

24 July 2014



ASX Announcement

By Electronic Lodgement

Significant JORC increase of 200% for MRV's Asset KINGAROY MDL385

Moreton Resources Limited (MRV) is pleased to advise that a review of activities for its Kingaroy asset (MDL385) have re-affirmed the decision to advance the project to a Mine Concept Study. As previously announced on 30 April 2014, the Company intended to update its last JORC statement from 2008, with some 48 additional holes, of which a substantial number have been cored and had coal quality analyses carried out. This has allowed **our previous resources of 73MT of indicated and inferred to be upgraded by 200%** and more importantly, moving the majority of our resource to Measured and Indicated as per the following breakdown:

KINGAROY MDL 385	
Measured	122.3MT
Indicated	82.5MT
Inferred	16.4MT
TOTAL	221.2MT

The attached Resource Estimate Statement issued by the Company's Competent Person, Mr Tony Shellshear of Geological Data Design, gives the full details. This is a significant outcome as it indicates the tonnage and coal quality could have the potential to sustain a substantial, long term mining operation. The key drivers for advancing the Kingaroy Project are:

- The potential for the Kingaroy project to be a relatively low strip ratio and therefore a low cost source of coal, targeting a lower than 8:1 strip ratio
- To confirm whether the coal quality results, are comparable with current mining operations within the region, and would suit power generation activities
- Recent media reports that power generators are opting for coal generation over gas, due to the ability to trade gas with better returns
- 2013 reports stating mining operations in the region are losing money, due to coal deposits being too deep and operating costs too high

MRV will now move to finalise its preliminary Mine Concept Study to determine how much of this resource could potentially be converted into a Mining Reserve and at what strip ratio. Following which, the Company will be in a position to further assess the commercial viability of any decision to further advance the project.

This is a strategic approach by MRV as ultimately, assuming continued successful completion of this and further studies, this asset has the potential to improve the viability of power generation in the district in both the medium and long term. We believe the work currently being carried out, will demonstrate that there is a commercial case to consider the MRV Asset, as a potential alternative supply, be it with the current operator or future operator through divestment of power generation assets.

MRV is aware that the incumbent power generator, Stanwell Corporation, states it has sufficient coal at the Meandu Mine and the adjacent Kunioon Mineral Development License to supply the Tarong Power Stations up until at least 2035. Therefore MRV has not entered into commercial negotiations or formally approached the operator (or any potential acquirer should Asset sale proceed), other than to advise it of MRV's progress. MRV shall continue to focus upon its own objectives until such time as the company's efforts show a commercially competitive cost base and/or superior quality results are met.

A key component of any decision making process will also be community engagement and environmental considerations, however this is a contemplative project at this stage and is by no means an imminent proposition. However, we certainly have staff regularly attending the Kingaroy region and talking with stakeholders in a staged process, about our activities around community and environment.

Notwithstanding the above, the new Board and Management remain committed to dismantling and removal of the Underground Coal Gasification Plant and fulfilling MRV's environmental responsibilities. The Company reiterates its advancements in the environmental compliance areas and the favourable responses to its updated Environmental Authority issued to the company in recent months for the Kingaroy project.

This work does not detract from the exploration program announced last month for our major asset, the Mackenzie PCI Project (EPC1445) in the Bowen Basin which is proceeding to plan, and likely to delivery updated results in the final quarter of 2014. [Link here to read the full ASX announcement 18 June, 2014.](#)

Jason Elks

Chief Executive Officer

Moreton Resources Limited

23/07/2014

Mr. Jason Elks - Chief Executive Officer

Moreton Resources Ltd.

Abbotsford Rd.,

Bowen Hills

RE: MDL385 – Kingaroy – Resource Estimate Statement – July 2014

Dear Jason,

The current Coal Resource Estimate is now complete for MDL385 Kingaroy.

This estimate is based information from 42 new holes, in addition to the 32 holes used for resource estimate in 2008. Following validation and auditing, 57 holes were utilized in the modelling, including 34 cored holes with coal quality data.

The Resource Statement is presented in Table1 below.

A total resource of 221.2Mt is estimated for the coal seams within the Kingaroy tenement. This total is categorised at 122.3Mt Measured, 82.5Mt Indicated and 16.4Mt Inferred.

The extensive additional drilling, in addition to a geostatistical evaluation of these, and other Tarong Basin coal seams, provides the confidence levels required to include almost all of the coal within the tenement in the Goodger and Kunioon Seams to be included in the resource.

Coal occurs in other seams within the tenement, in particular the Swain seam, between the two above, however their extent is discontinuous, and for this reason, at this stage, these have not been included in this resource estimate. In places these are potentially of significance, and are discussed in the Resource Estimate Report.

The information in the mineral resource report to which this statement is based on information compiled by Tony Shellshear (BSc. Applied Geology, Grad. Dip. Comm. Comp., MAusIMM), a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy.

Tony is a geologist with 40 years of experience in exploration, resource and reserve estimation, resource development and mine grade and production control. Tony is the Principal Resource Geologist, and a full time employee of Geological Data Design.

Relevant to this project, he has served more than 20 years in the coal sector.

He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Tony consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



A.G.Shellshear
Principal

Table of Resource Estimates

MDL385 – Kingaroy - Moreton Resources Ltd.

