8 March 2019

ASX ANNOUNCEMENT

By Electronic Lodgement

RELEASE OF HALF YEAR FINANCIALS AND MANAGEMENT CHANGES

Moreton Resources Limited (**ASX:MRV**) is pleased to release to the market our fully audited half year financial accounts. Please see attached accounts.

The Company would like to advise the market that Mr Phillip Bryant will be joining the Company as Chief Operating Officer, effective Monday the 11th of March 2019. We will put a separate release to the market outlining the role and background of Mr Bryant which is a welcomed addition to the Moreton Resources Limited Group. Phil will take day to day control and oversight of all the subsidiary Companies with a predominate focus on our Coal Asset advancement.

We would like to highlight that due to this addition and several other organisational changes that will be ongoing in the coming weeks we will finalise our structures and focus on both of our Metals and Coal business portfolios. Mr Brent Van Staden whom supported the Company in recent weeks as a Casual Director will be ceasing his role as Director and Co Sec. The Co Sec role will be supported by the existing resources within the Company and Mr Alexander Jason Elks will assume the statutory responsibilities.

\- END -

29 High Street I Texas | Qld | 4385
PO Box 161 | High Street | Texas QLD | 4385
Australia

T: +61 (7) 4653 1769
E: admin@moretonresources.com.au
W: www.moretonresources.com.au

Moreton Resources Limited

ABN 75 060 111 784

Interim Financial Report - 31 December 2018

Moreton Resources Limited
Corporate directory
31 December 2018

Directors	Alexander Jason Elks - Executive Chairman and CEO Kalman Salgo - Non-executive Director Gary Harradine - Non-executive Director Brent Van Staden - Non-executive Director
Registered office and principal place of business	29 High Street Texas QLD 4385 Phone: (07) 4653 1769
Share register	Link Market Services Limited Level 21, 10 Eagle Street Brisbane QLD 4000 Phone: 1300 554 474
Auditor	Nexia Brisbane Audit Pty Ltd Level 28, 10 Eagle Street Brisbane QLD 4000
Stock exchange listing	Moreton Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MRV)
Website	www.moretonresources.com.au
Corporate Governance Statement	www.moretonresources.com.au/corporate-governance/

Moreton Resources Limited
Contents
31 December 2018

Moreton Resources Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Moreton Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons were directors of Moreton Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Current:
Alexander Jason Elks
Kalman Salgo (appointed 7 December 2018)
Gary Harradine (appointed 11 February 2019)
Brent Van Staden (appointed 11 February 2019)

Former:
John Haley (appointed 6 November 2018 and resigned 6 February 2019)
Valeri Melik (resigned on 17 December 2018)
Tony Feitelson (resigned 6 November 2018)

Principal activities

The company's principal activities were advancing its assets from exploration through to operations, in particular in the Metals and Coal space of the resources sector.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $20,065,567 (31 December 2017: profit of $12,296,097) and included the following significant items:

	31 Dec 2018 $	31 Dec 2017 $
Income:		
Gain on business acquisition	-	13,320,497
Expenses:		
Employee benefits expense*	1,665,685	259,402
Exploration and evaluation expenditure**	1,128,385	-
Derecognition of Research and Development Tax Offset incentives receivable***	5,160,515	-
Provision for refund of Research and Development Tax Offset incentives received in prior financial periods***	8,185,725	-
Provision for general interest charge (GIC) on refund of Research and Development Tax Offset incentives received***	2,120,007	-

* Employee benefits expense increased due to a decision by the Board to expense all costs relating to the Granite Belt Silver project. In the previous period all costs had been capitalised to Mine Development as part of the recommissioning of the mine.

** The consolidated entity recommenced active operations at its Granite Belt Project resulting in a significant increase in exploration and evaluation expenditure

*** The company's Directors have derecognised the Research and Development Tax Incentive receivable of $5,160,515, provided for the refund of incentives received in prior financial periods in the sum of $8,185,725 (refer note 5), and provided for a potential general interest charge of $2,120,007 on the refund, pending the outcome of its current appeal of the Administrative Appeals Tribunal's decision.

