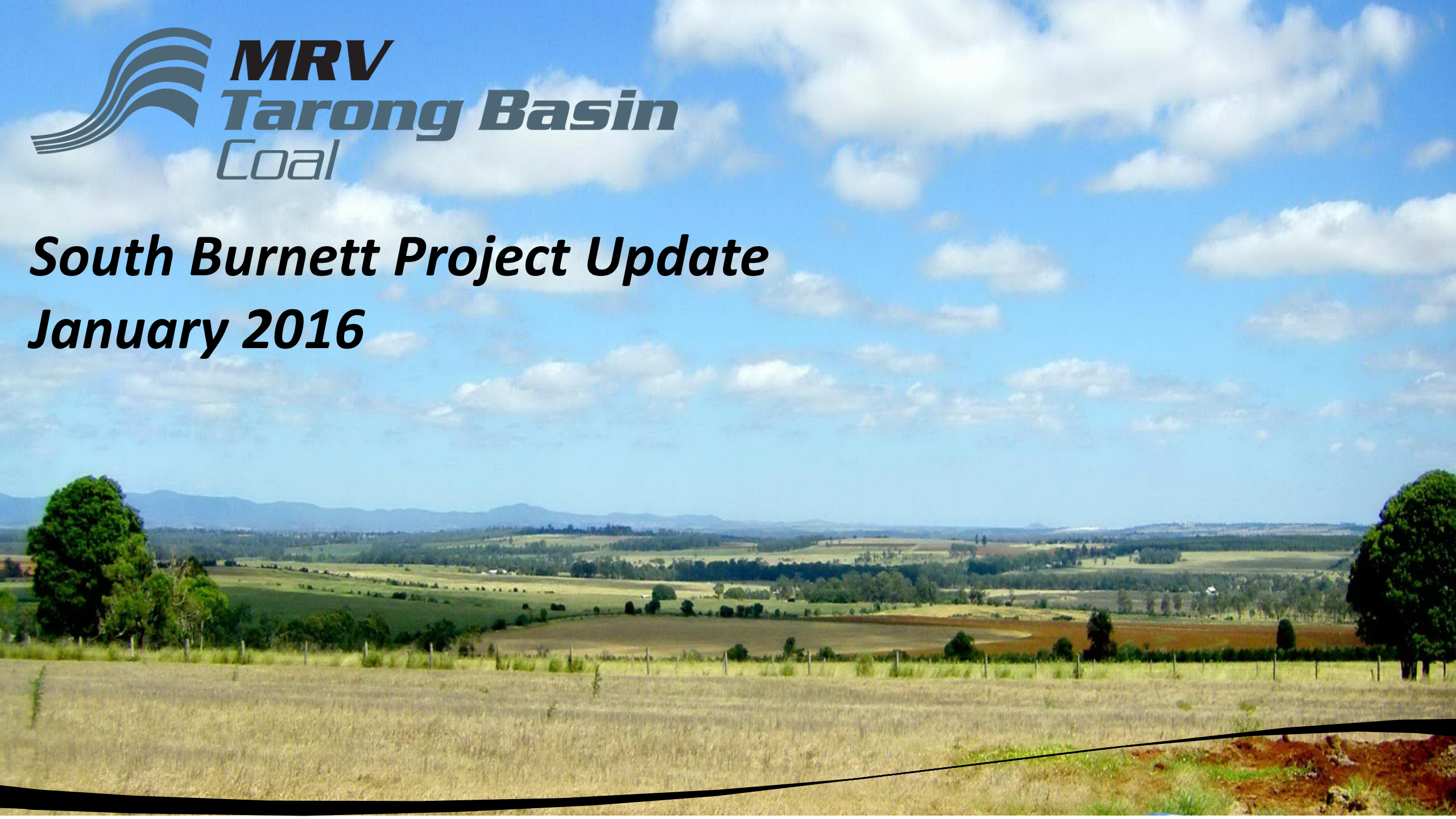
MRV Tarong Basin Coal

South Burnett Project Update

January 2016



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Competent Persons Statement

The information pertaining to the reported Coal Resource in relation to the South Burnett Project (EPC 882 and MDL 385) is based on information compiled by Mr. David Arnott who is a full-time employee of Moreton Resources and holds the position of Geological Lead. David is a qualified Geologist and Member of the AusIMM and Chartered Professional (Geology). He possesses the necessary qualifications, professional membership and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in reporting the tabled Coal Resources included in this release as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).

