



10 February 2017

ASX ANNOUNCEMENT

By Electronic Lodgement

Half Year Financials for Moreton Resources Limited

The board of Moreton Resources Limited is pleased to release the half year account pertaining to our Exploration and Advancement activities as at 31 December 2016.

Regards

Jason Elks
Executive Chairman
Moreton Resources Limited

- END -



Moreton Resources Limited
ABN 75 060 111 784

Interim Financial Report

For the Half-Year Ended
31 December 2016

This Interim financial report is provided to the ASX under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2016 Annual Financial Report and any announcements made to the market during the period.

MORETON RESOURCES LIMITED CORPORATE DIRECTORY

Directors

Mr Anthony Feitelson	Non-Executive Director
Mr Valeri Milek	Executive Director
Mr Alexander Jason Elks	Chairman / CEO

Company Secretary

Kate O'Donohue
Company Matters
Level 15, ANZ Building
324 Queen Street
Brisbane, Queensland, 4000
Telephone: + (61 7) 3320 2255

Registered Office

Suite 8, Level 2
113 Wickham Terrace
Spring Hill, Queensland, 4000
Telephone: + (61 7) 3831 6088

Principal Office

Same as registered office

Website

www.moretonresources.com.au

Share Registry

Link Market Services
Level 15, ANZ Building
324 Queen Street
Brisbane, Queensland, 4000
Australia
Telephone: + (61 7) 3320 2235
Facsimile: + (61 7) 3228 4999

Auditors

Nexia Brisbane Audit Pty Ltd
Level 28, 10 Eagle Street
Brisbane, Queensland, 4000
Australia

Tax Advisors

Deloitte Tax Services Pty Ltd
225 George Street
Sydney, New South Wales, 2000

Stock Exchange Home Branch

Australian Securities Exchange Limited (ASX)
Exchange Centre, 20 Bridge Street
Sydney, New South Wales, 2000

ASX Securities Codes

MRV - fully paid ordinary shares

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

The Directors of Moreton Resources Limited submit their report for the half-year ended 31 December 2016.

DIRECTORS

The names and particulars of the Directors of Moreton Resources Limited in office at any time during or since the end of the period:

Name and qualifications	Title	Capacity
Brett Fletcher (Ceased 26 August 2016)	Chairman	Non-Executive Director
Wayne Penning (Ceased 26 August 2016)	Non-Executive Director	Non-Executive Director
Jason Elks	Exec Chairman	Executive Director
Valeri Melik (Appointed 26 August 2016)	Executive Director	Executive Director
Anthony Feitelson (Appointed 26 August 2016)	Non-Executive Director	Non-Executive Director

CURRENT DIRECTORS' INTERESTS AS AT 31 DECEMBER 2016

Director	Listed security holder	Ordinary Shares	Options
Jason Elks	Mr Alexander Jason Elks Mrs Louise Elks	151,288,917 100,000,000	8,057,250
Valeri Melik	Mr Valeri Melik	1,000,000	-
Anthony Feitelson	Mr Philip Anthony Feitelson The Promenade Coffs Harbour Pty Ltd Henadome Pty Ltd	494,450,573 94,666,667 15,866,667	-

REVIEW OF OPERATIONS

The highlights of the half year were as follows:

- Significant Exploration Targets Released in relation to the Granite Belt Project.
- Two maiden JORC resource for MRV Metals Pty Ltd released for the Granite Belt Project.
- Terms of Reference for the South Burnett Coal Project were released.
- Mining Lease Application lodged for the South Burnett Coal Project.
- Mining Lease Application lodged for the Granite Belt Metals Project.
- A successful placement was undertaken by the company.
- The Company completed the half-year with a cash balance on hand and at bank of \$1.219 million.

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (Cont)

Company Projects (Or fully owned subsidiaries projects)

South Burnet Coal Project (Tarong Basin, MDL 385/EPC 882)

During the half year the company advanced its aspirations with this project considerably with the Mining Lease Application lodged and also the finalisation of the Terms of Reference for completion of the EIS and other matters, pertaining to Environmental Approvals. This included a declaration as a controlled action under the Federal Legislation and also acceptance as a Project, under the Office of the Coordinator General at a State Level.