During the half-year ended 31 December 2018 the company:

- Commenced a Strategic Review of its asset portfolio. The company appointed Aitken Murray Capital Partners and Longreach Capital as its joint corporate advisors and Corrs Chambers Westgarth as legal advisor to assist the company in considering and implementing the strategic alternatives. The review considered the various alternatives for the consolidated entity's four major projects and the various development and funding models, including joint venture and outright sale. The advisors issued on behalf of the company invitations to multiple parties to engage in expressions of interest processes for the company's Bowen Basin (Mackenzie) coal project and its Surat Basin coal project. The advisors have received formal indicative, non-binding interest in the coal assets. The company will seek to progress this interest, however there is no assurance that a binding transaction will be concluded on either coal asset or on the timing of any such transaction, as the company will continue to assess its overall strategy and how each potential transaction may benefit the long-term objectives of the company.
- Lodged an appeal with the Federal Court of Australia from a decision of the Administrative Appeals Tribunal (AAT) made on 10 September 2018. The AAT affirmed the internal review decision of Innovation and Science Australia which found that the company's activities registered under the Industry Research and Development Act 1986 (Cth) in the financial years ended 2012, 2013 and 2014 were not "R&D activities", as defined under the relevant Act. The company has appealed from the whole of the decision of the AAT.
- Through its wholly owned subsidiary, MRV Metals Pty Ltd, recommenced active operations at the Granite Belt Project, located near Texas, Queensland.
- Obtained additional short-term funding from First Samuel Limited of $1,500,000 (facility limit increased to $2,781,616) and negotiated an extension of the repayment of interest and principle from 30 September 2018 to 1 April 2019. The facility was fully drawn down.
- Issued 278,323,729 ordinary shares in terms of a non-renounceable rights issue at an issue price of 0.8 cent per share. The rights issue was fully subscribed and the company raised $2,226,590.

Group assets

The company's Directors are focused on realising the group's coal assets and developing its metals assets. The following asset brief refers to this strategy.

MDL 385 Tarong Basin Thermal Coal Project
The company's MDL 385, strategically located in the Tarong Basin in south-eastern Queensland is seen as a commercially viable asset that could significantly complement power generation activities either locally or internationally. Having a Coal Resource estimate of 517.5 Mt (134 Mt measured and 383.5 Mt Indicated) reported in accordance with the JORC Code (2012 edition), this asset is seen as a genuine mid-term prospect for the company, and activities to advance this project are underway.

EPC 882 Tarong Basin Thermal Coal Project
The company purchased EPC 882 in October 2015. EPC 882 is strategically located in the Tarong Basin in south-eastern Queensland, abutting MDL 385. The Coal Resource estimate is included in the MDL 385 figures as noted above.

EPC 1445 Mackenzie Coal Project
The company holds asset EPC 1445, which is located within the world-renowned Bowen Basin in central Queensland. Following the granting of MDL 503, the sub-blocks constituting MDL 503 were relinquished from the EPC 1445 holding. EPC 1445 now consists of one sub-block that adjoins MDL 503 (refer below). The Australian Tax Office has a registered mortgage via a security arrangement.

ML 503 Mackenzie Coal Project
The company was granted MDL 503 in 2015. A further exploration program was carried out on this MDL during 2015 with an updated Coal Resource estimate released in August 2015. The updated estimate (reported in accordance with the JORC Code 2012 edition) totals 138.1 Mt (65.1 Mt Indicated and 73.0 Mt Inferred) on an in-situ basis. Surrounded by several significant and profitable PCI operations, this potential underground asset is seen as a highly desirable, significant future operation. The Australian Tax Office has a registered mortgage via a security arrangement.

MDL 420 Wandoan Coal Project
MDL 420, situated in the Surat Basin in southern Queensland is seen as a long-term strategic asset that allows the company to show a complete pipeline of potential development from near through to long term. This asset has a Coal Resource estimate of 341.3 Mt (33.7 Mt Indicated and 307.6 Mt Inferred) reported in accordance with the JORC Code (2004 edition).

The region called the Surat Basin is awaiting a major operator to advance. In August of 2017 a major mining company was awarded a mining licence for a tenement within the region.

ML100106 Granite Belt Project
The Company was granted the Mining Lease in October 2017. ML 100106 is located within the Silver Spur Basin near Texas, Queensland. This asset is the Granite Belt Project Silver Mine. The total assets of the previous operator – the liquidated Alycone - including physical and technical assets have become the property of MRV Metals Pty Ltd through the acquisition of the underlying tenures. The company continues to move into operations whilst working through several technical commissioning issues, outside of normal day to day mining operations.

EPM 8854 Granite Belt Metals Project
The Company purchased EPM 8854 during 2016. EPM 8854 is located within the Silver Spur Basin near Texas, Queensland. This asset has been extensively explored in the past and contains a number of promising exploration targets for silver and copper, which the Company is currently investigating. This tenement is the location of majority of the already declared targets under the Granite Belt Project and also the Granite Belt Exploration Project.

EPM 11455 Granite Belt Metals Project
The Company purchased EPM 11455 during 2016. EPM 11455 is located within the Silver Spur Basin near Texas, Queensland and is adjacent to EPM 8854. As a result, this asset is seen as being complimentary to EPM 8854 and the Company is currently investigating its potential.