The information pertaining to the reported Coal Reserves in relation to EPC 882 and MDL 385 is based on information compiled by Mr. Glen Williamson who is a full-time employee of AMC Consultants and holds the position of Principal Mining Engineer. Glen is a qualified Engineer and Member of the AusIMM, Charted Professional (mining) and Registered Professional Engineer of Queensland. He possesses the necessary qualifications, professional membership and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in reporting the tabled Coal Reserves included in this release as defined in the JORC Code.

Messrs. Arnott and Williamson agree with the context and content of the reported Coal Resources and Coal Reserves in relation to this public statement made by MRV Tarong Basin Coal Ltd and consent to its release.

*Reported coal resources and reserves are from the ASX Pre-Feasibility Study release dated 21 December 2015

MRV Tarong Basin Coal

Moreton Resources is an Australian company seeking to enter the operating resources sector and as such, through its Board and Management structures offers well over 120 years of mining experience

Safety is uncompromised in everything we do.

At Moreton Resources we believe our people, our business associates, our communities and the environment are all critical and must be afforded the safest and healthiest conditions.

We respect the traditions and cultures of People including the unique relationship that traditional owners have with the land. Our focus is to work with the Indigenous People of the region and recognise this is an essential part of successful operations.

Core Values & Beliefs

- **Commitment to safety, environment and communities**
- **Our people are our competitive advantage**
- **Continuing to create shareholder value**
- **Australian focused**

Building relationships based on trust and mutual advantage is the pinnacle of coexistence and is the basis for all of Moreton Resources considerations and activities.

The Board and Management clearly take full responsibility for the company's history, and since the new direction via strong and proven leadership entering the company in late 2013, our current and future commitment to operating within proven industries is unwavering and we commit to not only own but resolve the historical issues.

Environmental issues, past, current and potential future, are all taken extremely seriously by Moreton Resources and as such we actively promote sustainable mining through contemporary, highly legislated frameworks, in proven and safe mineral extraction technologies.

Moreton Resources recognises the scenic, ecological and economic value of the areas in which we operate and we take our environmental responsibilities seriously both currently and in the future.

MRV Tarong Basin Coal

The Jigsaw has come together……..

……..*now we are advancing*

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Multiple Opportunities make this a compelling prospect

Local Market

- Commercially superior product available at 28% as received Ash
- Early analysis confirms coal quality suitability for local power generation
- Geology and mine planning through PFS support viability and commercial assumptions
- Early access to coal and potential total bypass options to reduce up front capital expenditure
- Ability to tailor yearly demand and operation outcomes whilst maintaining superior commercial's
- Cost comparison of State owned competitor review undertaken by MRV and verified by one of Australia's most recognised economics advisory practices

Domestic Market

- Mining and processing Operating Costs of lower than $AUD 31/t placing this project well within the bottom cost quartile of coal mining operations, if not at the lowest end of that quartile
- Ability to tailor a product range of between 18%-28% (as received) through mining methods and processing outcomes
- Early analysis confirms coal quality suitability for domestic power generation
- Geology and mine planning through PFS support viability and commercial assumptions
- Early access to coal and potential total bypass options to reduce up front capital expenditure
- Ability to tailor yearly demand and operation outcomes whilst maintaining superior commercial's
- Potential ability to exploit a major Mineral Resource of 912Mt (166.2Mt Measured, 712.6Mt Indicated and 33.2Mt Inferred) combined with an Ore Reserves of 290Mt (Probable)