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

The company has continued to talk with parties about the potential options before the Company for the best way to unlock value for the Shareholders of Moreton Resources Limited. In the mean time we continue to advance our dispute against HDR Salva pertaining to issues, concerns and failings pertaining to the 2015 drill program and subsequent JORC release.

Wandoan Project (Surat Basin MDL 420)

The Wandoan Asset MDL 420, continues to play a strategic role in the company's portfolio as a long term prospect for the Company.

Granite Belt Project (MRV Metals Pty Ltd, EPM 8854, EPM 11455, EPM 18950 and EPM 12858)

Significant progress has been made in this areas with Mining Lease Application, Environmental Authority Application's and ancillary requirements all being well advanced in the last 6 months.

Significant future exploration targets and JORC compliant resources have been identified. The Company expects significant advancements in this are in the next six months.

CORPORATE

Board appointments

Mr Jason Elks was elected as Chairperson of the company, replacing Mr Brett Fletcher who resigned in August 2016. Mr Valeri Melik and Mr Anthony Feitelson also joining the board, on the back of Mr Wayne Penning's resignation also in August 2016..

Research and Development Refund

The company is well advanced on its Administrative Appeals Tribunal action which pertains to a review of an AusIndustry decision. This matter is scheduled for a hearing upon the 13th of February 2017, and a decision is expected within 3-6 months following that hearing. The Company has sought significant legal advice and has relevant industry experts attesting to the claims of Moreton Resources Limited, upon its validity and performance of the works outlined within our claims. Whilst this is a material matter for the Company it is also of note, that the claims made by Moreton Resources Limited directly affect our tax loss position, as should an adverse decision be forthcoming, the tax loss position is expected to increase considerably, which maybe a future benefit to the Granite Belt Project, pending approvals and potential for positive cash flows should operations commence.

DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (Cont)

Business Development

The Company continues to actively assess a number of precious metal and minerals acquisition opportunities in the Australian marketplace, and is currently progressing the Tarong Basin coal prospect and Granite Belt Projects, given the favourable outcome of asset reviews and viability assessments. These projects are significant and the key focus of Moreton Resources Limited.

That being said, we continue to field offers and engage in talks with likeminded operators and aspiring asset owners about potential transactions that will create value for Moreton Resources Limited Shareholders. Such talks will continue however there is no foreseeable transactions that the company is likely to undertake in the near term.

RESULTS AND FINANCIAL POSITION

The consolidated net loss after income tax attributable to the owners of Moreton Resources Limited for the half-year ended 31 December 2016 was (\$924,015) (2016FY loss: (\$1,626,332)). Consolidated net assets at 31 December 2016 totalled \$10,802,887 (30 June 2016 \$10,887,356), including cash balances of \$1,219,624 (30 June 2016 \$1,776,710).

In the half year to 31 December 2016, the company issued 209,629,736 new shares raising \$838,519. 10,817,250 Options lapsed during the period. The company also borrowed \$321,398.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the next page.

This report is made in accordance with a resolution of the directors.



Jason Elks
Chief Executive Officer

Brisbane
10 February 2017

**Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

To the Directors of Moreton Resources Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 10 February 2017

MORETON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,219,624	1,776,710
Trade and other receivables	7	5,160,515	5,254,030
Other assets		242,317	103,239
Total current assets		6,622,456	7,133,979
Non-current assets			
Exploration and evaluation assets	4	4,719,216	4,020,951
Property, plant and equipment		79,815	96,159
Total non-current assets		4,799,031	4,117,110
TOTAL ASSETS		11,421,487	11,251,089
LIABILITIES			
Current liabilities			
Trade and other payables		128,029	206,398
Borrowings	8	321,398	-
Provisions		169,173	157,335
Total current liabilities		618,600	363,733
TOTAL LIABILITIES		618,600	363,733
NET ASSETS		10,802,887	10,887,356
EQUITY			
Issued capital	5	74,930,894	74,092,375
Reserves		2,476	1,758
Accumulated losses		(64,130,483)	(63,206,777)
TOTAL EQUITY		10,802,887	10,887,356

