



23 September 2014

## ASX Announcement

By Electronic Lodgement

### Market Update – MDL385 Kingaroy Coal Washability

Moreton Resources Limited (MRV) is pleased to advise the market that the awaited Coal Washability results have been received by the Company and the results have exceeded the Company's expectations, which have been verified by Dr Chris Clarkson, an independent coal quality and washability consultant and is recognised as an expert within the Australian coal industry.

Dr Clarkson, principal consultant in coal preparation and coal technology for C Clarkson & Associates Pty Ltd, has over 35 years' experience in the Australian coal industry. Dr Clarkson has previously held roles as Superintendent Research & Development Laboratory for Utah Development Co., Associate Professor in Minerals Processing at the University of Queensland, Executive Technical Director for CCI Holdings (now Bureau Veritas) and currently acts as a specialist consultant for Sedgman Limited. Dr Clarkson has also co-authored a number of ACARP-sponsored projects and is a former Chairman of the Australian Coal Preparation Society (ACPS).

Dr Clarkson has provided a full report to the Company, from which the following key findings have been concluded:

- By utilising selective mining techniques to discard some high ash intra seam partings and selectively mining the lower ash working sections suitable for bypass, the likely ROM feed that is suitable for bypass to produce a combined blended product of 28% ash is approximately 50% of the JORC-compliant resource reported in July 2014.
- Washing of the remaining approximate 50% of the resource through a CHPP is expected to result in a combined total yield of blended bypass and washed product of approximately 80% recovery at the target 28% ash.

The comments and outcomes from Dr Clarkson's review indicate that "*the order of magnitude estimations generated are likely to be on the conservative side, even after allowance for coal loss and dilution*".



This outcome is another positive step for consideration in advancing the Company's Kingaroy project. What is stated above indicates that the costs for washing and handling the coal have been significantly reduced to half of that anticipated by the Company. This will have a significant positive impact on the overall operating and supply costs for a thermal coal product meeting a 28% or lower ash specification.

Accordingly, given this positive outcome, the Company will now proceed to review its high level mine concept study and seek to refine estimations and assumptions based upon this new information, which we hope will have an overall positive impact on the prospectively of the Kingaroy project.

**Jason Elks**

Chief Executive Officer

Moreton Resources Limited