Export Market

- As per domestic market
- High level rail Corridor and Port Load Out PFS level study supports at todays AUD and with exchange rate, such a prospect upon 10-15Mt per annum, would be viable at bottom of the pricing cycle

Key Highlights

Modeled Results*	Output	PFS Assumptions	Input
NPV (Real, after tax)	**$459,695,000**	Annual Production Rate (28% (ar) ash)	5.5MT
IRR	**17.46%**	LOM Production	220Mt
Payback Period (undiscounted)	6.95 years	Mine Life	42 years
Total LOM Revenue (undiscounted)	**$11.854 Billion**	Coal Price (Delivered)	$50 (19.6GJ)
LOM Average Annual EBITDA	$90.536 Million	Exchange Rate (AUD/USD)	NA
LOM Average Annual NPAT	$55.649 Million	Discount Rate	8%
LOM Average Operating Margin	$21.49 Ref 1	Development Capital Expenditure	$285 Million
First 20 years full production rate	**$30.24 per** tonne delivered Ref 2	Sustaining Capital Expenditure	$55 Million
Final 18 years of full production	$35.82 per tonne Ref 3	Total NPAT Revenues (Undiscounted)	$2-$2.4 Billion
LOM Total Operating Expenditure	$7.2 Billion	**Total NPAT of 20 years full production Revenues (Undiscounted)**	**$1-$1.2 Billion**

***:** All calculations are based upon a target product spec at 21.6GJ with a total sales value of $55.00
Ref 1: Average Operating Margin inclusive of capital development (ex-Royalties, taxes etc.) (Important to note, **no off take agreements is in place**)
Ref 2: Average Operating Costs (ex-Royalties, taxes etc.) (delivered to customer, however important to note, **no off take agreements is in place**)
Ref 3: Average Operating Costs (ex-Royalties, taxes etc.) (delivered to customer, however important to note, **no off take agreements is in place**)

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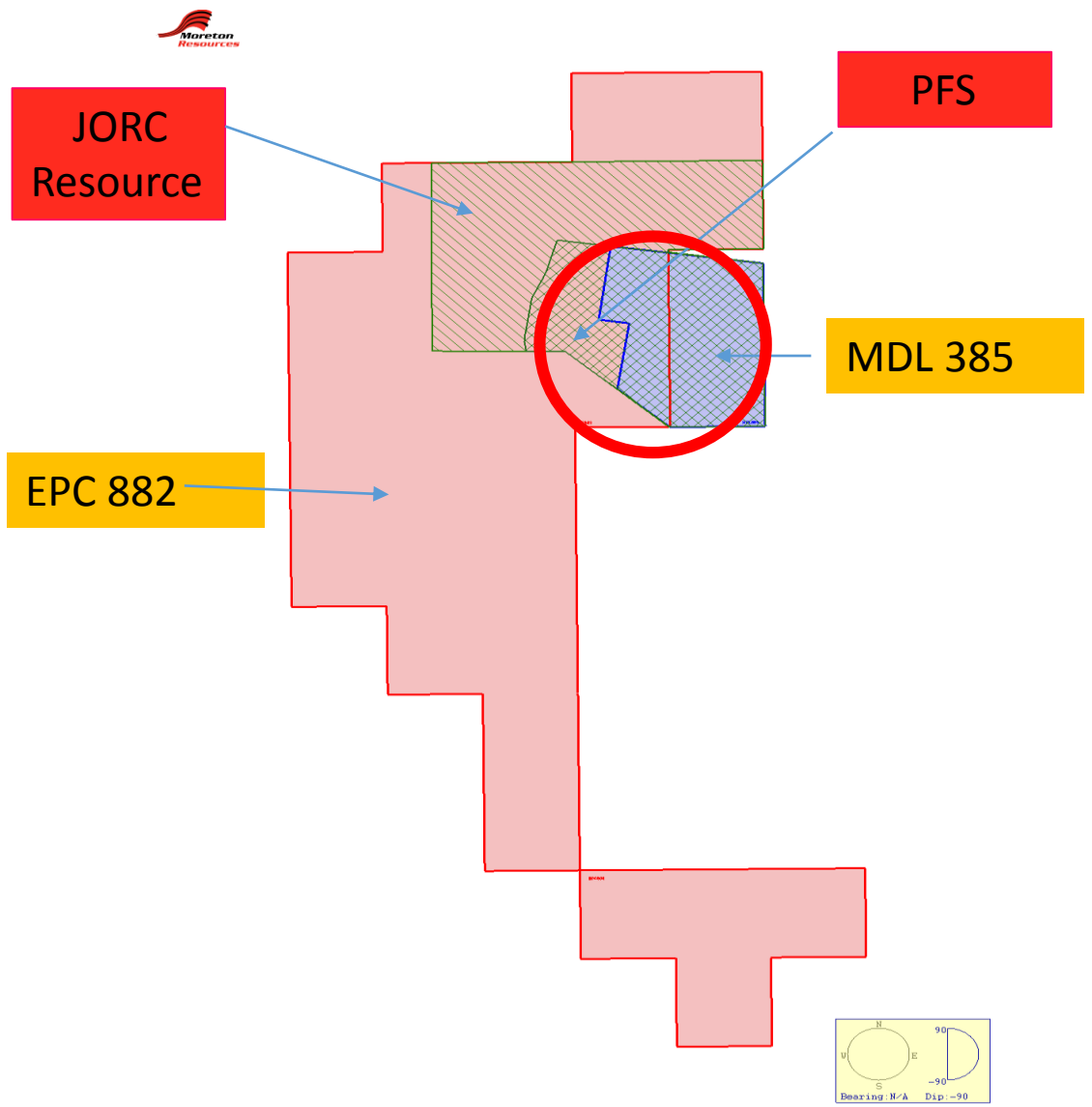
Tonnes & Grade

