



MORETON RESOURCES LIMITED

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Moreton Resources Limited (ASX-MRV) is an Australian coal and precious/base metal developer.

HIGHLIGHTS

Corporate

- Strategic review carried out, resulting in the Company launching an Expressions of Interest process to investigate the possible sale of one or more of the Company's four projects.
- Appointment of new CEO, Terry Bourke.
- Appointment of new Company Secretary, John Haley.

Projects

- Granite Belt Metals Project (Texas, Queensland): Pre-production activities continued. Silver production is yet to commence.

Financial

- Rights issue successfully completed, with \$2.2M raised soon after the end of the Quarter.
- Interim extension of short term debt facility achieved.
- Adverse Administrative Appeals Tribunal decision on the Company's R & D tax claim appealed to the Federal Court.

Caution regarding forward-looking statements

Certain statements made in this announcement contain or comprise certain forward-looking statements. Although Moreton believes that the estimates and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in commodity prices and exchange rates and business and operational risk management. Moreton undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Moreton Resources Limited (ASX: MRV) (“Moreton”, “the Company”) is pleased to present its activities report for the quarterly period ending 30 September 2018.

CORPORATE

STRATEGIC REVIEW

The Company announced a strategic review during the Quarter. That review resulted in the appointment of Aitken Murray Capital Partners and Longreach Capital as its joint corporate advisors to assist the Company in considering and implementing the strategic alternatives. During the Quarter the advisors issued on behalf of the Company i invitations to multiple parties to engage in Expression of Interests processes for the Company’s Bowen Basin (Mackenzie) coal project and its Surat Basin coal project. Those processes are still underway.

EXECUTIVE APPOINTMENTS

On 27 August 2018 the Company announced the appointment of Terry Bourke as Chief Executive Officer. Mr Bourke is an experienced company director, senior executive and corporate lawyer with ASX-listed and other companies, predominantly in the mining industry.

Subsequent to the end of the Quarter, John Haley was appointed Company Secretary. Mr Haley has held a number of similar positions, as well as Executive Director and management roles, with a number of ASX listed mining companies for approximately 20 years.

PROJECTS

- **Granite Belt Metals Project (Texas, Queensland):**

This Project was the Company’s primary focus during the period under review.

Pre-production activities continued during the Quarter, with a focus on the correction of the pH of the heaps. A new plan of operation was submitted to the Department of Environment and Science (DES). The Company is in discussion with DES about the required Financial Assurance (FA) (ie cash bond) relating to that plan, as the Company considers the FA determined by DES to be higher than is reasonable.

There was no silver production during the Quarter as the necessary pH range was not achieved in the heap being prepared for production. Subsequent to the end of the Quarter the Company began a systematic assessment of any impediments to production being achieved. The Company is endeavouring to reduce expenditure at the Project while that assessment is underway. Environmental Authority compliance activities will continue unaffected.

- **Tarong Basin Coal Project (South Burnett, Queensland):**

A review of all previous reports and studies has been carried out, and a gap analysis is being completed. All relevant data was assembled and prepared for viewing in a data room. That work was still underway at the end of the Quarter. Work was carried out during the Quarter to produce a new mine plan aimed at the export coal market.

- **Bowen Basin (Mackenzie) Coal Project (Queensland):**

All relevant data held by the Company was assembled, reviewed and prepared for viewing in a data room by interested parties which sign a confidentiality agreement, as part of the Expressions of Interest process.

- **Surat Basin Coal Project (Queensland):**

All relevant data held by the Company was assembled, reviewed and prepared for viewing in a data room by interested parties which sign a confidentiality agreement, as part of the Expressions of Interest process.

FINANCIAL

- During the Quarter the Company successfully completed a non-renounceable rights issue, with \$2.2M raised. The process was completed soon after the end of the Quarter. Minimal costs were incurred in doing so.
- A short extension was negotiated with First Samuel for its short term debt facility of \$1.5 million. The maturity date was extended from 2 October to 13 November 2018, to enable First Samuel to engage in further discussions with the Company. Those discussions are ongoing.
- The Company has appealed to the Federal Court against an adverse Administrative Appeals Tribunal decision on the Company's R & D tax claim. The amount at risk, principal plus interest, is close to \$10M.

Moreton finished the September 2018 Quarter with approximately \$1.47M in cash.

DECEMBER 2018 QUARTER OUTLOOK

Moreton's focus for the December 2018 quarter is to:

- Progress possible sale or joint venture of at least one of the Company's four projects
- Extend the Company's existing short-term debt
- Progress the Granite Belt Metals Project toward production

STATUTORY INFORMATION

ISSUED CAPITAL

As at 30 September 2018, Moreton had 3,096,313,637 fully paid ordinary shares on issue.

Directors

Non-Executive Chairman
Valeri Melik

Non-Executive Director
Alexander Jason Elks

Non-Executive Director
Anthony Feitelson

Senior Management

Terry Bourke
Chief Executive Officer

John Haley
Company Secretary

SUBSIDIARY COMPANIES

MRV Metals Pty. Ltd
MRV Tarong Basin Coal Pty. Ltd
MRV Bowen Basin Coal Pty. Ltd
MRV Surat Basin Coal Pty. Ltd