



Moreton Resources Limited  
ABN 75 060 111 784

Interim Financial Report

For the Half-Year Ended  
31 December 2014

*This Interim financial report is provided to the ASX under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2014 Annual Financial Report and any announcements made to the market during the period.*

**MORETON RESOURCES LIMITED**  
**CORPORATE DIRECTORY**

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**Directors**

Mr Arthur Hood	Chairman
Mr Wayne Penning	Non-Executive Director
Mr Bret Leisemann	Non-Executive Director
Mr Alexander Jason Elks	Managing Director / 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](http://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**

Hayes Knight Audit (Qld) Pty Ltd  
Level 23, 10 Eagle Street  
Brisbane, Queensland, 4000  
Australia

**Solicitors**

McMahon & Clarke  
62 Charlotte 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)  
Level 4, North Tower, Rialto  
525 Collins Street  
Melbourne, Victoria, 3000  
Australia

**ASX Securities Codes**

MRV - fully paid ordinary shares

**DIRECTORS' REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

The Directors of Moreton Resources Limited submit their report for the half-year ended 31 December 2014.

**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:

<b>Name and qualifications</b>	<b>Title</b>	<b>Capacity</b>
<b>Arthur Hood</b> (Appointed 28 November 2013)	Chairman	Non-Executive Director
<b>Jason Elks</b> (Appointed 28 November 2013)	Managing Director & CEO	Executive Director
<b>Wayne Penning</b> (Appointed 12 August 2014)	Non-Executive Director	Non-Executive Director
<b>Bret Leisemann</b> (Appointed 12 August 2014)	Non-Executive Director	Non-Executive Director
<b>John Thomas</b> (Ceased 19 September 2014)	Non-Executive Director	Non-Executive Director
<b>James Canning-Ure</b> (Ceased 19 September 2014)	Non-Executive Director	Non-Executive Director

**REVIEW OF OPERATIONS**

The six months to December 31, 2014, was a period of fundamental change for Moreton Resources. The Company completed a major corporate renewal process and refocused its strategy on advancing its promising conventional coal assets in Queensland, while simultaneously seeking new opportunities to grow returns for shareholders.

The highlights of the half year were as follows:

- The JORC resource at the Kingaroy thermal coal project was tripled in size to 221 million tonnes.
- A Mine Concept Study for the Kingaroy project was released, revealing a potential 30 year mine life at a production rate of 5 million tonnes of coal per annum.
- Above ground infrastructure associated with the discontinued Underground Coal Gasification project at Kingaroy was dismantled and removed, in accordance with commitments made to the local community. This has also allowed a significant reduction in the carrying value of the Provision for Rehabilitation.
- The Mining Licence for the Kingaroy thermal coal project in the Tarong Basin was extended by the State Government for five years to 2019, enabling the company to proceed with planning and evaluation, for development of a conventional coal mine.
- The Mining Licence for the Mackenzie PCI coal project in the Bowen Basin was granted for five years to 2019.
- Exploration and resource drilling at the Mackenzie project continued during the six months, moving closer to the objective of increasing the Measured Resource and also seeking to increase the overall tons in the Asset.
- Amended tax return lodged for 2012, providing potential modest R&D refund.
- The Company completed the half year with a cash balance on hand and at bank of \$6.0 million.
- The Board renewal process continued with the appointment of two new directors to add technical and corporate capabilities and experience.

## Company Projects

### Kingaroy Project (Tarong Basin, MDL 385)

#### Resource Update Released

The JORC Coal Resource at the Kingaroy project was increased from 73 million tonnes to 221 million tonnes, and the quality of the resource also increased significantly, with more than 200 million tonnes in the Measured and Indicated Category, as outlined in the following table.

Kingaroy MDL 385		
Resource Category	2014 (MT)	2008 (MT)
Measured	122.3	
Indicated	82.5	28
Inferred	16.4	45
Total	221.2	73

The increase in the resource followed an extensive drilling campaign which was conducted in earlier years and geo-statistical evaluation, with the coal considered suitable for thermal applications including power generation.

#### Mine Concept Study

A Mine Concept Study was completed for the Kingaroy project, which concluded that the resource was sufficient to sustain a 30 plus year mine life, at an average production rate of 5MT per annum, with a low average strip ratio of approximately 7:1 (7BCM waste to 1 Tonne Coal) for the life of mine, with an average coal ash content below 28%.

