

25 November 2016

**\$2.438 Million Rights Issue and
Notice under Section 708AA of the Corporations Act 2001**

The directors of Moreton Resources Limited (**ASX Code: "MRV"**) are pleased to announce a one (1) for three (3) non-renounceable pro rata rights issue at an issue price of \$0.004 per new Moreton Resources Limited (**Moreton**) share to raise up to approximately \$2.438 million (before costs and expenses) (**Rights Issue**).

The proceeds of the Rights Issue, after payment of the costs and expenses of the Rights Issue, will be used for the following purposes:

- Seeking to move toward finalization of the "Granite Belt Project" on all issues pertaining to approvals for environmental and mining permits (and partial land holder compensation agreements);
- Advancement of the "South Burnett Coal Projects" environmental and mining studies;
- Completion of the Administrative Appeals Tribunal matters set for February 2017; and
- Ongoing corporate costs.

Shareholders who are registered as holders of shares with registered addresses in Australia or New Zealand as at 7pm Sydney time on **Wednesday, 30 November 2016 (Record Date)** will be eligible to participate in the Rights issue (**Eligible Shareholders**).

The Rights Issue will not be underwritten, however, all Directors have committed to take up their full entitlement, and the Company will offer a "top-up" facility under which Eligible Shareholders (other than Directors) who accept their entitlement in full may apply for any shortfall shares. The Company is therefore confident that the total funds sought, will be raised either through the entitlement offer or the "top-up" facility.

The Rights Issue will be conducted without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth), as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (Corporations Act).

Full details of the Rights Issue and key dates for the Rights Issue, are set out in the Offer Memorandum and Appendix 3B lodged with ASX today. **The Offer Memorandum is expected to be sent to Eligible Shareholders on Friday, 2 December 2016.**

A summary of the key details of the Rights Issue is provided below.

RIGHTS ISSUE — KEY DETAILS

- Under the Rights Issue, Eligible Shareholders will be entitled to apply for one (1) new Moreton share for every three (3) Moreton shares they hold as at the Record Date, at \$0.004 per new share.
- Eligible Shareholders who take up their entitlement will be offered the opportunity to apply for shares in excess of their entitlement (at the same price as their entitlement, of \$0.004 per share) under a 'Top-Up Facility' if there is any shortfall in acceptances for the Rights Issue (**Top-Up Facility**).
- The issue price for the Rights Issue represents the current market price, due to the opportunities before the Company and the limited ability to accumulate shares on market, given thin trading volumes and the tightly held register.
- The maximum number of shares to be issued under the Rights Issue is 609,722,357 (based on the undiluted share capital of Moreton as at 24 November 2016, without taking into account the impact of rounding down and assuming no options or performance rights are converted into shares by the Record Date).
- Shareholders with registered addresses in countries outside of Australia and New Zealand will not be eligible to participate in the Rights Issue.
- Moreton shares will be quoted on an "ex" basis from Tuesday 29 November 2016 and therefore any Moreton shares bought or sold on market on and from this date will not carry entitlements under the Rights Issue.
- The Rights Issue is non-renounceable. This means that shareholders' right to subscribe for new Moreton shares under the Rights Issue are not transferable.

SECTION 708AA NOTICE

Moreton gives notice under section 708AA(2)(f) of the Corporations Act that:

- (1)** the securities being offered under the Rights Issue will be offered for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (2)** as at the date of this announcement Moreton has complied with the provisions of Chapter 2M of the Corporations Act as they apply to Moreton and section 674 of the Corporations Act;
- (3)** as at the date of this announcement there is no information that is excluded information under section 708AA(8) and (9) of the Corporations Act;
- (4)** the potential effect the Rights Issue will have on the control of Moreton will depend on the extent shareholders take up their entitlements:
 - (a)** if all Eligible Shareholders take up their entitlements in full the Rights Issue will have no effect on the control of Moreton;
 - (b)** the proportional interests in Moreton of those Eligible Shareholders who do not take up their full entitlement in the Rights Issue will be diluted by those other Eligible Shareholders who take up some, or all of their entitlement, or take up all of their entitlement and participate in the shortfall under the Top-Up Facility;
 - (c)** the proportional interests in Moreton of shareholders who are ineligible to participate in the Rights Issue will be diluted because those ineligible shareholders are not entitled to participate in the Rights Issue;
 - (d)** based on Moreton's share register as at 24 November 2016, only one shareholder has voting power of 20% or more being Non-Executive Director Mr Tony Feitelson. Mr Feitelson currently has voting power of approx. 28.5%. Mr Feitelson has committed to take up his full entitlement under the Rights Issue. He will not participate in the Top-Up-Facility;
 - (e)** if no or a small number of New Shares are taken up by Eligible Shareholders under the Offer, the voting power of Mr Feitelson would substantially increase as a result of him accepting his entitlement under the Rights Issue. Any increase would be subject to the takeovers provisions of the Corporations Act;
 - (f)** as no other shareholder will obtain or exceed voting power of 20% as a result of the Rights Issue, Moreton does not consider there will be any other consequences for the control of Moreton.

Shareholders with any queries about the Rights Issue should contact the Company on 07 3831 6088.

IMPORTANT INFORMATION

This announcement made today does not constitute an offer to sell, or a solicitation of an offer to buy, securities outside of Australia or New Zealand, including the United States or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the US Securities Act), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

Yours faithfully

MR JASON ELKS

EXECUTIVE CHAIRMAN