



Quarterly Report

30 June 2019



MORETON RESOURCES LIMITED

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

The Board of Moreton Resources Limited (“Moreton” or “the Company”) is pleased to release the June 2019 quarterly report, and with silver processing operations now up and running at the Texas silver mine, is also pleased to report that the Company is producing strong cash flows from silver concentrate sales.

Moreton Resources is progressing a number of strategic reviews with a focus on the advancement of its Granite Belt project, the South Burnett Coal project, and further definition of other coal tenements and assets held by the Company. Those strategic reviews are expected to further define the businesses priorities over the next 12 to 24 months. Further advice to the market on the outcomes of those reviews will be announced once confirmed by the Board.

HIGHLIGHTS

Corporate

- The Company has received Expressions of Interest (EOI) in two of the Company’s coal projects. Moreton Resources has not progressed any of the EOI’s received and at this time and has no plans to divest or dilute ownership of any of its current assets.
- Several key Board and management changes have been completed during the first quarter of 2019. Moreton Resources has welcomed Mr Gary Harradine as a non-executive director and Mr Phil Bryant as managing director. Further Board appointments are expected to be announced in the coming months as the Company seeks to complement the current Board with key financial, company secretarial, and mining industry specialist skills going forward.

Projects

- Granite Belt Project (Texas, Queensland) has seen the commencement of ore removal, restacking, and treatment operations to the Company’s re-commencement plan announced to the market earlier in the year.
- Silver concentrate production now well underway will regular shipment to refiners and customers.
- Silver concentrate revenues are expected to continue to rise going forward on the back of recent test work that has confirmed rising silver concentrate inventories (parts per million contained in solution) across the operation.
- The South Burnett Coal project is progressing through EIS and Feasibility studies. The Board anticipates those studies will be completed over the next several months.

Financial

- The Company completed the restructuring of its current debt facilities during the quarter with its major financier continuing to support the advancement of the Company’s Texas silver mining operations and the ongoing EIS and Feasibility studies into the South Burnett Coal project.
- Moreton Resources has successfully placed a \$1,000,000 convertible note loan facility that takes the Companies current borrowings to \$10,500,000.

1.0 TENEMENTS and PROJECTS

Statement of Tenement Status (As at 30 June 2019)

Tenement	Status	Region	Name	Equity Interest (%) *		Sub Company
				31 March 2019	30 June 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
Mining Development Leases						
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 the placement of ore from the existing Heap Leach areas known as Heap Leach 4 lower, and by so doing improving processing conditions that have led to much improved silver concentrate recoveries.

Texas operations have now moved beyond the stacking of cell 1 with the completed stacking of cell 8. All 8 cells are now under irrigation through sprinkler systems. The processing circuit is now completed, and all 8 cells commissioned. As a result the total ore under irrigation has increased from approximately 45,000 tonnes to 550,000 tonnes. The Company is thereby pleased to report a significant step change in leaching operations and silver concentrate production.

The Company looks forward to further discussions with the Department of Environment and Science ("DES") regarding financial assurance (equivalent to a cash bond) requirements as applied to the Texas silver operations. Whilst the Company considers the current financial assurance requirements to be higher than required the parties continue to work cooperatively on an amicable solution.

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

Moreton Resources has completed a review of all recent reports and studies into the South Burnett Coal project and thereafter completed a gap analysis to refine the projects ongoing exploration and study works program. The Company is presently updating a JORC Resource study and mine optimisation study for the project and expects to announce to the market updated results over the next quarter.

As previously advised to the market the Company has been in talks with a number of top tier mining companies that seek off take agreements or sales and marketing rights. The Company looks forward to continuing a number of discussions with interested parties and during the next quarter.

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

The Company continues to define the project, investigate synergistic opportunities with coal mining neighbour's, and instigate discussions with third parties who have expressed an interest in the project. Moreton Resources will keep the market informed as things develop in this area.

Wandoan Project (Surat Basin Coal: MDL 420)

The Company is finalising its initial advice statement for this project pertaining to an EIS, and as such will seek to include coal resources in combination with the incidental gas resources. The Company has received legal advice that suggests recent changes in legislation allow the Company to consider incidental or fugitive gas emissions as an asset in addition to coal resources.

2.0 BUSINESS DEVELOPMENT

Strategic Review

As a result of continued interest in the Company's assets further internal deliberations and discussion upon next steps are ongoing.

3.0 FINANCE AND COMMERCIAL

Moreton finished the June 2019 Quarter with approximately \$81,000 in cash. The Company has a forecast range based on production of Silver, to close the July-September quarter with approx. \$1-\$1.5 million in cash at bank. This, however, will be dependent upon the Boards decision to bring down debt which is also a primary focus of the group.

4.0 COMPANY OUTLOOK

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

- Continue to ramp up silver production and operations at the Granite Belt Metals project
- Continue to progress the possible sale or joint venture of at least one of the Company's other coal projects.
- Progress the Bowen Basin, Surat Basin and Tarong Basin Coal Projects toward production

5.0 STATUTORY INFORMATION

Issued Capital

As at 30 June 2019, Moreton had 3,117,518,845 fully paid ordinary shares on issue.

Directors

Non-Executive Chairman
Gary Harradine

Non-Executive Director
Brett Garland

Non-Executive Director
Robin Lonergan

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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