The findings of these studies strongly endorse the attractive economics of the project, and its attractiveness to potential partners.

#### Mining Licence Renewed

The Company achieved an important milestone in December, when the Queensland Department of Natural Resources and Mines renewed Moreton Resources' mining licence covering the Kingaroy project until 2019.

The renewal provides the Company with secure tenure and enables continued assessment and planning to proceed towards development of a conventional thermal coal project at the site.

#### Discontinued UCG Project Rehabilitation

As previously announced, the Company has discontinued the underground coal gasification (UCG) project pursued by the previous management, and has completed decommissioning and dismantling of above-ground plant and equipment, in accordance with commitments given to the Kingaroy community. Consultation with local landowners is continuing regarding rehabilitation of wells which may alternatively be utilised as water bores for agricultural purposes and land enhancement, rather than capped.

A below ground rehabilitation plan is being finalised in conjunction with the Queensland Department of Environment and Heritage Protection.

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

The Queensland Department of Natural Resources and Mines has granted the Company a mining licence (MDL503) for the Mackenzie project for a five year term until October 2019.

A \$1 million drilling and geophysical program is progressing at Mackenzie aimed at increasing the current resource early in 2015. The 16 hole campaign is due for completion in the March 2015 quarter, with results available in the June 2015 quarter.

The Mackenzie PCI project has a total JORC compliant resource of 201 Mt in inferred resources, with the drilling program aimed at increasing the overall size of the resource and converting 50% of the inferred resource to indicated category.

## **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.

Whilst no immediate work has been progressed in the short term, we will seek in the future to bring this Asset back in line with our belief that it is a significant deposit, far greater than the 83MT indicated in the JORC released in 2013.

## **CORPORATE**

### **Board appointments**

Two new directors were appointed to the Board during the September quarter, adding important new skills and experience to supplement the extensive mining and management experience of existing directors. The new directors are:

Mr Penning is the Managing Principal of Delphi Partners, Brisbane and leads the firms Energy and Resource Groups. He advises on capital markets, mergers & acquisitions, corporate and commercial matters. He brings to Moreton Resources strong legal, corporate and regulatory experience.

Mr Bret Leisemann, who has over 25 years of resources experience in exploration, mining and engineering geology, as well as mine planning, production scheduling, mining approvals and executive management. He also has recent experience in coal supply agreements to the electricity generation industry in NSW.

The new directors joined the Board from 12 August 2014, replacing retiring directors Mr John Thomas and Mr James Canning-Ure.

### **Research and Development Refund**

An amendment to the Company's 2012 tax return was lodged during the six months, which is expected to provide for a further modest refund under the Australian Government's Research and Development Tax Incentive Scheme. Assessment of the claim is expected to be finalised during the March 2015 quarter. The company is continuing to reassess potential entitlements from earlier years and is also preparing its 2014 claim.

MRV received a \$7.1 million Research and Development refund from the ATO in May, 2014.

### **Business Development**

The Company continues to actively assess a number of precious metal and minerals acquisition opportunities in the Australian marketplace, and is pursuing a project that is either in production or able to be brought into production relatively quickly to generate cash flows with manageable capital costs and minimal development risk.

### **Foreign Controlled Entities**

The Company has continued to work on deregistering the Company's controlled foreign subsidiaries. During the half year the last of these subsidiaries, Cougar Resources Mongolia LLC, Cougar Energy Asia Ltd and Cougar Energy Singapore Pte Ltd were formally deregistered in the relevant jurisdictions.

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**COMPETENT PERSON STATEMENT:** The information in this report that relates to MDL385 is extracted from the ASX announcement entitled JORC Update for Kingaroy MDL385 – reissued on 8 August 2014 (which contained a separate Competent Person Statement) and is available to view on the Company's website: [www.moretonresources.com.au](http://www.moretonresources.com.au)).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Company is also not aware of any material information that affects the released JORC statements for Mackenzie MDL503, EPC1445 or Wandoan MDL420 as previously released to the market.

**MORETON RESOURCES LIMITED**  
ACN 060 111 784

**DIRECTORS' REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**RESULTS**

The consolidated net loss after income tax attributable to the owners of Moreton Resources Limited for the half-year ended 31 December 2014 was \$396,210 (2013 loss: \$1,680,107)

**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.



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**Jason Elks**  
Chief Executive Officer

Brisbane  
20 February 2015



**Hayes Knight**  
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd  
ABN 49 115 261 722  
Registered Audit Company 299289

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## **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 2014 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.

