

08/09/2014

ASX Announcement

By Electronic Lodgement

Kingaroy Project MDL385 – South Burnett Region Media Coverage

Moreton Resources Limited (the Company) advises as follows, in respect of an article appearing in the South Burnett Times on 2 September 2014 (“**Article**”), in which certain statements have been attributed to the Honourable Deputy Premier of Queensland, Mr Jeff Seeney and separately to the Company.

The Company confirms that no application for development of a mine has been filed by the Company for consideration by the Minister or his Department in respect of Kingaroy tenement MDL385 (“**Asset**”) (to which the Article refers to as the “Moreton Resources project at Goodger”). Accordingly, the Company is not aware of any basis for the making of any pre-determination (as per the comments attributed to the Honourable Deputy Premier in the Article) in the absence of a submission and due consideration of a detailed and complete application for a mine development. It is the Company’s intention to follow due process.

The Company re-affirms that it continues to progress this Asset through a prudent, staged, orderly process, and whilst to date, we continue to be encouraged by our results, we are aware of the considerable technical, legislative and social matters that need to be addressed prior to any such application for development. The Company is at the very early stages of these processes and will keep the market informed regarding any material developments.

The attached map illustrates several granted MDL’s and EPC’s that are in place in close proximity, adjacent to, or having common boundaries with MDL 385. The Company understands that such tenements (if developed) would need to progress through appropriate levels of scrutiny and legislative hurdles, including the Regional Interests Planning Act, referred to in the Article. We understand, this legislation seeks to manage the impact and support coexistence of resource activities and other regulated activities in areas of regional interest. Accordingly, any ‘extreme difficulties’ that are foreshadowed in respect of any mining applications, appear to now have significant and broader implications for the region.

In any case, the Company continues to evaluate and determine the suitability of the Asset, which is premised on the current cost evaluation, per a Mine Concept Study (commissioned from a third party) of less than \$35 per ROM tonne (inclusive of contractor margin, capital fleet and fleet financing), delivered to a nearby ROM stockpile. The Study indicates some 5 million tonnes per annum could be mined at an average strip ratio of approximately 7:1 over a 30 year mine life. Adding in the washing and transport costs to Tarong and Tarong North Power Stations, the Company considers these costs have the potential to be cost competitive with the Power Generation industry in Australia and comparable mining operations.

As would normally be the case, the next steps would be to optimise the Mine Concept Study through a process of Pre-Feasibility and Feasibility Studies which would, by definition, address the many social, environmental and other legislative issues associated with such a development. This is no different from any other project in the region.