EPM 12858 Granite Belt Metals Project
The Company purchased EPM 12858 during 2016. EPM 12858 is located within the Silver Spur Basin near Texas, Queensland and is adjacent to EPM 8854 and EPM 11455. As a result, this asset is seen as being complimentary to EPM 8854 and EPM 11455, and the Company is currently investigating its potential.

EPM 18950 Granite Belt Metals Project
The Company purchased EPM 18950 during 2016. EPM 18950 is located within the Silver Spur Basin near Texas, Queensland and is adjacent to EPM 8854, EPM 11455 and EPM 12858. As a result, this asset is seen as being complimentary to EPM 8854, EPM 11455 and EPM 12858, and the Company is currently investigating its potential.

EPM 26275 Granite Belt Metals Project
The Company purchased EPM 26275 during 2016. EPM 26275 is located within the Silver Spur Basin near Texas, Queensland and is located within the current cluster of EPMs and completes the total footprint of the Granite Belt Project. The Company is currently investigating its potential.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Going concern
The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

As at 31 December 2018 the consolidated entity incurred a loss of $20,065,567 after income tax expense, had net cash outflows from operating activities of $3,865,837 and working capital deficiency of $9,877,660.

Moreton Resources Limited
Directors' report
31 December 2018

The Directors consider there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern after consideration of the following factors:

- Active operations have recommenced at the Granite Belt Project, located near Texas, Queensland which is expected to yield sales of silver inventory in the short-term, refer note 20;
- The Directors have refinanced the company's existing loan facilities;
- The Directors are confident of a favourable outcome in the company's appeal to the Federal Court regarding the Tax Incentive benefit decision of the Administrative Appeals Tribunal;
- The company has a successful history of obtaining additional equity funding when required and the Directors are of the view this can be repeated in future if required.

Whilst significant milestones have been achieved in the last six months, the consolidated entity may be required to raise additional funding during the next 12 month period to continue to develop and explore its tenements as planned so as to fund its Texas mine operations and facilitate the sale of silver concentrate.

Should the consolidated entity be unable to raise additional funds when required there is a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at amounts stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

New accounting standards implemented
The consolidated entity has implemented two new Accounting Standards that are applicable from 1 July 2018, being AASB 15 *Revenue from contracts with customers* and AASB 9 *Financial instruments*. The adoption of these standards has not impacted the consolidated entity's results and has not necessitated any restatement of comparative information.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Jason Elks
Chairman

7 March 2019

Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*

To the Directors of Moreton Resources Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Moreton Resources Limited and the entities it controlled during the period.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Date: 7 March 2019

Nexia Brisbane Audit Pty Ltd
Registered Audit Company 299289
Level 28, 10 Eagle Street
Brisbane QLD 4000
GPO Box 1189
Brisbane QLD 4001
p +61 7 3229 2022
f +61 7 3229 3277
e email@nexiabrisbane.com.au
w nexia.com.au

Moreton Resources Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31 Dec 2018 $	31 Dec 2017 $
Revenue			
Interest		84,008	10,027
Other income	4	-	13,320,497
Expenses			
Employee benefits expense		(1,665,685)	(259,402)
Depreciation and amortisation expense		(106,276)	(16,996)
Exploration and evaluation expenditure		(159,371)	-
Mine operating expenditure		(969,014)	-
Loss on disposal of assets		(457,280)	-
Insurance		(50,478)	(66,673)
General interest charge	7	(2,120,007)	-
Professional fees and contractors		(330,882)	(193,101)
Securities quotation fees		(84,615)	(62,829)
Travel		(20,015)	(44,063)
Other expenses		(407,325)	(185,937)
Finance costs		(432,387)	(205,426)
Total expenses		(6,803,335)	(1,034,427)
Profit/(loss) before income tax expense		(6,719,327)	12,296,097
Income tax expense	5	(13,346,240)	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Moreton Resources Limited		(20,065,567)	12,296,097
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Moreton Resources Limited		(20,065,567)	12,296,097
		Cents	**Cents**
Basic earnings per share	22	(0.68)	0.49
Diluted earnings per share	22	(0.68)	0.49

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Moreton Resources Limited
Consolidated statement of financial position
As at 31 December 2018