Current Proposal

	MRV Project
Strip Ratio	Approx. 4:1
Total Yield	Approx. 75% for LOM (40 years)
Energy per tonne	Target 21.7GJ
Price (Lower)	$50.00 (19.6GJ)
Price (Higher)	$55.00 (21.7GJ)
Price per GJ	$2.55 GJ (total cost, all in)

Benchmark Data

Analysis of Total Cost to Provide Coal in Local South Burnett Market		
	MRV Project	**Current Supply Data and Total Costs into Tarong Power Stations**
Strip Ratio	Approx. 4:1	10:1 (Interim Gov Data Source 2015)
Total Yield	Approx 75% for LOM (40 y)	High 70% to low 80%
Energy per tonne	Target 21.7GJ	19.6GJ (as publically quoted)
Price 2015FY	$50.00 (19.6GJ)	$80.00* public available date collation
Price per GJ	$2.55 GJ	$3.24 - $4.08 GJ (4 year range)



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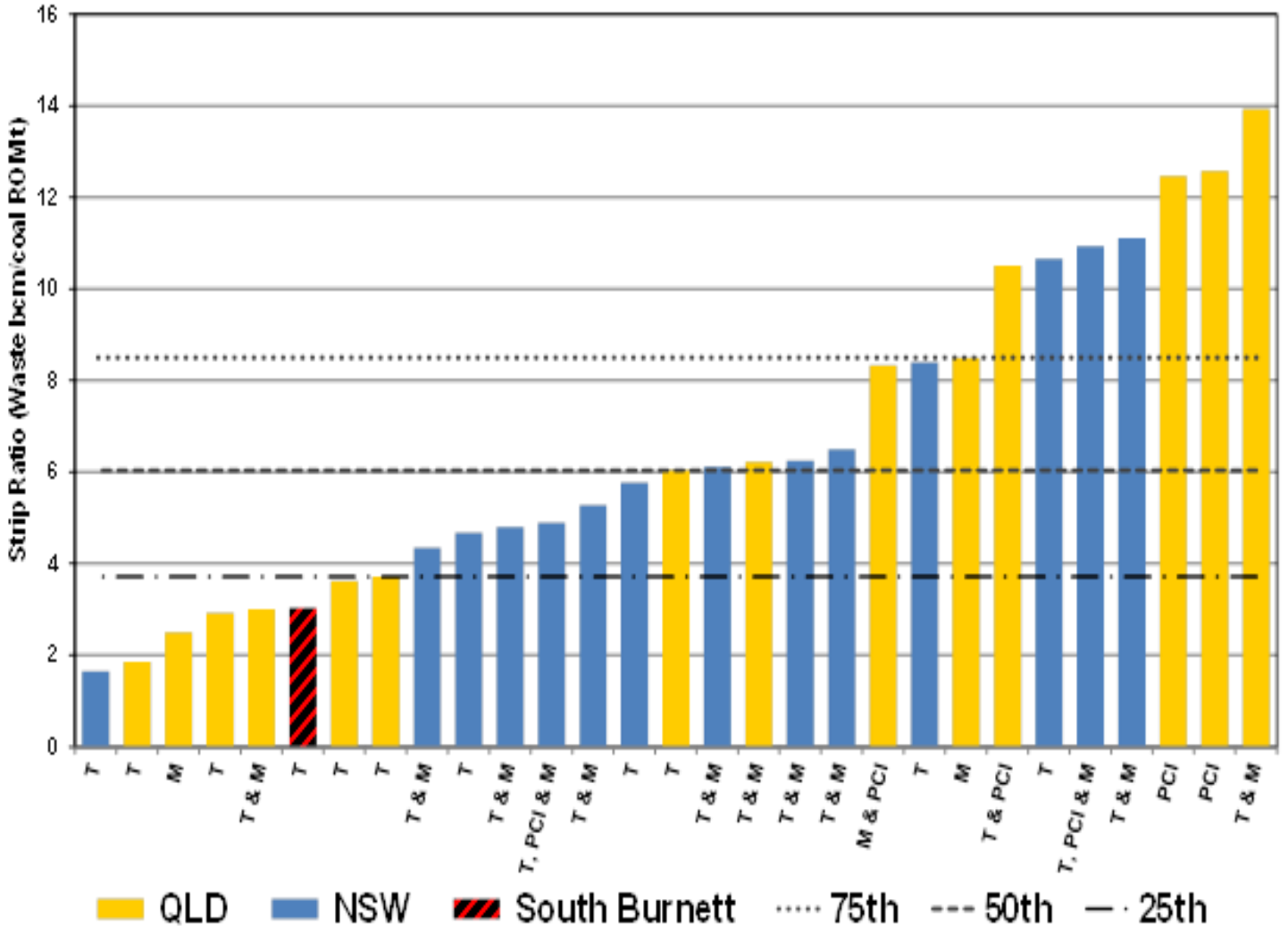
Potential Upside

- First 20 years at approx. 4:1 strip and to date 65% of total deposit not considered in the Ore Reserve
- Ability to alter ash specification to generate higher quality product
- Ramp up Mtpa for broader domestic or Export Markets
- Ability to target low strip across deposit areas
- Long life, low cost Asset with 39% total bypass ability in current Ore Reserve
- Med to high Calorific Value



