



12 September 2018

ASX ANNOUNCEMENT

By Electronic Lodgement

AusIndustry Claims Update

The board of Moreton Resources Limited (**ASX: MRV**) would like to take this opportunity to update the market on the Company's application to the Administrative Appeals Tribunal (**AAT**). On 10 September 2018 the AAT affirmed the original decision of Innovation and Science Australia.

This decision is currently under review by the board and, whilst a final decision is yet to be made, it is likely we will appeal this decision. The AAT decision concludes, in essence, that UCG is a known and proven technology and that the activities claimed by the Company were not Research & Development (**R&D**) activities, as defined by the *Income Tax Assessment Act 1997*. The Board questions this conclusion and is aware of some other controversies surrounding the R&D funding of similar projects elsewhere in Australia.

The board would like to remind our shareholders of our recent financial accounts and annual report, in which we reported a significant net increase in the value of our asset portfolio and equally, the continued advancement of significant key assets within the group, which we believe have the potential to bring about greatly increased value in the near to mid-term. We will continue to keep the market informed of that advancement.

In the meantime, the Company will review its options on the potential appeal and advise the market. There are arrangements in place with the Australian Taxation Office (**ATO**) which provide the Company with time to have its rights determined through the appeals process before any monies become due and payable. The total debt owing to the ATO, if the AAT's decision is upheld, is approximately AU\$9M.

If the Company does appeal, as seems likely at this early stage in our deliberations, then payment would be payable 21 days following the outcome of an adverse Appeals hearing in the Federal Court. That timing would also be further subject to there being no further appeal lodged by either party. The matter could still take a number of months, if not years, to resolve.

The board will make a prudent and informed decision on this over the coming weeks, keeping in mind that general interest provisions continue to accrue against the total sum owed to the ATO. We will seek to minimise the cost to the Company, including considering making part payment of the debt, even if an Appeal is lodged, to possibly minimise any future risk.

Jason Elks
Executive Chairman
Moreton Resources Limited

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