	Note	Consolidated 31 Dec 2018 $	Consolidated 30 June 2018 $
Assets			
Current assets			
Cash and cash equivalents	6	737,022	1,250,695
Trade and other receivables	7	175,428	5,364,136
Inventories	8	9,554,500	9,554,500
Other	9	1,130,759	631,009
Total current assets		11,597,709	16,800,340
Non-current assets			
Property, plant and equipment	10	4,786,017	5,775,948
Exploration and evaluation	11	5,731,376	5,731,376
Mine development assets	12	10,722,990	10,722,990
Restricted cash	13	3,965,720	3,965,720
Total non-current assets		25,206,103	26,196,034
Total assets		36,803,812	42,996,374
Liabilities			
Current liabilities			
Trade and other payables	14	631,201	1,291,057
Borrowings	15	10,374,285	8,750,000
Provisions	16	10,469,883	159,068
Total current liabilities		21,475,369	10,200,125
Non-current liabilities			
Provisions	17	3,800,000	3,800,000
Total non-current liabilities		3,800,000	3,800,000
Total liabilities		25,275,369	14,000,125
Net assets		11,528,443	28,996,249
Equity			
Issued capital	18	85,050,144	82,508,541
Reserves		-	45,551
Accumulated losses		(73,521,701)	(53,557,843)
Total equity		11,528,443	28,996,249

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Moreton Resources Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2018

Consolidated	Issued capital $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2017	75,247,446	2,495	(64,898,650)	10,351,291
Profit after income tax expense for the half-year	-	-	12,296,097	12,296,097
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	12,296,097	12,296,097
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	5,474,672	-	-	5,474,672
Share-based payments	-	5,451	-	5,451
Transfer of share based payment reserve to retained earnings	-	(2,495)	2,495	-
Balance at 31 December 2017	80,722,118	5,451	(52,600,058)	28,127,511

Consolidated	Issued capital $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2018	82,508,541	45,551	(53,557,843)	28,996,249
Loss after income tax expense for the half-year	-	-	(20,065,567)	(20,065,567)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(20,065,567)	(20,065,567)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	2,541,603	-	-	2,541,603
Share-based payments	-	56,158	-	56,158
Transfer to accumulated losses	-	(101,709)	101,709	-
Balance at 31 December 2018	85,050,144	-	(73,521,701)	11,528,443

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Moreton Resources Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2018

	Note	Consolidated	
		31 Dec 2018	**31 Dec 2017**
		$	**$**
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(3,934,321)	(799,423)
Interest received		51,330	10,027
GST receipts		202,170	-
Interest paid		(185,016)	(181,426)
Net cash used in operating activities		(3,865,837)	(970,822)
Cash flows from investing activities			
Payments for mine development assets		(286,974)	(2,349,109)
Payments for property, plant and equipment		(533,952)	(1,874,244)
Payments for exploration and evaluation assets		-	(625,656)
Payments for security deposits		(3,500)	(5,000,000)
Proceeds from disposal of property, plant and equipment		450,000	-
Net cash used in investing activities		(374,426)	(9,849,009)
Cash flows from financing activities			
Proceeds from issue of shares		2,226,590	5,224,670
Proceeds from short-term loans		1,500,000	-
Proceeds from issue of debentures		-	3,475,000
Net cash from financing activities		3,726,590	8,699,670
Net decrease in cash and cash equivalents		(513,673)	(2,120,161)
Cash and cash equivalents at the beginning of the financial half-year		1,250,695	2,660,805
Cash and cash equivalents at the end of the financial half-year	6	737,022	540,644

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Basis of preparation

The financial statements cover Moreton Resources Limited as a consolidated entity consisting of Moreton Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Moreton Resources Limited's functional and presentation currency.

Moreton Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

29 High Street
Texas
QLD 4385

The financial statements were authorised for issue, in accordance with a resolution of directors, on 7 March 2019. The directors have the power to amend and reissue the financial statements.

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of consolidated entity. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2018 together with any public announcements made during the following half-year.

Going concern
The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

As at 31 December 2018 the consolidated entity incurred a loss of $20,065,567 after income tax expense, had net cash outflows from operating activities of $3,865,837 and working capital deficiency of $9,877,660.

The Directors consider there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern after consideration of the following factors:
- Active operations have recommenced at the Granite Belt Project, located near Texas, Queensland which is expected to yield sales of silver inventory in the short-term, refer note 20;
- The Directors have refinanced the company’s existing loan facilities;
- The Directors are confident of a favourable outcome in the company’s appeal to the Federal Court regarding the Tax Incentive benefit decision of the Administrative Appeals Tribunal;
- The company has a successful history of obtaining additional equity funding when required and the Directors are of the view this can be repeated in future if required.

Whilst significant milestones have been achieved in the last six months, the consolidated entity may be required to raise additional funding during the next 12 month period to continue to develop and explore its tenements as planned so as to fund its Texas mine operations and facilitate the sale of silver concentrate.

Should the consolidated entity be unable to raise additional funds when required there is a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at amounts stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

Note 2. Significant accounting policies

(a) Accounting policies
The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for those as described below.

Note 2. Significant accounting policies (continued)

(b) New and amended standards adopted by the consolidated entity

The consolidated entity has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the consolidated entity had to change its accounting policies:
- AASB 9: Financial Instruments, and
- AASB 15: Revenue from contracts with customers.

