



# Quarterly Report

30 September 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 September 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

- Several key Board and management changes have been completed during the September quarter of 2019. Moreton Resources has welcomed Mr Brett Garland as a non-executive director and subsequent appointment as Chairman. At the time of writing this report the Company would also like to welcome Mr Tristan Garthe as a non-executive director. Further Board appointments are expected to be announced in the coming months as the Company seeks to complement the current Board with key specialist skills going forward.

### Projects

- Granite Belt Project (Texas, Queensland) has seen the continuation of treatment operations as per the Company’s re-commencement plan announced to the market earlier in the year.
- Silver concentrate production increased 34% on the previous quarter.
- The South Burnett Coal project continues to progress through EIS and Feasibility studies.

### Financial

- As a result of the growing Silver production from the Texas operations, revenues from Silver concentrate sales for the quarter increased 48% on the previous quarter, whilst production costs decreased 75%.
- The Company is working with potential funders to restructure debt and to gain additional support to advance all Projects.

## 1.0 TENEMENTS and PROJECTS

### Statement of Tenement Status (As at 30 September 2019)

Tenement	Status	Region	Name	Equity Interest (%) *		Sub Company
				30 June 2019	30 September 2019	
<b>Exploration Tenements</b>						
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
<b>Mining Development Leases</b>						
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
<b>Mining Lease Applications</b>						
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 30 September 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 production of Silver concentrate 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.

As a result, Silver concentrate production for the quarter increased 34% on the previous quarter with revenue from Silver sales increasing 48% on the previous quarter.

Total ore under irrigation is approximately 550,000 tonnes. There is a further 1,000,000 tonnes of existing Ore that is planned to be restacked and PH corrected to allow for further leaching operations, a result of 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 continued further reviews of all recent reports and studies into the South Burnett Coal project and continues to review and 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 in the coming months.

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.

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**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 developments evolve.

**Wandoan Project** (Surat Basin Coal: MDL 420)

The Company continued to work on 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 September 2019 Quarter with approximately \$41,000 in cash. The Company has a forecast range based on operating cash inflows from production of Silver, to close the September - December quarter with approx. \$0.8 - \$1.2 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 December 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 towards production

## **5.0 STATUTORY INFORMATION**

### **Issued Capital**

As at 30 September 2019, Moreton had 3,129,818,153 fully paid ordinary shares on issue.

**Directors**

Non-Executive Chairman  
Brett Garland

Non-Executive Director  
Tristan Garthe

Executive Director  
Phillip 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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