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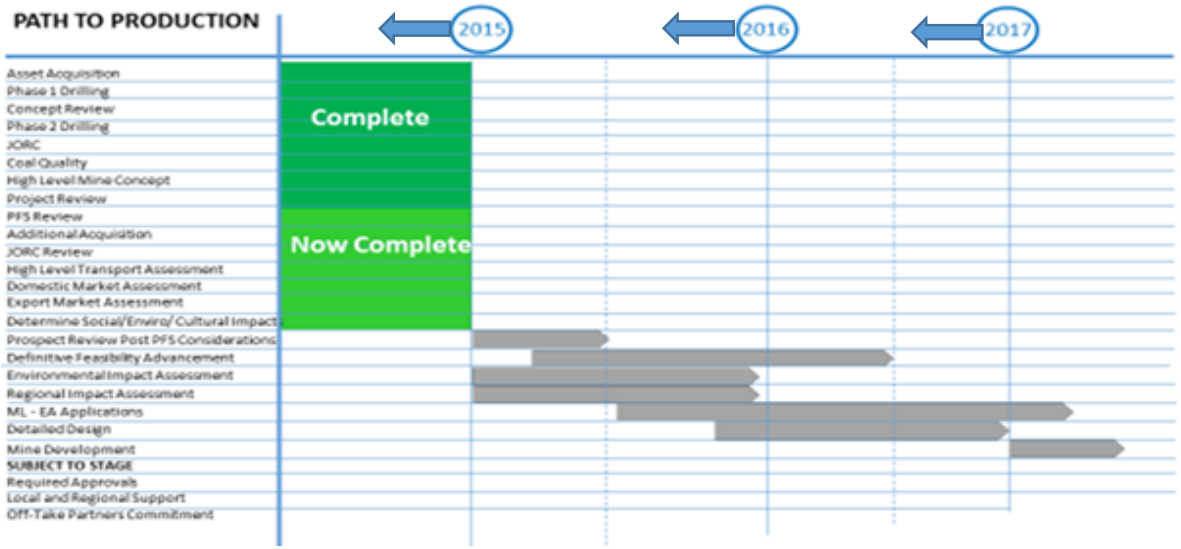
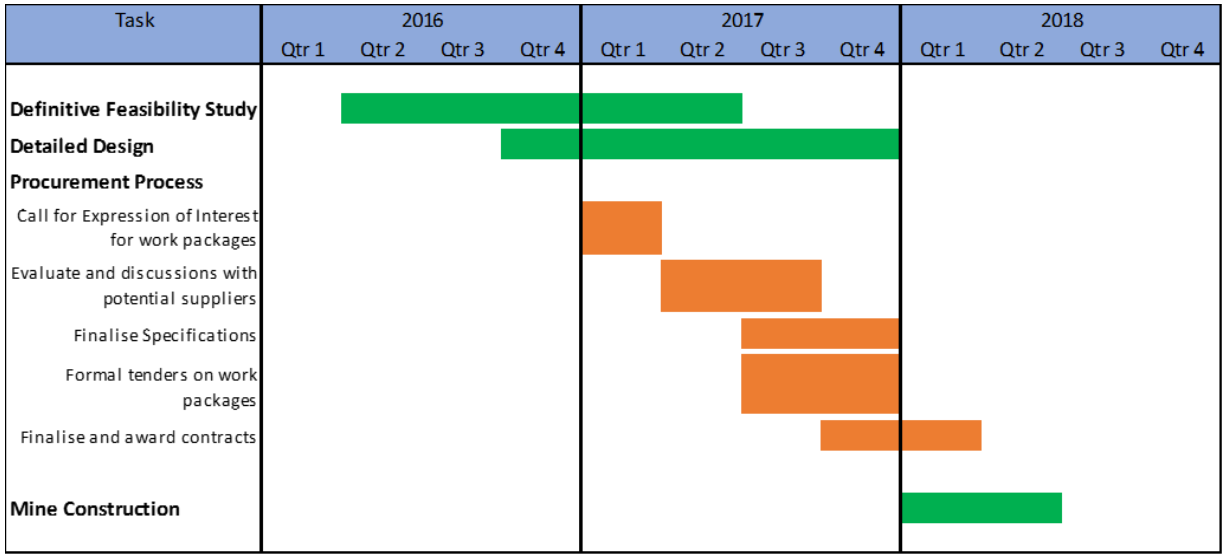
Local Project Development - Timelines