*Hayes Knight Audit (Qld) Pty Ltd*

**Hayes Knight Audit (Qld) Pty Ltd**

*Nigel Bamford*

**N D Bamford**  
Director

Date: 20 February 2015

**MORETON RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	Notes	31 December 2014 \$	30 June 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,022,620	7,636,779
Trade and other receivables		117,243	73,255
Other financial assets		4,438	4,438
<b>Total current assets</b>		<b>6,144,301</b>	<b>7,714,472</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	4	2,538,506	1,894,542
Property, plant and equipment		95,499	84,005
<b>Total non-current assets</b>		<b>2,634,005</b>	<b>1,978,547</b>
<b>TOTAL ASSETS</b>		<b>8,778,306</b>	<b>9,693,019</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		945,543	881,583
Provisions		619,316	1,235,227
<b>Total current liabilities</b>		<b>1,564,859</b>	<b>2,116,810</b>
<b>TOTAL LIABILITIES</b>		<b>1,564,859</b>	<b>2,116,810</b>
<b>NET ASSETS</b>		<b>7,213,447</b>	<b>7,576,209</b>
<b>EQUITY</b>			
Issued capital		74,092,375	74,092,375
Reserves		3,824	-
Accumulated losses		(66,882,752)	(66,516,166)
<b>TOTAL EQUITY</b>		<b>7,213,447</b>	<b>7,576,209</b>

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 2014**

	Notes	Half Year Ended 31 December 2014 \$	Half Year Ended 31 December 2013 \$
<b>REVENUE</b>		107,903	31,160
<b>EXPENSES</b>			
Depreciation and amortisation		29,752	58,297
Employee benefits expense		488,202	737,317
Insurance expenses		33,054	38,425
Fines and penalties		-	115,103
Other finance costs		-	27,757
Write back of rehabilitation provision		(582,642)	-
Loss on disposal of assets		-	26,368
Professional fees		391,415	404,894
Securities quotation fees		37,778	54,695
Other Corporate Costs		96,024	197,917
Travel costs		10,530	50,494
<b>Total Expenses</b>		<b>504,113</b>	<b>1,711,267</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>(396,210)</b>	<b>(1,680,107)</b>
Income Tax Benefit		-	-
<b>TOTAL LOSS AFTER INCOME TAX FOR THE HALF YEAR</b>	2	<b>(396,210)</b>	<b>(1,680,107)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR, NET OF TAX</b>			
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>			
Movement in exchange in the translation of foreign operations		-	(7,375)
<b>OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR, NET OF TAX</b>		-	(7,375)
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR</b>		<b>(396,210)</b>	<b>(1,687,482)</b>
Profit / (Loss) for the year is attributable to:			
Non-Controlling interests		-	-
Members of the parent entity		(396,210)	(1,680,107)
		<b>(396,210)</b>	<b>(1,680,107)</b>
Total comprehensive income for the year is attributable to:			
Non-Controlling interests		-	-
Members of the parent entity		(396,210)	(1,687,482)
		<b>(396,210)</b>	<b>(1,687,482)</b>
		Cents	Cents
Basic earnings per share		(0.02)	(0.09)
Diluted earnings per share		(0.02)	(0.09)