Coal Resources – 22nd July 2014

Estimation and Classification in Accordance with “The JORC Code – 2012 Edition”

Seam	Measure	Resource Category			Total Tonnes (Mt)
		Inferred	Indicated	Measured	
Kunioon	Volume (Mm ³)	6.8	33.2	47.4	
	Area (Mm ²)	0.6	3.0	4.2	
	Thickness (m)	10.13	10.87	11.29	
	In-Situ Density (Mm ³)	1.59	1.57	1.57	
	Tonnes (Mt)	10.9	52.1	74.9	137.9
Goodger	Volume (Mm ³)	3.4	19.3	30.0	
	Area (Mm ²)	0.5	2.9	4.5	
	Thickness (m)	6.71	6.64	6.62	
	In-Situ Density (Mm ³)	1.59	1.58	1.58	
	Tonnes (Mt)	5.5	30.4	47.4	83.3
Total Tonnes (Mt)		16.4	82.5	122.3	221.2

Table and Statement Notes

- The resource estimated lies entirely within the MDL.
- The coal seams are considered to belong to the Tarong Beds, a part of the Tarong basin, of Upper Triassic age.
- The coal occurs in four seams, the Glider, Kunioon, Swain and Goodger. Other localised seams have been identified. Of these, resources have been estimated for the Kunioon and Goodger seams only.
- All seams were truncated by either the base of weathering or base of the Tertiary sediments, as appropriate.
- Close spaced data in the south-eastern area of the tenement was de-clustered to avoid biasing of statistical estimates.
- The coal is considered suitable for thermal applications; it has a moderate energy and is low in sulphur.

- All data was assembled using the using the gPick geological data management system. Validation and auditing was performed and managed in this environment also.
- Resource tonnage estimates and classification have been determined using a number of key parameters, including –
 - Drillhole lithology, survey, analysis data, including consideration of the data location, quality and density.
 - Source of original data.
 - Core photography.
 - Logging and sampling standards and procedures.
 - Geological research, understanding and interpretation.
 - Calculation of volume, quality values and spatial distribution.
- These attributed were assembled into a stratigraphic model using the gPick system and geostatistical / surface modelling tools.
- All area, volume and tonnage figures have been rounded to one decimal place.
- The estimation, classification and reporting tasks were performed in accordance with the 2012 JORC Code.

Kunioon Seam Resource Areas

The following indicates the areas included in the three resource categories for the Kunioon Seam.

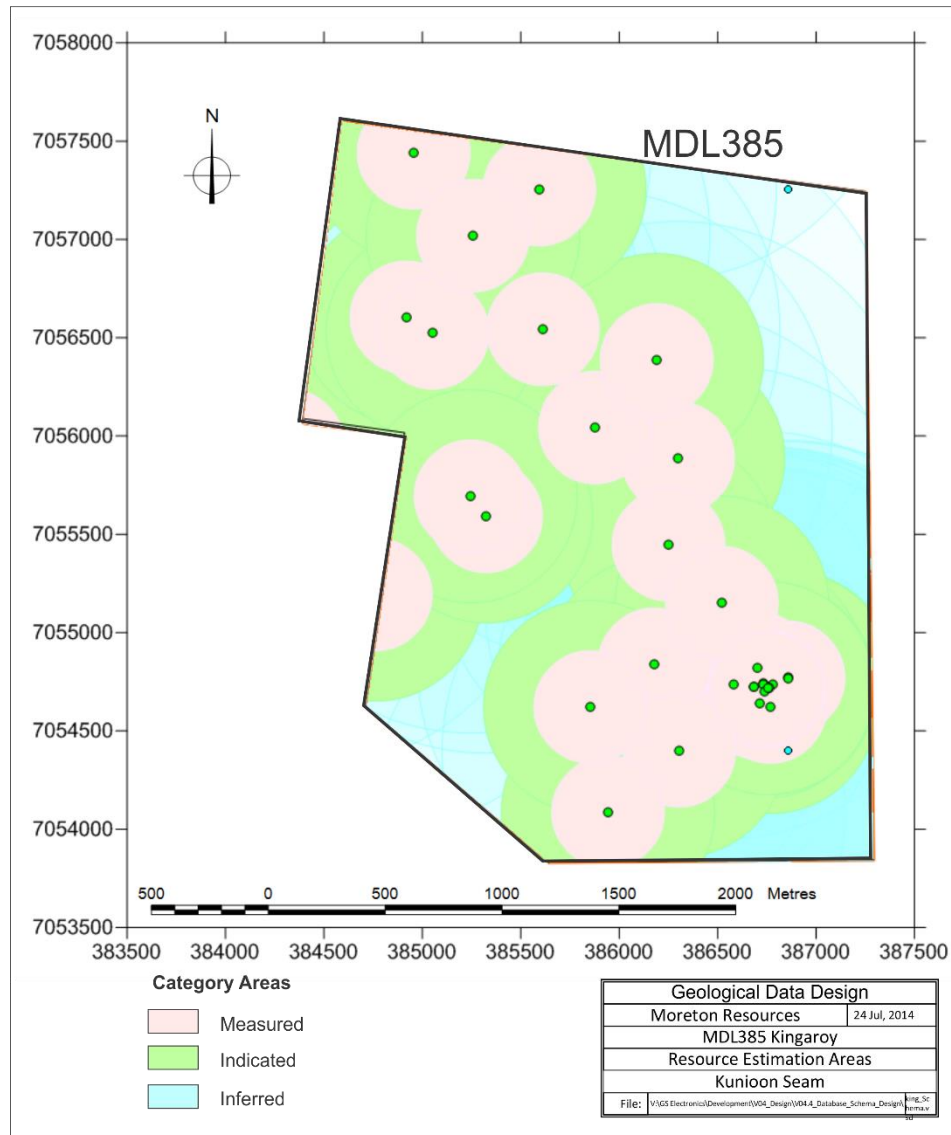


Figure 2 – Goodger Seam Resource Areas