The impact of the adoption of these standards and the respective accounting policies are disclosed in Note 2(c).

(c) Impact of standards issued but not yet applied by the consolidated entity

AASB 16: Leases
AASB 16: Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: Leases and the related Interpretations. It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:
- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the consolidated entity's operating leases. As at the reporting date, the consolidated entity has non-cancellable operating lease commitments of $20,107. The consolidated entity is currently assessing to what extent these commitments will result in the recognition of an asset and a liability however the directors are satisfied it will likely have an immaterial impact on the financial statements in future reporting periods.

The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The consolidated entity does not intend to adopt the Standard before its effective date.

(d) New and amended standards adopted by the consolidated entity

This note describes the nature and effect of the adoption of AASB 9: *Financial instruments* and AASB 15: *Revenue from contracts with customers* on the consolidated entity's financial statements and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods. As a result of the changes in the entity's accounting policies, prior year financial statements did not require restatement.

AASB 9: Financial Instruments – Accounting Policies
Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the consolidated entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Note 2. Significant accounting policies (continued)

Classification and subsequent measurement - Financial liabilities
All of the consolidated entity's financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability; that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

The consolidated entity does not have any financial liabilities classified as held for trading, designated as fair value through profit or loss or any financial guarantee contracts.

A financial liability cannot be reclassified.

Classification and subsequent measurement - Financial assets
Financial assets are subsequently measured at amortised cost.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial assets:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the consolidated entity no longer controls the asset (ie the consolidated entity has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Impairment
The consolidated entity recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

There are no expected credit losses in the consolidated entity's financial assets.

AASB 15: Revenue from contracts with customers – Accounting Policies
In the comparative period the consolidated entity only has one revenue source being interest income. Interest income is recognised using the effective method.

Initial Application of AASB 9: Financial instruments
The consolidated entity has adopted AASB 9: *Financial instruments* with an initial application date of 1 July 2018. As a result the adoption of AASB 9 has not resulted in any change to the Consolidated entity's recognition or measurement of Financial instruments under AASB 139 *Financial instruments*.

Initial application of AASB 15: Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15: *Revenue from contracts with customers* with an initial application date of 1 July 2018. As a result the adoption of AASB 15 has not resulted in any change to the consolidated entity's recognition or measurement of Revenue under AASB 118 *Revenue*.

Note 3. Operating segments

Identification of reportable operating segments
The principal business of the consolidated entity is the development of resource projects in Australia. The segments identified are the company's mineral assets comprising the Granite Belt Project and the coal assets comprising the Kingaroy, Wandoan and MacKenzie Coal Projects. The company only operates in one geographical location being Australia.

The Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) review EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Minerals	Minerals exploration and extraction activities including the transition to producer at the Granite Belt Project
Coal	Coal exploration and extraction activities

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2018	Minerals $	Coal $	Unallocated $	Total $
Revenue	-	-	84,008	84,008
Expenses	(969,014)	(22)	(5,834,299)	(6,803,335)
Loss before income tax expense	(969,014)	(22)	(5,750,291)	(6,719,327)
Income tax expense				(13,346,240)
Loss after income tax expense				(20,065,567)
Assets				
Segment assets	29,871,669	5,437,127	1,495,016	36,803,812
Total assets				36,803,812
Liabilities				
Segment liabilities	3,800,206	30,000	21,445,163	25,275,369
Total liabilities				25,275,369

Consolidated - 31 Dec 2017	Minerals $	Coal $	Unallocated $	Total $
Other income	13,320,497	-	-	13,320,497
Expenses	(399,245)	-	(625,155)	(1,024,400)
Profit/(loss) before income tax expense	12,921,252	-	(625,155)	12,296,097
Income tax expense				-
Profit after income tax expense				12,296,097

Segment assets
Consolidated - 31 Dec 2018

	Minerals $	Coal $	Unallocated $	Total $
Opening balance 1 July 2018	30,217,555	5,435,366	7,343,453	42,996,374
Additions	566,977	-	3,980,539	4,547,516
Disposals	(912,863)	-	(9,828,976)	(10,471,839)
Closing balance 31 December 2018	29,871,669	5,435,366	1,495,016	37,072,051

Note 4. Other income

	Consolidated	
	31 Dec 2018 $	**31 Dec 2017 $**
Gain on business acquisition	-	13,320,497