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 2014**

Consolidated Transactions:	Equity attributable to the owners of MORETON RESOURCES LIMITED						Non-Controlling Interests in Group Entities \$	Total Equity \$
	Contributed Equity \$	Share-based Payments Reserve \$	Foreign Currency Translations Reserve ("FCTR") \$	Accumulated Losses \$	Equity Attributable to equity Holders of the Parent \$			
<b>2014</b>								
Balances at 01-07-2014	74,092,375	-	-	(66,516,166)	7,576,209	-	-	7,576,209
<b>Comprehensive income</b>								
Loss after tax for the period	-	-	-	(396,210)	(396,210)	-	-	(396,210)
Other comprehensive income for the period								
Movement in the FCTR	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	(396,210)	(396,210)	-	-	(396,210)
<b>Transactions with owners in their capacity as owners</b>								
<b>Contributions by owners</b>								
Share based payments	-	33,448	-	-	33,448	-	-	33,448
Transfer of share based payment reserve to retained earnings	-	(29,624)	-	29,624	-	-	-	-
<b>Total transactions with owners</b>	-	3,824	-	29,624	33,448	-	-	33,448
<b>Balances at 31-12-2014</b>	<b>74,092,375</b>	<b>3,824</b>	<b>-</b>	<b>(66,882,752)</b>	<b>7,213,447</b>	<b>-</b>	<b>-</b>	<b>7,213,447</b>
<b>2013</b>								
Balances at 01-07-2013	73,454,623	6,008	(35,197)	(70,866,394)	2,559,040	(29,936)	-	2,529,104
<b>Comprehensive income</b>								
Loss after tax for the period	-	-	-	(1,680,107)	(1,680,107)	-	-	(1,680,107)
Other comprehensive income for the period								
Movement in the FCTR	-	-	(7,375)	-	(7,375)	-	-	(7,375)
<b>Total comprehensive income</b>	-	-	(7,375)	(1,680,107)	(1,687,482)	-	-	(1,687,482)
<b>Transactions with owners in their capacity as owners</b>								
<b>Contributions by owners</b>								
New ordinary share issues	689,674	-	-	-	689,674	-	-	689,674
Ordinary share issue costs	(53,180)	-	-	-	(53,180)	-	-	(53,180)
<b>Total transactions with owners</b>	<b>636,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>636,494</b>	<b>-</b>	<b>-</b>	<b>636,494</b>
<b>Balances at 31-12-2013</b>	<b>74,091,117</b>	<b>6,008</b>	<b>(42,572)</b>	<b>(72,546,501)</b>	<b>1,508,052</b>	<b>(29,936)</b>	<b>-</b>	<b>1,478,116</b>

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 2014**

	Notes	Half Year Ended 31 December 2014 \$	Half Year Ended 31 December 2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,006,834)	(1,869,460)
Interest received		66,334	23,473
Finance costs		-	(27,757)
<b>Net cash (outflow) from operating activities</b>		<b>(940,500)</b>	<b>(1,873,744)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(67,695)	(1,044)
Payments for exploration and evaluation assets		(643,964)	(259,264)
Proceeds from financial assets		-	363,694
Proceeds of sales from property, plant and equipment		38,000	400
<b>Net cash inflow from investing activities</b>		<b>(673,659)</b>	<b>103,786</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from ordinary shares issued by the parent entity		-	689,674
Proceeds from borrowings		-	300,000
Payments for share issue costs		-	(53,180)
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>936,494</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,614,159)</b>	<b>(833,464)</b>
Cash and cash equivalents at the beginning of the half year		7,636,779	1,230,718
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR</b>		<b>6,022,620</b>	<b>397,254</b>

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 2014**

**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 2014 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 publically 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 2014 have been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting* ('AASB 134'). The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The 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 2014 and considered together with any public announcements made by the Company during the half-year ended 31 December 2014 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 2014. All amounts are presented in Australian dollars, unless otherwise stated.

**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. 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 :

		Half Year 31 December 2014 \$	Half Year 31 December 2013 \$
	Notes		
Revenue			
Interest		87,197	31,160
Profit on sale of assets		20,706	-
		<b>107,903</b>	31,160
Employee Benefits			
Employee benefits		454,754	737,317
Employee share options		33,448	-
		<b>488,202</b>	737,317
Fines and penalties	(a)	-	115,000
Write back of rehabilitation provision	(b)	582,642	-
Professional fees	(c)	391,415	404,894
Income tax	(d)	-	-

(a) The prior period amount relates to fines imposed following an environmental protection order imposed by the Department of Environment and Resource Management in relation to the Kingaroy UCG site.

(b) During the financial period substantial progress has been made with the removal of the UCG plant from the Kingaroy site. A revised rehabilitation plan has been drafted, to complete rehabilitation works at site, and this is currently with the Department of Environment and Heritage Protection for approval. Quotes have been received to complete these works at a cost of approximately \$600,000. The reduction of the rehabilitation provision to this amount has resulted in a write back to profit and loss during the period of \$582,642. In addition, costs of \$43,868 were charged against the provision.

**MORETON RESOURCES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 2 RESULT FOR THE PERIOD (CONT)**

- (c) 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.
- (d) The Company has significant carry forward income tax losses and no income tax expense. The Company has notified the Market that it continues to review its eligibility to claim additional R&D tax offset amounts. These amounts have not yet been quantified or booked in the financial accounts.