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

MORETON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Notes	Half Year Ended 31 December 2016 \$	Half Year Ended 31 December 2015 \$
REVENUE		8,390	52,983
EXPENSES			
Depreciation and amortisation		20,161	28,948
Exploration expenditure expensed		198,858	-
Employee benefits expense		172,817	463,745
Insurance expenses		25,786	26,038
Professional fees		396,889	155,424
Securities quotation fees		40,146	35,940
Other corporate costs		62,518	69,519
Travel costs		15,230	21,591
Total Expenses		(932,405)	(801,205)
LOSS BEFORE INCOME TAX		(924,015)	(748,222)
Income Tax Benefit		-	-
TOTAL LOSS AFTER INCOME TAX FOR THE HALF YEAR	2	(924,015)	(748,222)
OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR ATTRIBUTABLE TO MEMBER OF THE PARENT ENTITY		(924,015)	(748,222)
		<u>Cents</u>	<u>Cents</u>
Basic earnings per share		(0.05)	(0.04)
Diluted earnings per share		(0.05)	(0.04)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

MORETON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Equity attributable to the owners of MORETON RESOURCES LIMITED			
	Contributed Equity \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
2016				
Balances at 01-07-2016	74,092,375	1,758	(63,206,777)	10,887,356
<u>Comprehensive income</u>				
Loss after tax for the period	-	-	(924,015)	(924,015)
Other comprehensive income for the period				
Movement in the FCTR	-	-	-	-
Total comprehensive income	-	-	(924,015)	(924,015)
<u>Transactions with owners in their capacity as owners</u>				
Contributions by owners				
Shares Issued	838,519	-	-	838,519
Share based payments	-	1,027	-	1,027
Transfer of share based payment reserve to retained earnings	-	(309)	309	-
Total transactions with owners	838,519	(718)	309	839,546
Balances at 31-12-2016	74,930,894	2,476	(64,130,483)	10,802,887
2015				
Balances at 01-07-2015	74,092,375	8,911	(61,594,354)	12,506,932
<u>Comprehensive income</u>				
Loss after tax for the period	-	-	(748,222)	(748,222)
Other comprehensive income for the period				
Movement in the FCTR	-	-	-	-
Total comprehensive income	-	-	(748,222)	(748,222)
<u>Transactions with owners in their capacity as owners</u>				
Contributions by owners				
Share based payments	-	5,275	-	5,275
Transfer of share based payment reserve to retained earning	-	(13,909)	13,909	-
Total transactions with owners	-	(8,634)	13,909	5,275
Balances at 31-12-2015	74,092,375	277	(62,328,667)	11,763,985

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

MORETON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Notes	Half Year Ended 31 December 2016 \$	Half Year Ended 31 December 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,023,311)	(990,479)
Interest received		8,343	42,628
Other sundry revenue		47	-
Net cash (outflow) from operating activities		(1,014,921)	(947,851)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,817)	(63,732)
Payments for exploration and evaluation assets		(698,265)	(679,476)
Net cash inflow from investing activities		(702,082)	(743,208)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares		838,519	-
Proceeds from borrowings		321,398	-
Net cash inflow from financing activities		1,159,917	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(557,086)	(1,691,059)
Cash and cash equivalents at the beginning of the half year		1,776,710	4,869,433
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR		1,219,624	3,178,374

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

MORETON RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Corporate Information

The financial report of Moreton Resources Limited (the 'Company' or 'consolidated entity') for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors as per the date of signature on the Directors Declaration. Moreton Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ('ASX') with the ASX trading code of 'MRV'.

Basis of preparation

These general purpose interim financial statements for the half-year ended 31 December 2016 have been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting* ('AASB 134'). The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. All amounts are presented in Australian dollars, unless otherwise stated.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. Thus this half-year financial report does not include notes of the type normally included in an annual financial report and therefore should be read in conjunction with the annual financial report for the year ended 30 June 2016, together with any public announcements made by the Company during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The accounting policies and methods of computation, judgements, estimates and assumptions adopted in the preparation of the half-year are consistent with those adopted and disclosed in the Company's most recent annual financial report for the year ended 30 June 2016, the most significant of which is the Research and Development Tax Incentive Offset matter set out in Note 7. On the basis of the present status of this matter, the Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, however their effect is not relevant. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 2 RESULT FOR THE PERIOD

Loss for the period includes the following items :

	Notes	Half Year 31 December 2016 \$	Half Year 31 December 2015 \$
Revenue			
Interest		8,343	52,983
Other sundry revenue		47	-
		8,390	52,983
Employee Benefits			
Employee benefits		171,790	458,470
Employee share options		1,027	5,275
		172,817	463,745
Professional fees	(a)	396,889	155,424
Income tax	(b)	-	-

(a) These amounts relate to services provided by external professionals for accountancy support, audit services, taxation services, legal services and public relations, communications and human resources support.

