



Quarterly Report

28 January 2016

MORETON RESOURCES

Creating Value from Carbon Materials and Energy

QUARTERLY SUMMARY

It has been an extremely busy period for Moreton Resources Limited (MRV or the Company), as is apparent from the ASX releases since 1 October 2015. The most significant advancements for the Company in the last quarter were –

- Finalisation of **Company structures and transfer of assets**
- Creation of **MRV Metals**
- **Continued negotiations** for highly prospective **Copper, Lead, Zinc & Silver** tenements
- **Progression of our South Burnett Project**

Each of these activities has taken a great deal of time and commitment by the Company to achieve, yet sets us up moving forward, with a very clean and robust Company structure that suits the opportunities that we have before us. As outlined in prior announcements, each of the operating entities now has the associated tenements transferred and will operate as 100% wholly owned subsidiaries of Moreton Resources Limited.

The creation of MRV Metals is another step forward for the Company, as we seek to finalise negotiations upon several tenements that have significant data associated with them, with quality intercepts of a variety of mineralogy.

These efforts and the Company's re-alignment, however, are minor outcomes compared to the significant advancement of our prospects in the South Burnett. The market release of a 912Mt JORC Mineral Resource (166.2 Mt Measured Resource, 712.6 Mt Indicated Resource and 33.2 Mt Inferred Resource) on our Coal Assets in the South Burnett, along with a stated Ore Reserve (290 Mt Probable Reserve inclusive of Mineral Resources) following our PFS release, are significant milestones. These, coupled with the rail study and benchmark industry data, have given us great confidence in our asset and our ability to advance the project. Equally, a great deal of time and effort has gone into engagement with the South Burnett community, having regard to our social licence to operate and to date, we feel we have genuine support from the region and seek to further advance this support, with the creation of a consultative committee, due to commence in late February/early March 2016.

That being said, we also had a response from our requested internal AusIndustry review of the most recent claims lodged by MRV. We were extremely disappointed by the response and still to date cannot see how legislatively speaking, the processes, trial and activities of the prior UCG facility do not meet the benchmark requirements. It is on that basis we continue to pursue our options and look to advance our claims potentially through the Administrative Appeals Tribunal.

The Company held its AGM in October of 2015, at which Mr Arthur Hood retired as Chairman and Mr Brett Fletcher was appointed as a Director and, subsequently, has been appointed as Chairman of the Board. We appreciate the efforts and stewardship of Arthur over 2 years of very trying times for the Company. Arthur's commitment was to assist the organisation in getting back to its feet, which has given Brett a strong foundation to lead the Company forward.

Looking ahead we have a great deal of momentum before us for the South Burnett project, and to that we will keep you updated via ASX announcements. Each will be a step in what is a long process, but by ensuring each and every process is undertaken efficiently and effectively we see this project as having every chance of being realised within the short to midterm time frame. There are some compelling statistics and facts as to why this project will have a positive economic and social impact on the South Burnett and also on the State and Federal Governments.

We will not, however, solely focus on our South Burnett project. Whilst we have very limited resources within the Company to ensure a low cost structure, we will ensure should our current negotiations finalise in the metals space, that throughout 2016 we will use the considerable data and historical information available to assess what next.

More broadly we feel the coal market has stabilised and therefore we continue to assess our options with our premier asset in Mackenzie and also our strategic asset in the Wandoan region. Each of these has considerable potential, with the recent program for Mackenzie being completed and advancement plans being put together now to continue to add value in the Bowen Basin with what is proving to be a very valuable asset. It is certainly something we have not lost sight of and will continue to ensure we work to maximise the full potential of.

The Company continues to evaluate costs and through the recent acquisition and commitments to our advancement, we believe expenditure is appropriate for the outcomes being achieved and we will continue to advance upon that basis. We recently undertook to finalise another 4 wells to final rehabilitation in the South Burnett and also relinquished 1 well for the purposes of agricultural water use. That leaves the Company with 3 wells in total, which we will seek to remain in situ at least until 2019, or until our coal mining advancement activities impact upon their relevance.