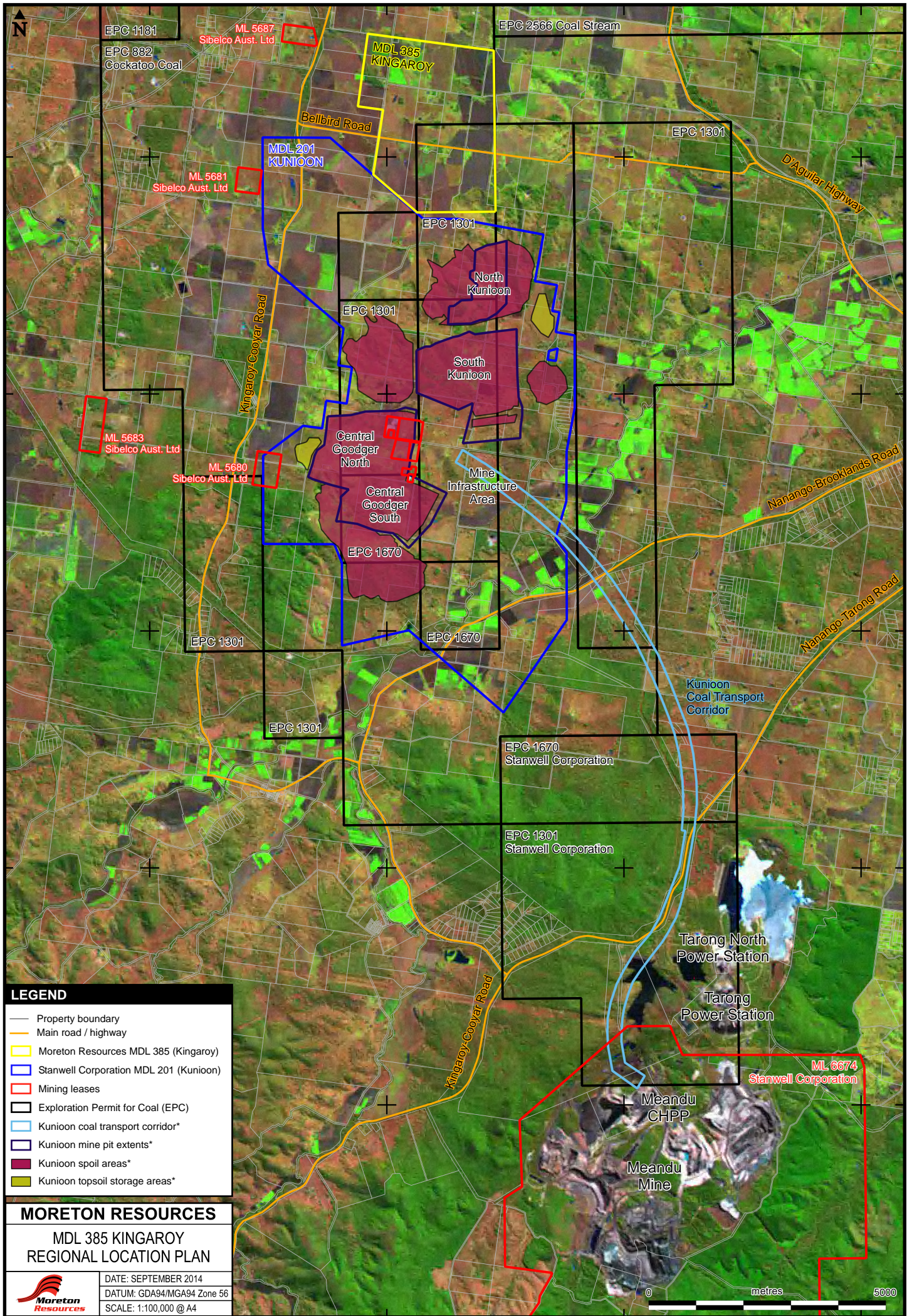


Moreton Resources proposes to continue to investigate, assess and potentially advance its MDL385 project, motivated by the twin objectives of providing (if possible) a valuable and cost effective asset for the State of Queensland while seeking to secure a positive outcome for our shareholders.

Should the Company, at any stage discover it is not financially (taking into account total cash costs) or technically competitive with comparable operations, the Company will re-asses its strategy and/or the merits of the project and any further investigation and inform the market accordingly. The Company does not currently hold such belief.

Jason Elks

Chief Executive Officer
Moreton Resources Limited



LEGEND

- Property boundary
- Main road / highway
- ▭ Moreton Resources MDL 385 (Kingaroy)
- ▭ Stanwell Corporation MDL 201 (Kunioon)
- ▭ Mining leases
- ▭ Exploration Permit for Coal (EPC)
- ▭ Kunioon coal transport corridor*
- ▭ Kunioon mine pit extents*
- ▭ Kunioon spoil areas*
- ▭ Kunioon topsoil storage areas*

MORETON RESOURCES

MDL 385 KINGAROY
REGIONAL LOCATION PLAN

DATE: SEPTEMBER 2014
DATUM: GDA94/MGA94 Zone 56
SCALE: 1:100,000 @ A4

0 metres 5000

Data sourced from Queensland Government Information Service (September 2014). *Data sourced from Tarong Energy Corporation Information Bulletin (June 2008).