

18 June 2019

ASX ANNOUNCEMENT

By Electronic Lodgement

FEDERAL COURT APPEAL UPDATE

Moreton Resources Limited (**ASX:MRV**) ("the Company") would like to advise the market of the progress of the Federal Court of Australia appeal, between Moreton Resources Limited and Innovation and Science Australia.

By way of update, a hearing of the full bench of the Federal Court of Australia was convened upon the 6th and 7th of May 2019, with the Honourable Justices Davies, Steward and Moshinsky making up the full bench, to hear the appeal by Moreton Resources Limited. As the market would be aware, this as an appeal of a AAT decision handed down in 2017 which affirmed the initial Aust Industry ruling that the claims of Moreton Resources Limited under the Research and Development tax rebate scheme did not meet the requirements for registration.

The Companies concerns and decision to appeal to the Federal Court of Australia where driven by the fact, it was the opinion of our Legal advisors KPMG Law, that the decision handed down may have been compromised due to several legal concerns and interpretive issues. Moreton Resources Limited held the fundamental view that the matters of fact, which were taken on in the ruling whereby it was determined that UCG was a well-known, proven and established industry, simply were not founded and should not have been the basis for the adverse decision against the Company.

The technical issues of the appeal however, despite the fact UCG is still yet to be proven and the fact it has since been banned in the State of Queensland with all trials in Queensland now abandoned, is unfortunately an irrelevant consideration, as these matters have come to light post the initial determination and running of the AAT matter for Moreton Resources Limited. So as compelling as those now publicly established facts are, be it in Australia or globally, they are an irrelevant consideration of the Federal Court as the only matters that can be challenged are not mistakes of fact or determinations, but only the incorrect application of the law.

After sitting through the two day hearing, our Chairman Mr Jason Elks was exceptionally pleased at the level of understanding, rigour and pre-work under taken by the Federal Court Justices in this matter, as it was evident their intricate knowledge of the Research and Development program and application, was well developed and in keeping with the understanding of Moreton Resources Limited and our Legal Advisors, upon the application of the Legislation and program in general.

Despite this however, the legal points of determination are complex and detailed. The Company is buoyed by the fact that over the two days, the question and queries presented by all three Justices, were of depth of knowledge pertaining to our matters, that the Company had not come across until this present hearing. The understanding of the process of UCG, the Queensland Governments use of a Scientific Panel of experts to asses and determine the fledgling industries future and the matters of how the legislative provisions interlinked or relied upon State based legislation, left Moreton Resources believing that our application along with an understanding of the matters at hand and the interlinkages, were well understood and heard by the court.

It is with that background and pretext that the Company awaits the Federal Courts determination upon the appeal. Once that finding is handed down the Company will update the market upon the outcome, impacts and next steps for the Company.

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