

27 August 2018

## ASX ANNOUNCEMENT

By Electronic Lodgement

### Strategic Review of Asset Portfolio

The board of Moreton Resources Limited (**ASX:MRV**) would like to announce, that following deliberations of the board, a decision has been made to undertake a strategic review of all of the Moreton Resources Limited assets and subsidiaries, to determine core and non-core assets, that will allow the potential for the business to streamline its asset ownership and narrow its focus, on the most valuable areas of business development.

This decision has been brought about by a number of factors, which were –

- The business has been in a number of talks and fielded a number of approaches pertaining to its asset base and potential transactions. We do however, stress that any such talks and approaches have been preliminary in nature and any such talks are incomplete and contemplative only.
- The Coal market in both Thermal and PCI-Coking Coal has moved significantly over the last 24 months, and as such this has prompted the above interest. Also this has given a line of sight to the organisation, upon the value of its assets and multiple opportunities and avenues, that would assist in deriving shareholder value. However this would mean a deviation from the Company's well established strategy announced in 2014.
- The Company continues the advancement of its Granite Belt Project, the Granite Belt Exploration Project and the South Burnett Coal Project. However given the issues surrounding commissioning of the Granite Belt Project, resources and expertise have been drawn from other key company activities. As such the Company needs to re-evaluate the priorities, but also the structure to which each of these assets is currently in, and to consider the benefits of potential third party assistance be it through partnerships, funding or alternate transactions.

In addition to this, the Company is also aware of the external interest and has been in high level talks pertaining to its Surat Basin and Bowen Basin assets, which combines in a situation whereby the board has determined the best way forward is to re-evaluate the strategic plan and direction. This is in light of market sentiment, interest and over all commodity pricing with a particular focus upon Thermal Coal, PCI-Semi Soft Coking Coal and the foreseeable future demand upon Copper.

The Company expects to appoint a Legal Advisory Firm in the coming weeks, to assist the organisation in navigating and negotiating any potential offers, and transactions, whilst internally significant review and re-evaluation works are being undertaken, including the setup of data rooms and fostering existing relationships and associations, to allow the board to fully consider all options before it.

The key to this review and driver, is to enable the Company to ensure that at this point in time, it is focused upon ensuring the best possible outcome for shareholder value, as in our current form, the board unanimously agrees, with projects such as the South Burnett Coal Project, the Granite Belt Project, the Granite Belt Exploration Project and the jewel in the crown being the Mackenzie PCI and Semi-Soft Coal asset, we are significantly undervalued with respect to the market capitalisation.

It is important to note, that currently the Granite Belt Project continues to challenge our operations group and as such, the resources, expertise and time which has been consumed by the project (whilst we are confident technically on Silver Recoveries; Mechanically via the already commissioned equipment and upon our resources and reserves) the persistent pH correction issues that continue, have stifled the rapid advancement of the key targets for the South Burnett Coal Project and the Granite Belt Exploration Project.

The Company will seek to make multiple upcoming announcements to keep the market fully informed regarding this review.

**-ENDS-**