



Quarterly Report

31 March 2018



MORETON RESOURCES LIMITED

*Work Safe, Home Safe, MRV **SAFE***

This quarterly report outlines the significant advancement but also challenges the Company has faced in the quarter, whilst moving its multiple Assets and subsidiary Companies ahead.

As shareholders would be aware, we continue to await the AAT decision upon our R&D claims pertaining to 2012-2014. The basis of this dispute began when the position AusIndustry took, was that UCG was a proven and known technology globally and proven in Australia. Whilst we await that decision, certainly within the State of Queensland that view has proven to be incorrect with the former Department of Environment and Heritage Protection undertaking prosecutions for significant environmental harm of one of the UCG participants. However, we still cannot be confident upon the outcome of the AAT matter, and whilst we have positive prospects advice, legal debate and legislative application, will determine the matter.

Upon another significant matter facing the Company, the Department of Environment and Science matter continues to advance, which is the basis of the Financial Assurance Calculation pertaining to the Granite Belt Operations site. Since being handed a \$11,500,000 (approx.) decision, the Company has lodged a formal appeal with the land Court upon points of law and our interpretation upon the Act. As per the AAT matter, the Company does not have the financial resources or manpower to put together teams of legal advisors and hence, most of these actions and activities fall back within the current management structure. We have spent a significant amount of time and effort upon these types of matters in the last several years, which detract from our operational start up and advancement activities.

However, in saying this, the parties have had very positive interactions and continue to work together for the best intent, of ensuring the operations continue to ramp up. The major differences are matters of interpretation, hence open dialog and continued effort to resolve the issues is ongoing and the Company has to thank the Department to date, for the time and resources they have put into this matter in working through the process with the Company.

In saying that, whilst we await production to be reached on site at the Granite Belt Project, we have ceased all drilling and advancement activities and hence our drilling contractor Lennards' were forced to demobilize from site. This obviously has impacts upon that workforce and also our own ramp up efforts in this project. We also sought to cease the South Burnett Drill Program in part also due to these concerns and issues, around expenditure whilst we are seeking to confirm our position upon the AAT and DES matters.

We have minimal manning on site at the Granite Belt project, with a processing crew and several operational staff focused upon bring pH levels to an operational mark, given to date the attempts to move to these operational levels rapidly is leaving significant calcification and clogging of our production lines and equipment. However, we continue to be comfortable that production will commence within this current April – June quarter 2018.

MRV Metals Pty Ltd – The Granite Belt Project

As outlined, the Company continues to work toward Silver recoveries, with all three ponds having been emptied and decanted onto heap leaches, due to the high grade silver content. We now have two fully operational ponds with the third being used for water correction. Significant clean water is now moving back up to the heaps free of calcification build up. To date we have prepared the Heap Leaches with over 2,000t of quick lime via front end loader, followed by pushing and ripping with a D9 Dozer. Further to this, we have been treating circulating water with almost 800t of Hydrated lime for water correction being used, given the low PH of water balances across site.

We expect the targeted heaps to rapidly rise in pH correction now due to the reduction in scaling issues and the positive response to date in pH levels. Hence, cyanide addition should be possible within the next 5-15 days. As outlined, we continue to expect first production within this Quarter.

MRV Metals Pty Ltd – Granite Belt Exploration Project

Our exploration team via our own internal Geological advice are currently considering next steps due to our earlier two holes not identifying a continuation of the Copper anomalies at depth in any significant quantity's however graphite and other mineralization is evident and hence a review of the program and targeted minerals is ongoing.

Whilst this program had to be ceased until we determine our position with the DES dispute, we continue to work in the background upon our next several phases of drilling programs.

MRV Tarong Basin Coal Pty Ltd

This business unit within the Moreton Resources Group, continues to advance through its studies and review criteria pertaining to the submission of our EIS and has had a significant boost to the PFS and Mine Planning studies, on the back of recent drilling results, which has allowed a ply by ply analysis of the Asset. We believe the outcomes of these studies to be improving each day with positive data attained, on what was already a highly positive proposition for the Company.

We continue to consult and work with the community and are looking to work with multiple community stakeholders and have several key stakeholder meetings and agreements being sought in the coming months. Given these advancements and increases in potential of the Asset, we have sought to extend the EIS time frame with the Coordinator Generals Office, based upon key meetings ongoing around technical evaluation but also a major stakeholder consultation and advancements, which we see as positively influencing the EIS process.

MRV SURAT BASIN COAL Pty Ltd

As previously announced in the quarter, we have submitted a voluntary EIS application with the relevant Department to advance the Wandoan prospect.

MRV BOWEN BASIN COAL Pty Ltd

We do have an obligation in holding the assets, to advance and as such we will be progressing activities on this asset and as such the Company is moving into an operational phase and have its pipeline of activities well established, to which the MRV Bowen Basin Coal assets are critical to the long term strategy of the Moreton Resources Limited Group.

The Bowen Basin Assets continue to be the most significant assets the Company holds and secures for us a long term project pipe line.

1.0 TENEMENTS and PROJECTS

Statement of Tenement Status (As at 31 March 2018)

Tenement	Status	Region	Name	Equity Interest (%) *		Sub Company
				31 December 2017	31 March 2018	
Exploration Tenements						
EPC 1445	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
EPC 882	Granted	Tarong Basin	South Burnett Project	100	100	MRV Tarong Basin Coal
EPM8854	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM11455	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM12858	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM18950	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM26275	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
Mining Development Leases						
MDL 503	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
MDL 420	Granted	Surat Basin	Wandoan Project	100	100	MRV Surat Basin Coal
MDL 385	Granted	Tarong Basin	South Burnett Project	100	100	MRV Tarong Basin Coal
Mining Lease Applications						
MLA700015	Under Application	South Burnett	South Burnett Coal Project	0	0	MRV Tarong Basin Coal
MLA100106	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals

Statement of Tenement Status (As at 31 March 2018)* All assets are fully owned by subsidiary Companies; however, each is 100% wholly owned by the parent Company of Moreton Resources Limited. MRV Metals Tenements are mortgage secured with First Samuel. MRV Bowen Basin tenements are mortgage secured ATO.

2.0 BUSINESS DEVELOPMENT

The Moreton Resources Limited Group continues to advance its branding and reputational enhancement through several media campaigns, operational outcome and community engagement and sponsorship programs. We are a proud sponsor of Cherbourg Junior Football and Netball, along with multiple sports and community events in the Texas Region.

The key ethos in building our business, is with partnerships formed with the communities in which we operate, so jointly we prosper, and this is being seen with the continued development of the Moreton Resources Limited Group.

3.0 FINANCE AND COMMERCIAL

Moreton within the quarter has expended considerable money on the advancement of the Granite Belt project include investment in the initial drill program and the re-commissioning of the Heaps as noted earlier.

We also continue to expend considerable money on consultants supporting the advancement of the EIS for MRV Targon Basin Coal. Whilst we sought an extension regarding the delivery of this submission, this is based on the technical evaluation as opposed to the environmental and impact assessment perspective.

4.0 COMPANY OUTLOOK

Again, the board of Moreton Resources Limited refers our shareholders to prior Company announcements however we are positive about our outlook, and seek to resolve the several disputed matters urgently, so we can focus upon advancing the Company throughout 2018 and beyond.

Mr Alexander JASON Elks
Executive Chairman
Moreton Resources Limited

- End -