



# Quarterly Report

30 June 2018



**MORETON RESOURCES LIMITED**

*Work Safe, Home Safe, MRV SAFE*

The quarter has been problematic for the Company upon numerous fronts. Whilst we have been working hard in the background to advance our key assets, we continue to face obstacles at the Granite Belt Project, not only with pH levels, but with the regulator in Department of Environment and Science. It appears the Department and the Company differ in view not only upon the Financial Assurance interpretations, the Plan of Operations but also the day to day interpretation of our Environmental Authority, which is taking significant time, manpower and finances to deal with, on a rolling raft of issues.

The Company is seeking to escalate these issues, as we are of the view that the overall impact from the company's 100% owned subsidiary MRV Metals Pty Ltd's operations, is to enhance the environmental values, and also advance the States agenda of seeking to remediate and return where possible, of abandon and valuable assets back to the mining industry. Whilst we continue to work well with the Department of Natural Resources, Mines and Energy, the relationship with the Department of Environment and Science is problematic. It would seem those dealing with the issues pertaining to the Granite Belt Site, have very little understanding of the condition and state in which it was operated by the Department of Environment and Heritage Protection, well before it was transitioned to us, under an EA that does not recognize prior harm as MRV Metals Pty Ltd's responsibility.

We have minimal manning on site at the Granite Belt Project, except for heap leach commissioning. We have encountered significant challenges restoring pH levels to an operational mark, with attempts to move the levels rapidly, leaving significant calcification and clogging of our production lines and equipment. We will keep the market informed of these delays as and when operational issues are resolved, including an update on when production is expected at the Granite Belt Project.

In the background significant advancement has been made upon the South Burnett Coal Project and the company has been in long term discussions and negotiations with a key stakeholder, to whom we believe, will benefit through significant social advancement, in regard to the framework of how such major projects can be advanced and the benefits pertaining to the wider community from those advancements for not only the Company but the broader stakeholders and community groups.

During the quarter the company received funding of \$2 million which has been announced, which whilst we continue to be challenged, is a strong show of support for our Company and individual projects.

#### **MRV METALS Pty Ltd – The Granite Belt Project**

As outlined above, the Company continues to work towards Silver recoveries, with current issues pertaining to pH correction continuing, given the acidic nature of the water balances upon site.

We have continued to enhance significant environmental values across the site and regularly take independent audits of the site, to ensure we have a snapshot not only of our progress and the environmental enhancements, but also have the capability to highlight the prior issues and concerns to the relevant Departments, as opposed to our influences and impacts since the granting of tenure.

#### **MRV METALS Pty Ltd – Granite Belt Exploration Project**

We continue to await the AAT decision and production, which will allow us to advance our Exploration program across the Granite Belt Exploration Project.

## MRV TARONG BASIN COAL Pty Ltd

This business unit within the Moreton Resources Group, continues to advance with not only its stakeholder agreements and negotiations, but also with its technical studies and EIS advancements. We continue to push this project forward whilst being excited with the technical results and parameters, that are being brought together. The overall Coal qualities continue to be pleasing along with the potential tonnages, which will be highlighted in our release in the coming months.

## MRV SURAT BASIN COAL Pty Ltd

As previously announced, we have submitted a voluntary EIS application with the relevant Department to advance the Wandoan prospect and currently await the AAT decision and the advancement into production at our Granite Belt Operations to fund further studies.

## MRV BOWEN BASIN COAL Pty Ltd

The Company has undertaken a number of discussions upon this asset and we continue to see the long term, high value benefit of the Mackenzie assets, and as such are seeking to finalize an advancement program.

## 1.0 TENEMENTS and PROJECTS

### Statement of Tenement Status (As at 30 June 2018)

Tenement	Status	Region	Name	Equity Interest (%) *		Sub Company
				31 March 2018	30 June 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 30 June 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.

## **1.1 OPERATIONAL COMMENTS**

### **South Burnett Project** (Tarong Basin, MDL 385-EPC 882)

As per outline above

### **Mackenzie Project** (Bowen Basin, EPC 1445, MDL 503)

As per outline above

### **Wandoan Project** (Surat Basin, MDL 420)

As per outline above

### **Granite Belt Project** (EPM8854, EPM11455, EPM12858, EPM18950, EPM26275)

As per outline above

## **2.0 BUSINESS DEVELOPMENT**

The Moreton Resources Limited Group has spent in the last quarter significant resources and time in dealing with the Department of Environment and Science, and the time and costs are a distraction from the primary business and the suite of valuable assets we have.

We will continue to work through these issues and seek to capitalize on our day to day opportunities for advancement of our assets, however will await several key milestones prior to capital commitments and advancements.

## **3.0 FINANCE AND COMMERCIAL**

During the quarter the company announced funding entered into and received of \$2 million being:

- First Samuel Limited \$1.2M short term debt facility
- First Samuel Limited \$0.3M extended debenture
- Tony Feitelson \$0.5M short term loan

We continue to await the AAT decision upon our R&D claims pertaining to 2012-2014.

The Company has issued the 5B in relation to this quarterly report, and we seek to enter production this quarter to ensure we continue to maintain and meet our financial obligations.

## **4.0 COMPANY OUTLOOK**

The increase in Coal prices and general the interest across the investment sector in major Coal projects has sparked interest in several of our assets, this continues to be positive for the Company and we will look to update the market in the coming weeks upon our expected production from MRV Metals Pty Ltd and our advancement of our Coal aspirations.

**Mr Alexander JASON Elks**  
**Executive Chairman**  
**Moreton Resources Limited**

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