

11 February 2019

Mr Alex Sutton
Compliance Adviser, Geology, Listing Compliance (Sydney)
Australian Securities Exchange

Dear Alex

I write regarding your correspondence to Moreton Resources Limited upon the 4th of February 2019. Within that correspondence you have made several observations as to our 5B lodged with the ASX upon 17 January 2019. In addition to those observations you have also requested that we respond to the following questions, to which I have also outlined the Company's response.

We thank you for your enquiries and believe the below will put at ease any concerns regarding listing Rule 3.1.

1. Does MRV Expect that it will continue to have negative operating cash flows for the time and, if not, why not?

The Company at the same time as releasing its 5B, also release two other documents being the Granite Belts Operational Update and also the Quarterly Report. Both of these documents have highlighted the Company will seek to enter cash generation by way of Silver sales from its Granite Belt project, in the month of February 2019 which is the same quarter as in question currently.

Furthermore, the Company has since, upon 8 of February 2019, further updated the market that the Company expects to be into Silver production in February and steady state operations are expected in April 2019, allowing for forecasts and projections in the April quarter of 2019.

Whilst the company can not specifically state with certainty the amount of revenue it expects in the January 2019 quarter, it does believe the Silver sales will go toward alleviating any short fall for the quarter, along with a debt restructure as outlined below.

2. Has MRV taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company is well advanced upon renegotiation of funding, which it announced in its Quarterly report released upon 17 January 2019. This process has moved to the exchange of draft, binding terms already undertaken.

It is highly likely this transaction will be completed in the coming days and again highly likely to alleviate any or all immediate cash flow and operating cost concerns.

3. Does MRV expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Please refer to responses to question 1 and question 2.

4. Please confirm that MRV is complying with Listing Rule 3.1 and that there is no information about its current financial condition that should be given to ASX in accordance with that rule that has not already been released to market.

We are in full compliance with listing Rule 3.1 and the market is fully aware of all matters pertaining to operational outcomes and also funding requirements.

5. Please confirm that MRV's responses to the questions above have been authorized and approved under its published continuous disclosure policy or otherwise by its board or an office of MRV with delegated authority from the board to respond to ASX on disclosure matters.

As Chairman of Moreton Resources Limited, I am authorized by the board to respond to the ASX upon such queries.

I hope this response is sufficient and welcome any follow up queries to alleviate the concerns of the ASX.

Regards

Jason Elks
Executive Chair
Moreton Resources Limited



4 February 2019

Mr Lee Horobin
Company Secretary
Moreton Resources Ltd
29 High St
Texas, QLD
4385

By email:

Dear Mr Horobin

Moreton Resources Ltd ('MRV'): Appendix 5B Query

ASX refers to MRV's Appendix 5B quarterly report for the period ended 31 December 2018 lodged with ASX Market Announcements Platform on 17 January 2019 (the 'Appendix 5B').

ASX notes that MRV has reported:

- negative net operating cash flows for the quarter of \$2,208,000;
- cash at the end of the quarter of \$758,000; and
- estimated cash outflows for the next quarter of \$1,180,000.

It is possible to conclude, based on the information in the Appendix 5B that if MRV were to continue to expend cash at the rate indicated by the Appendix 5B, MRV may not have sufficient cash to continue funding its operations.

In view of that, ASX asks MRV to respond separately to each of the following questions and requests for information:

1. Does MRV expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has MRV taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does MRV expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that MRV is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that MRV's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of MRV with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4 PM AEDT Thursday, 7 February 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MRV's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MRV's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to MRV’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that MRV’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MRV’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Alex Sutton
Compliance Adviser, Geology, Listings Compliance (Sydney)