(b) The Company has significant carry forward income tax losses and no income tax expense. At 31 December 2016 an amount of \$5,160,515 [30 June 2016: \$5,160,515] is included in receivables in the Statement of Financial Position in relation to R&D Tax Incentive payments (refer Note 7).

MORETON RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 3 SEGMENT INFORMATION

The principal business of the group is the development of resource projects in Australia.

NOTE 4 EXPLORATION AND EVALUATION ASSETS

	Notes	31 December 2016 \$	30 June 2016 \$
<u>Tarong Basin, Qld Coal Project</u>			
Balance at the start of the financial period		1,076,251	290,928
Additional expenditure		201,192	785,323
Balance at the end of the financial period		1,277,443	1,076,251
<u>Surat Basin, Qld Coal Project</u>			
Balance at the start of the financial period		1,154,043	1,097,092
Additional expenditure		69,067	56,951
Balance at the end of the financial period		1,223,110	1,154,043
<u>Bowen Basin, Qld Coal Project</u>			
Balance at the start of the financial period		1,676,069	1,785,954
Additional expenditure		53,183	(109,885)
Balance at the end of the financial period		1,729,252	1,676,069
<u>Granite belt, metals project</u>			
Balance at the start of the financial period		114,588	-
Additional expenditure		374,823	114,588
Balance at the end of the financial period		489,411	114,588
Total exploration and evaluation assets		4,719,216	4,020,951

NOTE 5 EQUITY

Movement in ordinary shares:

	Notes	Number	\$
Opening balance		1,829,167,072	74,092,375
Rights issue at \$0.004	8	209,629,736	838,519
Balance at end of period		2,038,796,808	74,930,894

Movement in the number of options on issue:

	31 December 2016 \$	30 June 2016 \$
Opening balance	19,541,166	36,181,500
Granted during the period	-	21,247,166
Lapsed during the period	(10,817,250)	(37,887,500)
Balance at end of period	8,723,916	19,541,166

Details of share options outstanding at period end:

Grant Date	Expiry Date	Exercise Price	Number
November 27 2015	December 31 2017	\$0.006	8,057,250
November 27 2015	December 31 2017	nil	666,666

MORETON RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 6 CONTINGENT LIABILITIES AND COMMITMENTS

As set out in the company's 30 June 2016 financial statements, contingent liabilities totalling \$265,000 exist against the company. These amounts remain contested by the company. Future expenditure commitments on the tenements as at 31 December 2016 total \$1,981,360 in the next five years.

NOTE 7: TRADE AND OTHER RECEIVABLES	31 December 2016	30 June 2016
	\$	\$
Other receivables *	5,160,515	5,160,515
Sundry receivables	-	93,515
Total trade and other receivables	5,160,515	5,254,030

Trade and other Receivables

* The Company has previously made claims in relation to the Research and Development Tax Incentive Offset in accordance with Division 355 of the *Income Tax Assessment Act 1997 (Cth)*. Recently, these claims have been reviewed.

The Company originally claimed the following amounts:

- \$473,476 of Research & Development Tax Incentive Offsets in its 2012 income tax return,
- \$7,104,744 of Research & Development Tax Incentive Offsets in its 2013 income tax return,
- \$465,515 of Research & Development Tax Incentive Offsets in its 2014 income tax return, and
- \$444,756 of Research & Development Tax Incentive Offsets in its 2015 income tax return.

In 2014 and 2015, the Company lodged an amendment request in relation to its 2012 income tax return and received a further \$498,248 in Research & Development Tax Incentive Offset claims from the Australian Taxation Office. The Company also lodged an objection to the 2013 and 2014 income tax returns which entitled the Company to an additional \$5,160,515 in Research & Development Tax Incentive Offset claims.