Note 5. Income tax expense

	Consolidated	
	31 Dec 2018 $	**31 Dec 2017 $**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(6,719,327)	12,296,097
Tax at the statutory tax rate of 27.5%	(1,847,815)	3,381,427
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Gain on business acquisition	-	(3,663,137)
	(1,847,815)	(281,710)
Current half-year tax losses not recognised	1,847,815	281,710
Derecognition of Research and Development Tax Offset incentives receivable (refer note 7)	5,160,515	-
Provision for refund of Research and Development Tax Offset incentives received in prior financial periods (refer note 7)	8,185,725	-
Income tax expense	13,346,240	-

The consolidated entity has estimated accumulated Australian tax losses as at 31 December 2018 of $48,316,896 (30 June 2018: $28,251,329)

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2018 $	**30 June 2018 $**
Cash at bank	737,022	1,250,695

Note 7. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2018 $	**30 June 2018 $**
Research and Development Tax Incentive receivable	-	5,160,515
Other receivables	142,750	203,621
Interest receivable	32,678	-
	175,428	5,364,136

Research and Development Tax Incentive receivable
The company has previously made claims in relation to the Research and Development Tax Incentive Offset in accordance with Division 355 of the Income Tax Assessment Act 1997 (Cth).

The company originally claimed the following amounts:
- $473,476 of Research and Development Tax Incentive Offsets in its 2012 income tax return
- $7,104,744 of Research and Development Tax Incentive Offsets in its 2013 income tax return
- $465,515 of Research and Development Tax Incentive Offsets in its 2014 income tax return
- $444,756 of Research and Development Tax Incentive Offsets in its 2015 income tax return

In 2014 and 2015, the company lodged an amendment request in relation to its 2012 income tax return and received a further $498,248 in Research and Development Tax Incentive Offset claims from the Australian Tax Office (ATO). The company also lodged an objection to the 2013 and 2014 income tax returns which entitled the company to an additional $5,160,515 in Research and Development Tax Incentive Offset claims.

Note 7. Current assets - trade and other receivables (continued)

Based on a finding made by Innovation and Science Australia in relation to the activities related to the Research and Development Tax Incentive Offsets, the ATO has amended the Research and Development Tax Incentive Offsets for the 2012, 2013 and 2014 income years to $nil. The ATO has also amended the Research and Development Tax Incentive Offset claim for the 2015 income year to $nil. In relation to the 2012 and 2013 income years, the ATO has advised it will seek repayment of $8,185,725 previously paid to the company in respect of the Research and Development Tax Incentive Offsets claimed. The ATO has also indicated it may claim interest and penalties should the matter be found in their favour. Although the ultimate outcome of this matter against the company also cannot be predicted with certainty, the company rejects this position and is of the view that the Research and Development Tax Incentive Offsets have been correctly claimed.

In order to defend its position, the company initiated proceedings in the Administrative Appeals Tribunal ("AAT" or "the tribunal") to dispute the finding made by Innovation and Science Australia in the 2012 to 2014 income years. The matter was heard by the tribunal in February 2017. The company has subsequently lodged an appeal with the Federal Court of Australia from a decision of the AAT made on 10 September 2018. The AAT affirmed the internal review decision of Innovation and Science Australia which found that the company's activities registered under the Industry Research and Development Act 1986 (Cth) in the financial years ended 2012, 2013 and 2014 were not "R&D activities", as defined under the relevant Act. The company has appealed the whole of the decision of the AAT.

On the basis of professional advice obtained, the company considers its claims to the Research and Development Tax Incentive Offsets is justified and valid. However, the company's Directors have derecognised the receivable of $5,160,515 pending the outcome of its current appeal of the AAT decision with the Federal Court of Australia. Additionally, the Directors have provided for the refund of incentives of $8,185,725 received in prior financial periods and provided for a potential general interest charge of $2,120,007 on the refund, should the appeal not be successful for the company.

The company has not recognised in the financial statements the Research and Development Tax Incentive Claim pertaining to the 2015 income tax return, totalling $444,756, on the basis that the Registration Certificate (required to enable the claim to move forward) has been held in abeyance by Innovation and Science Australia, pending the outcome of the current action before the Federal Court of Australia.

Note 8. Current assets - inventories

	Consolidated	
	31 Dec 2018 $	30 June 2018 $
Silver in leach heaps - at net realisable value	9,554,500	9,554,500

Note 9. Current assets - other

	Consolidated	
	31 Dec 2018 $	30 June 2018 $
Prepayments	529,290	33,040
Security bonds lodged for tenements	594,609	594,609
Other security deposits	6,860	3,360
	1,130,759	631,009

Note 10. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2018 $	**30 June 2018 $**
Property - at cost	14,100	14,100
Plant and equipment - at cost	4,964,959	5,878,712
Less: Accumulated depreciation	(354,293)	(290,117)
	4,610,666	5,588,595
Motor vehicles - at cost	160,004	160,004
Less: Accumulated depreciation	(62,169)	(47,665)
	97,835	112,339
Office furniture and equipment - at cost	148,001	148,001
Less: Accumulated depreciation	(102,625)	(87,087)
	45,376	60,914
Asset clearing	18,040	-
	4,786,017	5,775,948