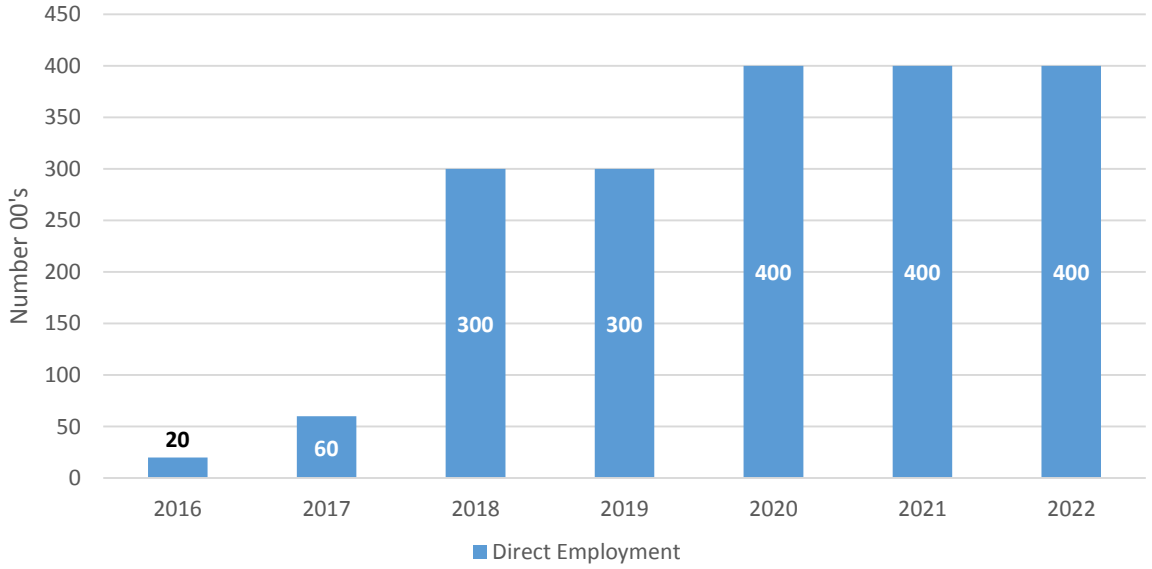
Mine



Procurement



Job Creation



Approvals

- Cultural Heritage Management Plan underway
- Components of formal EIS being collated
- Formal EIS Commencement – awaiting board approval
- DFS for final investment decision – awaiting board approval
- Seeking Social Licence to operate, ongoing within a supportive region for the project

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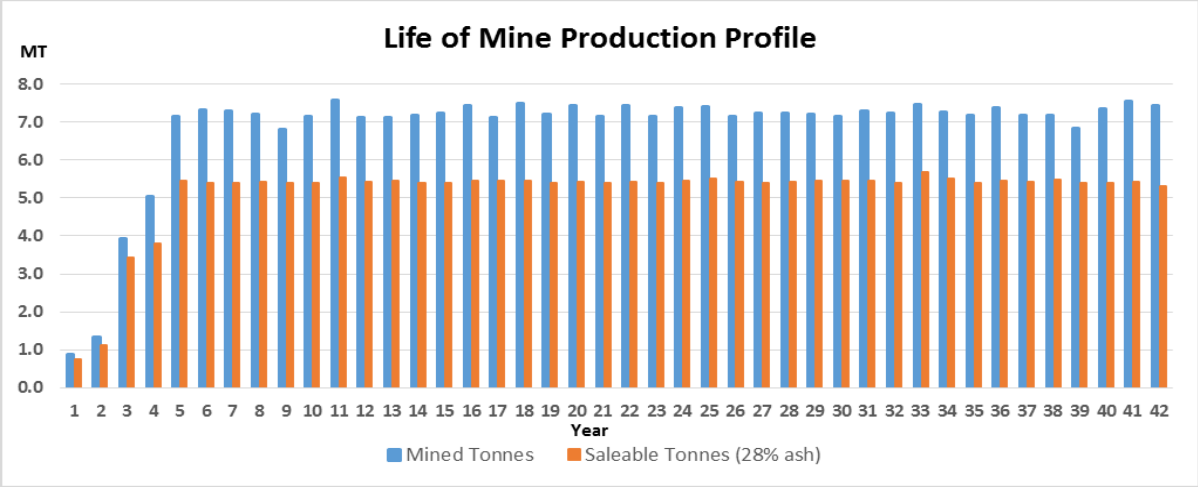
Local Project Development – Production