Finally, the Company continued to operate with an unblemished Health, Safety and Environmental record for the year. This, coupled with our increased community interaction across the South Burnett, has been a genuine positive for the Company and we look forward to advancing the Company upon a number of fronts in 2016.

1.0 TENEMENTS and PROJECTS

Statement of Tenement Status (As at 30 September 2015)

Tenement	Status	Region	Name	Equity Interest (%) *	
				30 Sept 2015	31 Dec 2015
EPC 1445	Granted	Bowen Basin	Mackenzie Project	100	100
MDL 503	Granted	Bowen Basin	Mackenzie Project	100	100
MDL 420	Granted	Surat Basin	Wandoan Project	100	100
MDL 385	Granted	Tarong Basin	South Burnett Project	100	100
EPC 882	Granted	Tarong Basin	South Burnett Project	0	100

* All assets are fully owned by subsidiary Companies; however, each is 100% wholly owned by the parent Company of Moreton Resources Ltd.

South Burnett Project (Tarong Basin, MDL 385-EPC 882)

As outlined above these assets have progressed significantly within the quarter having released a sizable JORC Mineral Resources increase and also declaring a maiden Ore Reserve. The release of a positive PFS outcome with an NPV that is compelling, far exceeded the Company's expectations and on that basis we seek to advance the assets as a matter of urgency.

The Company continues to advance rehabilitation obligations with the close out of another four wells and the relinquishment of a fifth for agricultural use.

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

The Mackenzie project is still a key focus for the Company and whilst we do not envisage any substantial progress in the coming quarter, we continue to assess and plan our next steps with a target of advancing activities in late 2016 calendar year.

We do believe a positive trend for coal will start to appear in late 2016, into early 2017.

Wandoan Project (Surat Basin, MDL 420)

This asset has had nil spend and activity, and hence will be reviewed via geological modelling in early 2016 by our Geological Lead, Mr David Arnott.

2.0 BUSINESS DEVELOPMENT

The Company's primary focus is upon its South Burnett and Bowen Basin assets.

3.0 FINANCE AND COMMERCIAL

Moreton Resources continues to maintain a strong cash position, with total available operating cash at bank of \$2.429 million at the end of the quarter. Including restricted cash, the Company holds a balance of \$3.178 million.

Net cash outflows of \$836,000 were recorded in the quarter. Outgoings included payments associated with the acquisition of EPC 882, advancement of the PFS, JORC Mineral Resource release and associated administration costs. September quarter administration costs reduced as expected and were in fact the lowest for a number of years.

Next quarter, outside of normal operating costs, should we finalise current negotiations payments are expected to be made to finalise the purchase. In addition to this we continue to advance our South Burnett prospects and evaluation of next steps for our Bowen Basin project.

4.0 COMPANY OUTLOOK

The Company is moving forward at a rapid rate and will continue to focus upon its South Burnett and Bowen Basin assets. We also look forward to bringing the current negotiations for additional assets to close, which, if successful, will sit under MRV Metals. However, the imminent potential for advancement for the Company rests with MRV Tarong Basin Coal, provided at each stage we continue to prove positive results.

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. Equally we believe the newly announced intended acquisition of considerable silver resources, copper intersects and lead-zinc potential is an exciting prospect moving forward.

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

Jason Elks
Chief Executive Officer
Moreton Resources Limited

COMPETENT PERSON STATEMENT: The information in this report that relates to MDL 385, MDL 503 & MDL 420 is extracted from ASX announcements titled: *MRV announces South Burnett Coal Resources of 912m tonnes* issued on 10 December 2015, ASX announcement titled *Mackenzie Campaign Identifies Coking Coal* issued on 2 September 2015 and *Wandoan Coal JORC Resource Exceeds Expectations* issued on 18 August 2009 respectively. These announcements contain a separate Competent Person Statement and are available to view on the Company's website: 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.