

ASX ANNOUNCEMENT

By Electronic Lodgement

MRV METALS PTY LTD SILVER PRODUCTION UPDATE

- Irrigation system for Heaps 1 and 3 being finalised ready for commissioning
- Vat leach processing proposal suspended, whilst focus on Heap Leach production takes precedence
- Expected commencement of Heap Leaching cycle within 10-14 days for PH correction followed by Cyanide addition

The board of Moreton Resources Limited would like to update the market upon the progress of its Granite Belt Project, which is currently ramping up operations, seeking to commission 2 of its 4 existing heaps namely Heap Leach 1 and 3.

The decision to advance to Heap Leach irrigation comes at the expense of the ponds project whereby MRV Metals Pty Ltd was seeking to undertake an agitation vat leaching process, however given the considerable amount of material to treat, the decision has been made to look toward steady and stable production from the Heaps, prior to a final solution being determined for the existing high grade materials located within the ponds.

As the market is aware through our announcement on 3 April 2017, "Production Pond Assay's Return High Silver Grade" the Company had undertaken via ALS Hydrographics, to quantify the total amount of pond sludge and estimated grade. At that time a report furnished by ALS highlighted the Intermediate pond was expected to have approx. 955 cubic meters of sediment in it.

Currently the Company believes the total mass of each pond could be up to 300% greater than anticipated and as such, whilst this could be an extremely valuable resource, the sheer volume at this early stage of commencement of operations, is too great to deal with, with limited resources and lack of facilities to promote a desirable level of agitation. What has been pleasing throughout our trials is the obvious mobilisation of Silver, which highlighted the ability to remobilise the Silver content within the sludge, however on a large scale this is proving too time intensive, which is adversely affecting our restart activities.





This is anticipated to push what was expected to be first week of February production from the ponds, back by approx. 4-6 weeks, for extraction of Silver from the existing heaps. The heaps have been exposed to top dressing, ripping and significant addition of Lime, by way of the Companies grader and equipment in order to be ready for irrigation. With only several days of work left to finalise, pipe and pump connections and minor ancillary tasks.

Whilst it is extremely disappointing that we were unable to sufficiently agitate the large quantity of sludge, we are positive about the contribution that this quantity of identified resource will add to our bottom line, be it removed and placed back upon the heap leaches or re-processed through the yet to be commissioned crushing circuit to promote maximum mobilisation and liberation of the Silver content.

With the already undertaken commissioning processes, we are confident that the Silver processing plant is ready for production, once we have a flow from the irrigation of Heaps 1 and 3.

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