



# Quarterly Report

29 July 2015

MORETON RESOURCES

Creating Value from Carbon Materials and Energy

## QUARTERLY SUMMARY

Moreton Resources continues to weather the storm in the Resources market, and it is apparent things are not going to get any easier for the junior end, particularly in Coal. While we don't foresee a near term improvement in the market, what is interesting is the intense pressure put on the Coal sector which is widely ill informed and not understanding of the critical nature and the dependence globally on Coal as a product.

As stated by the World Coal Association, Coal continues to rise in demand and globally the outlook through to 2040 is a continued year on year increase in demand. However it is also important to note Coal has many uses and electricity generation is only one. Steel making and the production of critical building materials such as cement, all heavily rely upon Coal and to the benefit of Australian coal produces, good quality and clean coal, which Australia is renowned for.

More broadly, as outlined to the market through an ASX announcement, we did proceed with formal agreements on a target that was thought could be an asset to MRV. However, after very quick review this option certainly did not meet the basic criteria that the Board had set and nor could we see any feasible way to make those assets work for the benefit of MRV.

The Company, and in particular the Executive, have worked hard over the past 12 months reviewing no fewer than 100 options with at least 10 targets taking a great deal of time and resources for due consideration. Whilst we acknowledge our shareholder base is keen to see us acquire the right asset, quiet often the toughest call is to walk away from a potential deal or asset. Given the continued market down turn and global uncertainty, it appears those decisions not to proceed have been vindicated, although we are acutely aware this does not deliver for us that near term asset we strive to find.

In saying that the Company has been very busy and highlights of the current quarter are:

- Within the quarter we were fortunate enough to have Brett Fletcher join the Company in the role of Non-Executive Director and already he has made an impact on our ability and depth to assess potential options and deals, which we feel is a very strong addition to the Board.
- We continued to work with the Australian Tax Office (ATO) and AusIndustry on our amendments as to our new claims under the R&D process pertaining to the old UCG Projects. This is an ongoing process and there is no definitive date that we expect an outcome to this, however we are working hard to ensure this is progressing through the assessment process.
- We continue to assess projects and determine the next steps for our valuable Coal assets that we currently have under tenure.
- We have also finalised as much as practical, the below ground rehabilitation on the old Kingaroy UCG site, which is a follow up from the decommissioning and above ground rehabilitation that has taken place and we are extremely happy with our continued advancement and delivery on our commitment to the local community. We see this as a continued mending of our relationships in the region and a clear indication that we are prepared to own the past and work to move forward.

The Company continues to evaluate costs and has reduced corporate operating costs. However we continue to expend operating funds on advancement of our Mackenzie Asset, our obligations in rehabilitation of Kingaroy, and ensuring all of our tenements are in good standing.

## 1.0 TENEMENTS and PROJECTS

### Statement of Tenement Status (As at 30 June 2015)

Tenement	Status	Region	Name	Equity Interest (%) *	
				30 Sept '14	31 Dec '14
EPC 1445	Granted	Bowen Basin	Mackenzie	100	100
MDL 503	Granted	Bowen Basin	Mackenzie	100	100
MDL 420	Granted	Surat Basin	Wandoan	100	100
MDL 385	Granted	Tarong Basin	Kingaroy	100	100

\* MDL420 is 99% owned by Moreton Resources Ltd parent company and 1% owned by a fully owned subsidiary of the parent company.

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

The Company continues to advance rehabilitation obligations, as to it continues to evaluate the next phase of advancement of the Kingaroy project.

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

Our drilling campaign has finalised and the Company awaits the full results to be released by its project partner in HDR, who were contracted to develop and deliver this program on behalf of MRV.

#### Wandoan Project (Surat Basin, MDL 420)

The Company has put forward a proposal to an interested party in regards to advancement of the Wandoan asset, and at such time as something material comes from this, the market will be updated and we continue to await those assessment outcomes.

## 2.0 BUSINESS DEVELOPMENT

Whilst the Company has researched several potential assets for acquisition or application. All options remain incomplete as at the end of June 2015.

The Company is continuing to apply a disciplined and rigorous approach, focused on utilising our cash resources to acquire a project that delivers reasonable proximity to cash flow, manageable capital costs and minimal development risk.

## 3.0 FINANCE AND COMMERCIAL

Moreton Resources continue to maintain a strong cash position, with total cash at bank of \$4.1 million at the end of the quarter.

Net cash outflows of \$892,000 were recorded in the June quarter. Outgoings included payments associated with progressing the Kingaroy rehabilitation project (\$265,000), progressing the Mackenzie drill program (\$188,000) and \$441,000 on administration. June quarter administration costs were higher than the previous quarter due to the cost of due diligence activities.

During the current quarter administrative expenses are expected to reduce in line with the reduced level of due diligence activities scheduled for the current quarter. Approximately \$360,000 is forecast to be spent in finalising the Mackenzie exploration program and some further development work is hoped to be achieved on our current Assets.

#### **4.0 COMPANY OUTLOOK**

The Company will continue to review current and potential prospects of interest, looking to advance our growth strategy. We will continue to work to realise the value of our tenements currently under tenure across the board, and we believe this is a sound and strong strategy given the quality of what we already have.

As we continue to invest in our coal assets, we hold a long term view that these will have significant value in an upward coal cycle and the benefit of that has significant future potential.

We look forward to updating the market on any advancements the Company makes in the coming months, however we equally are looking to conserve our cash position and ensure we continue to work with the ATO and AusIndustry in the release of our 2013 and subsequent amended tax returns.

**Jason Elks**  
**Chief Executive Officer**  
**Moreton Resources Limited**

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**COMPETENT PERSON STATEMENT:** The information in this report that relates to MDL385, MDL503 & MDL 420 is extracted from ASX announcements titled: *JORC Update for Kingaroy MDL385 – reissued* on 8 August 2014, ASX announcement titled *Mackenzie PCI Coal Maiden Resource Statement* issued on 17 July 2013 and *Wandoan Thermal Coal Project Resources Update* issued on 14 November 2013 respectively. These announcements contain a separate Competent Person Statement and are 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 announcements 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.