project environmental and mining studies;
- Further exploration at Twin Hills Deeps and the Harrier, Hornet and Hawker copper prospects within the broader Granite Belt Project; and
- General Corporate expenses.

Shareholders with registered addresses in Australia or New Zealand as at 7pm (Sydney time) on **Wednesday, 17 January 2018 (Record Date)** will be eligible to participate in the Rights Issue (**Eligible Shareholders**).

The Rights Issue is not underwritten. There will be a top up facility for those existing holders whom seek to take up greater than their full entitlement under the Rights Issue. The issue of shares under the top up facility will be at the discretion of the Board.

The Rights Issue will be conducted without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth), as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (**Corporations Act**).

Full details of the Rights Issue and key dates for the Rights Issue, are set out in the Offer Memorandum and Appendix 3B lodged with the ASX today. **The Offer Memorandum is expected to be sent to Eligible Shareholders on Monday 22 January 2018.**

A summary of the key details of the Rights Issue is provided on the next page.

RIGHTS ISSUE — KEY DETAILS

- Under the Rights Issue, Eligible Shareholders will be entitled to apply for one (1) new Moreton share for every ten (10) Moreton shares they hold as at the Record Date, at \$0.012 per new share.
- The issue price for the Rights Issue represents a discount to the current market price of approximately 20% to recent trading in the \$0.016 to \$0.014 range. This is why the board is precluding any other interest in this offer, and only allowing existing shareholders to participate.
- The maximum number of shares to be issued under the Rights Issue is 260,288,538 (based on the undiluted share capital of Moreton as at 10 January 2018, without considering the impact of rounding down and assuming no options or performance rights are converted into shares by the Record Date).
- Shareholders with registered addresses in countries outside of Australia and New Zealand will not be eligible to participate in the Rights Issue.
- Moreton shares will be quoted on an "ex" basis from Tuesday, 16 January 2018 and therefore any Moreton shares bought or sold on market on and from this date will not carry entitlements under the Rights Issue.
- The Rights Issue is non-renounceable. This means that a shareholder's right to subscribe for new Moreton shares under the Rights Issue is not transferable.

SECTION 708AA NOTICE

Moreton gives notice under section 708AA(2)(f) of the Corporations Act that:

- (1) the securities being offered under the Rights Issue will be offered for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (2) as at the date of this announcement Moreton has complied with the provisions of Chapter 2M of the Corporations Act as they apply to Moreton and section 674 of the Corporations Act;
- (3) as at the date of this announcement there is no information that is excluded information under section 708AA(8) and (9) of the Corporations Act;
- (4) the potential effect the Rights Issue will have on the control of Moreton will depend on the extent shareholders take up their entitlements:
 - (a) if all Eligible Shareholders take up their entitlements in full the Rights Issue will have no effect on the control of Moreton;
 - (b) the proportional interests in Moreton of those Eligible Shareholders who do not take up their full entitlement in the Rights Issue will be diluted by those other Eligible Shareholders who take up some, or all, of their entitlement or take up all of their entitlement and participate in any shortfall under the top up facility;
 - (c) the proportional interests in Moreton of shareholders who are ineligible to participate in the Rights Issue will be diluted because those ineligible shareholders are not entitled to participate in the Rights Issue;
 - (d) based on Moreton's share register as at 10 January 2018, only one shareholder has voting power of 20% or more being Non-Executive Director Mr Tony Feitelson who currently has voting power of 31%. Mr Feitelson has advised the Company that he will subscribe for such number of shares under the Rights Issue to ensure that he maintains his current voting power of 31%. The voting power of Mr Feitelson will therefore remain the same. Mr Feitelson will not participate in the top up facility;

- (e) as no other shareholder will obtain or exceed voting power of 20% as a result of the Rights Issue, Moreton does not consider there will be any other consequences for the control of Moreton.

Shareholders with any queries about the Rights Issue should contact the Company on (07) 4653 1769.

IMPORTANT INFORMATION

This announcement made today does not constitute an offer to sell, or a solicitation of an offer to buy, securities outside of Australia or New Zealand, including the United States or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the US Securities Act), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

Yours faithfully,

**MR ALEXANDER JASON ELKS
EXECUTIVE CHAIRMAN**