



Quarterly Report

31 March 2019



MORETON RESOURCES LIMITED

*Work Safe, Home Safe, MRV **SAFE***

The Board of Moreton Resources Limited (“Moreton” or “the Company”) releases this quarterly report, as it progresses its Strategic Review and advances its Granite Belt Project and the South Burnett Coal project which are our priorities to advance the group forward.

HIGHLIGHTS

Corporate

- Strategic review conducted resulting in the Company receiving Expressions of Interest in two of the Company’s coal projects, at this point the Company has not progressed further in regard to any future divestment or cooperation agreements, other than 2 compliant submissions were made to the Company, however no decision upon next steps has been made.
- Several key board and management changes completed, which will facilitate the entry for a redefined board and management structure to move the business ahead with sound industry and technical experience. This includes a revitalisation of majority of our Board positions and the appointment of Mr Phil Bryant post the end of the quarter to Managing Director.

Projects

- Granite Belt Project (Texas, Queensland): Successful commencement of ore removal and restacking with positive pH achieved onto HL4 and continuing.
- Positive and strong silver returns are continuing and have continued to rise since late March 2019, in parts per million contained in solution
- The South Burnett Coal project continues progression through the EIS and Feasibility.

Financial

- The Company completed the restructuring of our debt facility with its major financier and additional support to advance and finalise its South Burnett Coal Project EIS and Feasibility, and the Surat Basin Coal EIS process. This includes a top up of the total loan facility of \$8,500,000 to \$9,500,000 negotiated post the quarter with our major funder, to ensure sufficient working capital to move into positive cash generation within the quarter of April – June 2019.

1.0 TENEMENTS and PROJECTS

Statement of Tenement Status (As at 31 March 2019)

Tenement	Status	Region	Name	Equity Interest (%) *		Sub Company
				1 January 2019	31 March 2019	
Exploration Tenements						
EPC 1445	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
EPC 882	Granted	Tarong Basin	South Burnett Project	100	100	MRV Tarong Basin Coal
EPM8854	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM11455	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM12858	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM18950	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM26275	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
Mineral Development Licenses						
MDL 503	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
MDL 420	Granted	Surat Basin	Wandoan Project	100	100	MRV Surat Basin Coal

MDL 385	Granted	Tarong Basin	South Burnett Project	100	100	MRV Tarong Basin Coal
Mining Lease Applications						
MLA700015	Under Application	South Burnett	South Burnett Coal Project	0	0	MRV Tarong Basin Coal
MLA100106	Granted	Texas Region	Granite Belt Project	0	100	MRV Metals

Statement of Tenement Status (As at 31 March 2019)* All assets are fully owned by subsidiary Companies; however, each is 100% wholly owned by the parent Company of Moreton Resources Limited.

1.2 OPERATIONAL COMMENTS

Granite Belt Project (MRV Metals: EPM8854, EPM11455, EPM12858, EPM18950, EPM26275, ML100106)

This Project continued to be the Company's primary focus during the period under review.

During the quarter, the Company's wholly owned subsidiary, MRV Metals Pty. Ltd ("MRV Metals"), focused on removing the ore from the existing Heap Leach areas known as Heap Leach 4 lower, and by doing so rectifying several key issues. This has facilitated the site reaching the desired pH levels and moving into daily production at the site.

Furthermore, operations have also moved beyond the stacking of cell 1 and irrigation has begun through the sprinkler systems and the circuit completed with the final recommissioning of cell 1. Cell 2 has also been recommissioned with Cells 3 and 4 expected to be under irrigation this week and Cell's 5 and 6, under irrigation mid to late May. This will move the expected ore under irrigation from approx. 45,000t to 500-600,000t. A significant step and change in our leaching and silver return profile is expected which currently runs ahead of our predicted leach curve.

The Company continues to be in discussion with the Department of Environment and Science ("DES") regarding the required Financial Assurance (FA) (ie cash bond) relating to the Project, as the Company considers the FA determined by DES to be higher than is reasonable. However, both parties have continued to negotiate with best endeavours, and we believe we are close to resolution on this matter.

South Burnett Project (Tarong Basin Coal: MDL 385, EPC 882)

A review of all previous reports and studies have now been carried out, and a gap analysis is being completed, with the objective of then progressing an updated Resource Study for the Project.

Further to this a final Coal specification has been identified and a renewed JORC compliant Resources and Reserves report is expected for release in May 2019. The Company has been for some time in talks with several major operators as to potential off take and/or sales and marketing rights, and as such will seek to undertake presentation and negotiations upon this front in late May early June 2019.

Mackenzie Project (Bowen Basin Coal: EPC 1445, MDL 503)

Whilst the Company has had 2 offers for a transaction upon this asset, the Company continues to work with opportunities before it, to maximize the outcome for our shareholder base and as such, we will keep the market informed as things develop in this area.

Wandoan Project (Surat Basin Coal: MDL 420)

Offers were also received for the Wandoan Project however the Company is finalising its initial advice statement for this project pertaining to an EIS, and as such will seek to include not only the Coal Resources but also the incidental Gas Resources available due to the recent changes in legislation. As this project advances the market will be kept up to date.

2.0 BUSINESS DEVELOPMENT

Strategic Review

As outlined, interest was received through the formal process and since that time, an additional 5 enquires have been made with the Company upon the assets of Mackenzie and Wandoan, however we continue to advance internal deliberations and discussion upon next steps.

3.0 FINANCE AND COMMERCIAL

A restructuring of the First Samuel debt into a new debt facility has been completed totalling \$8,500,000 broken into three tranches. The debt will be repaid via a minimum of 50% of free cash flow per month, after all total company operating expenses. In addition to this, the Company has also negotiated an additional \$1,000,000 to take this facility to a total of \$9,500,000 at call which was agreed late April 2019.

Moreton finished the March 2019 Quarter with approximately \$294,000 in cash. The Company has a forecast range at the moment with production and two cash bonds it is currently negotiating, to close the April-June quarter with approx. \$2-4 million in cash at bank, depending upon the boards decision to bring down debt which is also a primary focus of the group.

A key focus is to cure the \$500,000 outstanding from the MRV Metals Pty Ltd entity from a former director and also look to reduce the overall debt position with First Samuel Limited is priority.

4.0 COMPANY OUTLOOK

Moreton's focus for the June 2019 quarter is to:

- Continue to ramp up silver production at the Granite Belt Metals Project
- Continue to progress the possible sale or joint venture of at least one of the Company's other projects
- Progress the Surat Basin and Tarong Basin Coal Projects toward approvals and ultimate production

5.0 STATUTORY INFORMATION

Issued Capital

As at 31 March 2019, Moreton had 3,112,460,315 fully paid ordinary shares on issue.

Directors

Executive Chairman
Alexander Jason Elks

Non-Executive Director
Gary Harradine

Executive Director
Phil Bryant

Subsidiary Companies

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

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