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Property $	Plant and equipment $	Motor vehicles $	Office furniture and equipment $	Asset clearing $	Total $
Balance at 1 July 2018	14,100	5,588,595	112,339	60,914	-	5,775,948
Additions	-	5,584	-	-	18,040	23,624
Disposals	-	(907,279)	-	-	-	(907,279)
Depreciation expense	-	(76,234)	(14,504)	(15,538)	-	(106,276)
Balance at 31 December 2018	14,100	4,610,666	97,835	45,376	18,040	4,786,017

Note 11. Non-current assets - exploration and evaluation

	Consolidated	
	31 Dec 2018 $	**30 June 2018 $**
Exploration and evaluation - Tarong Basin thermal project (QLD)	2,313,517	2,313,517
Exploration and evaluation - Wandoan coal project (QLD)	1,298,239	1,298,239
Exploration and evaluation - Mackenzie coal project (QLD)	1,771,501	1,771,501
Exploration and evaluation - Granite Belt Metals project (QLD)	348,119	348,119
	5,731,376	5,731,376

Note 12. Non-current assets - mine development assets

	Consolidated	
	31 Dec 2018	30 June 2018
	$	$
Granite Belt Metals project - at cost	10,722,990	10,722,990

Note 13. Non-current assets - Restricted cash

	Consolidated	
	31 Dec 2018	30 June 2018
	$	$
Restricted cash	3,965,720	3,965,720

The restricted cash was placed with a financial institution as financial assurance for the environmental authority relating to the Mining Licence (ML 100106) over the Granite Belt Project.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2018	30 June 2018
	$	$
Trade payables and other payables	631,201	1,291,057

Note 15. Current liabilities - borrowings

	Consolidated	
	31 Dec 2018	30 June 2018
	$	$
Debentures - secured		
- Related parties (a)	2,250,000	2,250,000
- Non-related parties (a)	4,800,000	4,800,000
Short-term loans - unsecured		
- Related parties (b)	542,669	500,000
- Non-related parties (c)	2,781,616	1,200,000
	10,374,285	8,750,000

Debentures

(a) The debentures have been issued under a secured debenture deed executed by the company on 26 May 2017. Debentures are secured by all of the assets of the company and a guarantee by its wholly-owned subsidiary MRV Metals Pty Ltd. The debenture deed has a 2-year term and interest rate of 10% per annum (payable quarterly). Interest payments may be made 50% cash and 50% equity (at $0.011 per share). As some of the debentures were taken up by the Directors the initial issue of shares and part payment of interest by issue of shares was approved at the Annual General Meeting in October 2017. Whilst the debentures have a 2-year term, in accordance with Australian Accounting Standards they are disclosed as a current liability as the company does not have an unconditional right to defer payment.

Note 15. Current liabilities - borrowings (continued)

Short-term loans

(b) Former Director, Tony Feitelson, provided an unsecured loan to the company of $500,000. The loan is subject to an interest rate of 13.00% per annum and repayable on 29 March 2019.

(c) First Samuel Limited (FSL) provided a short-term unsecured note facility for $1,200,000 at an interest rate of 10.00% per annum with interest and principal repayable at the end of September 2018. The interest and principal repayment date was extended to 13 November 2018 and then further extended to 1 April 2019. The facility limit was increased to $2,700,000 and was fully drawn down. On 14 February 2019 the company announced that FSL had agreed to a total restructuring of their debt totalling $7,500,000 into a new facility which is broken into three tranches (refer note 20).

Note 16. Current liabilities - provisions

	Consolidated	
	31 Dec 2018 $	30 June 2018 $
Annual leave	134,151	129,068
Mine restoration - Kingaroy UCG site	30,000	30,000
Provision for refund of Research and Development Tax Incentive Offset (a)	10,305,732	-
	10,469,883	159,068

(a) Balance inclusive of $8,185,725 (refer Note 5) and $2,120,007 general interest charge (refer Note 7).

The company has provided its interest in the McKenzie Coal Project as security to the ATO, for the $8,185,725 repayment sought by the ATO. A payment plan has also been agreed with the ATO, should the company after having extinguished all of its appeal options and escalation rights will still be liable for the payment, whereby 30% of the debt is payable within 90 days, further amounts of 20% each at 180/270/360 days, and a final 10% payment at 450 days.