Based on a finding made by Innovation Australia in relation to the activities related to the Research & Development Tax Incentive Offsets, the Australian Taxation Office has amended the Research & Development Tax Incentive Offsets for the 2012, 2013 and 2014 income years to \$0. The Australian Taxation Office has also amended the Research & Development Tax Incentive Offset claim for the 2015 income year to \$0. In relation to the 2012 and 2013 income years, the Australia Taxation Office has advised it will seek repayment of \$8,185,724 previously paid to the Company in respect of the Research and Development Tax Incentive Offsets claimed. Although the ultimate outcome of this matter against the Company also cannot be predicted with certainty, the Company rejects this position and is of the view that the Research and Development Tax Incentive Offsets have been correctly claimed.

In order to defend its position, the Company has initiated proceedings (scheduled for 13th February) in the Administrative Appeals Tribunal to dispute the finding made by Innovation Australia in the 2012 to 2014 income years. The ultimate outcome of these proceedings cannot be predicted with certainty.

On the basis of professional advice obtained, the Company considers it arguable that its claim to the Research and Development Tax Incentive Offsets is justified and valid. The amount of the receivable for the Research and Development Tax Incentive Offsets continues to be carried at the full value of the claim as the Company's best estimate of the likely amount recoverable. The Company has at all times kept the market fully informed as to the status of this matter.

The Company has not recognised in the Financial Statements the R&D Tax Incentive Claim pertaining to 2015 income tax return, totalling \$444,756, on the basis that the Registration Certificate (required to enable the claim to move forward) has been held in abeyance by Innovation Australia, pending the outcome of the current action before the Administrative Appeals Tribunal.

MORETON RESOURCES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NOTE 8 BORROWINGS

Through December 2016 the company undertook a capital raising exercise with shareholders. The rights issue was well subscribed and as at the closing date of 16th December, the company had received subscriptions to the value of \$838,519.

An additional amount of \$321,398 was offered by Mr A Feitelson (Director), however the company came to agreement with Mr Feitelson to hold the funds as a short term debt facility to bolster the company's cash position. The terms and conditions of this debt include:

- Interest: Calculated monthly at the rate of 4.25%PA
- Security: Not secured
- Term: Three months to 31st March 2017

NOTE 9 EVENTS OCCURRING AFTER THE BALANCE DATE

(a) Research and Development Tax Incentive Offset

As set out in Note 7, this matter is scheduled for 13th February 2017 with the Administrative Appeals Tribunal.

(b) Renounceable rights issue

Under the terms of the rights issue shortfall provisions, the company has accepted offers to purchase additional shares and has issued purchase agreements totalling \$319,000 (\$0.004 per share).

NOTE 10 FAIR VALUE MEASUREMENT

There are no assets or liabilities measured at fair value on a recurring basis, or non-recurring basis, after initial recognition. For financial assets and liabilities their fair values approximate carrying values due to their short term nature.

NOTE 11 RELATED PARTY DISCLOSURE

During the half year, the management personnel of the company altered due to resignation of directors – Mr B Fletcher and Mr W Penning and appointment of directors Mr V Melik and Mr A Feitelson. Equity interests of Messer's Melik and Feitelson are included in the Director's Report.

In the period since appointment, an entity associated with Mr V Melik has charged the company \$50,557 for consulting services. Mr A Feitelson has loaned the company \$321,398 (Note 8).

MORETON RESOURCES LIMITED
ACN 060 111 784

**DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

The Directors of Moreton Resources Limited declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 '*Interim Financial Reporting*'.
2. There are reasonable grounds to believe that Moreton Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Jason Elks
Chief Executive Officer

Brisbane
10 February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT To the members of Moreton Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Moreton Resources Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year-ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Moreton Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Moreton Resources Limited as attached to the directors' report, would be in the same terms if provided to the directors as at the time of this auditor's review report.

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Moreton Resources Limited (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Moreton Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

Emphasis Of Matter

Without modifying our conclusion, we draw attention to Notes 1 and 7 in the financial statements which indicates the uncertainty over the \$5,160,515 amount receivable by the Company, and the \$8,185,724 repayment claim against the Company, both relating to Research and Development Tax Incentive Offsets. As indicated in the Notes the ultimate outcome of these matters cannot be predicted with any certainty. The Directors have prepared the financial statements on the basis of best estimates of the likely outcome of these matters, on the basis of professional advice obtained.

The financial report does not include any adjustments relating to the recognition and classification of recorded assets and liabilities that might be necessary, should these matters be resolved on a basis different to that estimated in the financial statements.



Nexia Brisbane Audit Pty Ltd



N D Bamford
Director

Level 28, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 10 February 2017