**NOTE 3 SEGMENT INFORMATION**

The principal business of the group is the development of coal projects in Australia. Management has determined the operating segment based upon reports reviewed by the Board and executive management that are used to make strategic decisions. Management and the Board consider the business only from a single operational perspective and therefore only reviews reports based upon its current operations as disclosed within these financial statements.

**NOTE 4 EXPLORATION AND EVALUATION ASSETS**

	Notes	31 December 2014 \$	30 June 2014 \$
<b>Kingaroy, Qld Coal Project</b>			
Balance at the start of the financial period		58,291	-
Additional expenditure		159,829	58,291
<b>Balance at the end of the financial period</b>		<b>218,120</b>	<b>58,291</b>
<b>Wandoan, Qld Coal Project</b>			
Balance at the start of the financial period		1,049,852	948,498
Additional expenditure		37,796	101,354
<b>Balance at the end of the financial period</b>		<b>1,087,648</b>	<b>1,049,852</b>
<b>Mackenzie, Qld Coal Project</b>			
Balance at the start of the financial period		786,399	615,102
Additional expenditure		446,339	171,297
<b>Balance at the end of the financial period</b>		<b>1,232,738</b>	<b>786,399</b>
<b>Total exploration and evaluation period</b>		<b>2,538,506</b>	<b>1,894,542</b>

Under the Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Company is required to assess for impairment if facts and circumstances indicate that impairment may exist. The Company's focus on its coal assets and expenditure incurred is targeted at progressing these projects. Recovery of the carrying amount of exploration assets is dependent on the successful development of the projects, and/or their sale.

**NOTE 5 SHARE BASED PAYMENTS**

On September 19 2014, as recommended at the Annual General Meeting, a total of 81,963,000 options were granted to directors of the company, under an options plan, to take up ordinary shares at an exercise price of \$0.002 each. Two tranches were issued on this date. Tranche 1 options are exercisable on or before 30 December 2014 and Tranche 2 options are exercisable on or before 30 December 2015 upon achieving specified performance criteria. The options hold no voting rights and are not transferable.

Movement in the number of options held by directors:

	31 December 2014 \$	30 June 2014 \$
Opening balance	-	-
Granted during the period	81,963,000	-
Lapsed during the period	(39,381,500)	-
<b>Balance at end of period</b>	<b>42,851,500</b>	

**MORETON RESOURCES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**NOTE 5 SHARE BASED PAYMENTS (CONT)**

Details of share options outstanding at period end:

Grant Date	Expiry Date	Exercise Price	Number
19 September 2014	30 December 2015	\$0.002	42,581,500

The weighted average remaining contractual life of options outstanding at the end of the half year was 1 year. The exercise price of outstanding options at the end of the reporting period was \$0.002.

The fair value of the options granted to directors is considered to represent a component of the value of the directors services received over the vesting period.

The fair value of options granted during the period was calculated using an option valuation model applying the following inputs:

	Tranche 1	Tranche 2
Weighted average exercise price	\$0.002	\$0.002
Weighted average life of the option	0.4 years	1.4 years
Expected share price volatility	133.54 %	133.54 %
Risk-free interest rate	2.6 %	2.6 %
Fair value of option	\$0.0008	\$0.0004

Included in employee benefits expenses in the period is \$33,448 which represents the fair value of the options expensed over the vesting period, and credited to Share Based Payments Reserve.

The Tranche 1 options lapsed in the period and consequently \$29,624 was transferred from the Reserve to Accumulated Losses.

**NOTE 6 CONTINGENT LIABILITIES**

As at 31 December 2014, the Company had no material changes in contingent liabilities to those disclosed at 30 June 2014. Expenditure commitments also remain consistent with those disclosed at 30 June 2014.

**NOTE 7 EVENTS OCCURRING AFTER THE BALANCE DATE**

No matters or circumstances have arisen since the end of the period which significantly affected or could significant the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future years.

**NOTE 8 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.

**MORETON RESOURCES LIMITED**  
ACN 060 111 784

**DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

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 2014 and of its performance for the half year ended on that date; and
  - (b) complying with Accounting Standard AASB 134 '*Interim Financial Reporting*'; and
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  
20 February 2015



## **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 2014 and 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 2014 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 2014 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.



**Hayes Knight Audit (Qld) Pty Ltd**



**N D Bamford**  
Director

Level 23, 10 Eagle Street,  
Brisbane, QLD, 4000

Date: 20 February 2015