Note 17. Non-current liabilities - provisions

	Consolidated	
	31 Dec 2018 $	30 June 2018 $
Rehabilitation - Granite Belt Project	3,800,000	3,800,000

Note 18. Equity - issued capital

	Consolidated			
	31 Dec 2018 Shares	30 June 2018 Shares	31 Dec 2018 $	30 June 2018 $
Ordinary shares - fully paid	3,104,390,577	2,775,534,676	85,050,144	82,508,541

Note 18. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2018	2,775,534,676		82,508,541
Issued as partial payment of debenture interest	27 July 2018	2,549,812	$0.011	28,048
Issued as partial payment of debenture interest	24 August 2018	5,155,666	$0.011	56,712
Issued as partial payment of debenture interest	11 September 2018	343,711	$0.011	3,781
Rights issue	21 September 2018	278,323,729	$0.008	2,226,590
Issue to former CEO	21 September 2018	34,405,773	$0.004	137,623
Issued as partial payment of debenture interest	29 October 2018	2,577,833	$0.011	28,356
Issued as partial payment of debenture interest	22 and 26 November 2018	5,155,666	$0.011	56,712
Issued as partial payment of debenture interest	12 December 2018	343,711	$0.011	3,781
Balance	31 December 2018	3,104,390,577		85,050,144

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Rights issue
On 21 September 2018, the company issued 278,323,729 ordinary shares in terms of a non-renounceable rights issue at an issue price of $0.008 per share. The rights issue was fully subscribed.

Issue to former CEO
The shares issued to the former CEO, Jason Elks, represents the termination allocation on a pro-rata basis of equity in terms of the CEO's service contract.

Share buy-back
There is no current on-market share buy-back.

Note 19. Contingent liabilities

A former company advisor (PricewaterhouseCoopers) is claiming outstanding professional fees from the company in the amount of $97,000. The company is contesting this claim. Further details pertaining to this matter, including the basis of contention, are not able to be disclosed as any disclosure of these details may prejudice the outcome of the claim.

Note 20. Events after the reporting period

On 14 February 2019 the company announced that its long time financing partner, First Samuel Limited (FSL), had agreed to a total restructuring of their debt totalling $7,500,000 into a new facility which is broken into three tranches. In addition to this, the company has also negotiated an additional $1,000,000 in funding which is expected to bring the company into commissioning and operations at its wholly owned subsidiary of the Granite Belt Project. The debt will be payable under commercial terms at 12% interest. FSL has the option to convert up to 50% of that interest into equity, on a month by month basis at an agreed $0.007 which has been pre-set, and at the time of this agreement, this represents a 20% uplift in the average 5-day price prior to signing of the agreement. The total term of the debt agreement runs to April 2022 and additional payments are at the discretion of the company to reduce this debt. At FSL election, they may seek to convert up to $2,000,000 of the debt to equity, at the fixed conversion price of $0.007, subject to shareholder vote and acceptance, at any stage within the first 12 months of this agreement. The company has also agreed that the debt will be repaid via a minimum of 50% of the free cash flow per month, after all total company operating expenses, across the total group being operating, advancement and corporate activities.

Note 20. Events after the reporting period (continued)

On the 1st March 2019 the Heap Leaching process conducted on site at the Texas mine has proven successful, the consolidated entity is now moving into leaching operations and the production of silver concentrate.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 21. Non-cash investing and financing activities

	Consolidated	
	31 Dec 2018 $	31 Dec 2017 $
Debenture interest settled by the issue of shares	177,390	76,247

Note 22. Earnings per share

	Consolidated	
	31 Dec 2018 $	31 Dec 2017 $
Profit/(loss) after income tax attributable to the owners of Moreton Resources Limited	(20,065,567)	12,296,097
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	2,956,073,558	2,509,407,551
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,956,073,558	2,509,407,551
	Cents	Cents
Basic earnings per share	(0.68)	0.49
Diluted earnings per share	(0.68)	0.49

Moreton Resources Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Jason Elks
Chairman

7 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MORETON RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Moreton Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Director's Responsibility for the Half-Year Financial Report

The directors of Moreton Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001,* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Moreton Resources Limited financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Moreton Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Nexia Brisbane Audit Pty Ltd
Registered Audit Company 299289
Level 28, 10 Eagle Street
Brisbane QLD 4000
GPO Box 1189
Brisbane QLD 4001
p +61 7 3229 2022
f +61 7 3229 3277
e email@nexiabrisbane.com.au
w nexia.com.au

Nexia Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MORETON RESOURCES LIMITED (CONTINUED)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Moreton Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Moreton Resources Limited is not in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of Moreton Resources Limited financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Emphasis of matter

We draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon raising additional funds in order to fund ongoing operational expenditure in relation to its mining, exploration and corporate activities. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the half-year financial report. Our opinion is not modified in respect of this matter.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Gavin Ruddell
Director

Level 28, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 7 March 2019