Early



Current total cost for FY2015 Coal Supply appox $280,000,000

60% Higher Costs

$170,000,0000 (GJ19.6) MRV Potential Coal Supply

Actual FY2015 total costs calculated by MRV based on public data and calculations verified by Australia's pre-eminent economics advisory practice

Lowest Industry Quartile Costs *Australian Mining Technology Conference Paper 2009

TABLE 2

The main Australian surface coal mines, production rate (million tonne per annum), capital expenditure (million Australian dollars), operational expenditure (Australian dollars per tonne), reserve and resources (million tonne) and mine life. Source: data was taken from a variety of sources including company annual reports, company websites and media reports (Anglo, 2009; BHP, 2009; Ensham, 2009; Felix, 2009; Gloucester, 2009; Idemitsu, 2009; Macarthur, 2009; New Hope, 2009; Peabody, 2009; Rio Tinto, 2009; Wesfarmers, 2009; Whitehaven, 2009; Xstrata, 2009). Estimates were made on all data items that were unavailable.

No	Mine	Location	Company	Start	Prod rate (Mt/a)	CAPEX (AU$ M)	OPEX (AU$/t)	Reserves/ Resources (Mt)	Mine life
1	Acland	Acland	New Hope	2003	2.7 - 3.9	110 - 170	50 - 70	109/679	2045
2	Bengalla	Muswellbrook	Rio Tinto	1999	5.5 - 6.5	450	50 - 65	200/369	2042
3	Blair Athol	Clermont	Rio Tinto	1984	8.0 - 12.0	190 - 230	35 - 50	50/70	2016
4	Boggabri	Boggabri	Idemitsu	2007	1.5	38	70 - 85	100/120	2075
5	Burton	Mackay	Peabody	1996	4.0 - 5.5	165 - 220	55 - 70	54/164	2021
6	Canyon	Boggabri	Whitehaven	2000	1.0 - 1.5	22	70 - 80	10/45	2009
7	Clermont	Clermont	Rio Tinto	2013	12.0	950	50	89/220	2030
8	Coppabella	Nebo	Macarthur	2000	2.1 - 4.2	145 - 180	55 - 75	67/207	2031
9	Curragh	Blackwater	Wesfarmers	1984	4.0 - 9.0	270 - 320	50 - 65	320/350	2025
10	Drayton	Muswellbrook	Anglo	1983	4.5 - 5.5	140 - 185	50 - 65	61/85	2021
11	Ensham	Emerald	Ensham	1994	7.0 - 9.5	340 - 290	35 - 55	600/900	2084
12	Foxleigh	Middlemount	Anglo	2000	2.5 - 3.5	130 - 160	55 - 65	60/290	2029
13	Hail Creek	Nebo	Rio Tinto	2003	5.0 - 6.0	250 - 290	40 - 60	224/420	2046
14	Jeebropilly	Amberley	New Hope	2006	0.5 - 0.8	15 - 25	60 - 75	5/7	2018
15	Mangoola	Muswellbrook	Xstrata	2012	10.5	1100	55	230/280	2033
16	Millenium	Coppabella	Peabody	2006	1.5 - 3.3	130	65 - 85	40/100	2021
17	Minerva	Emerald	Felix	2005	2.5	68	60 - 70	29/78	2020
18	Norwich P	Dysart	BHP	1979	4.0 - 5.5	180 - 250	45 - 55	120/423	2029
19	Rolleston	Rolleston	Xstrata	2005	6.0	291	49	173/600	2036
20	Stratford	Gloucester	Gloucester	1995	2.0 - 2.8	40	60	38/209	2024

Note – 2015 Total Cost to supply Per Tonne to TEC estimated at $81.40

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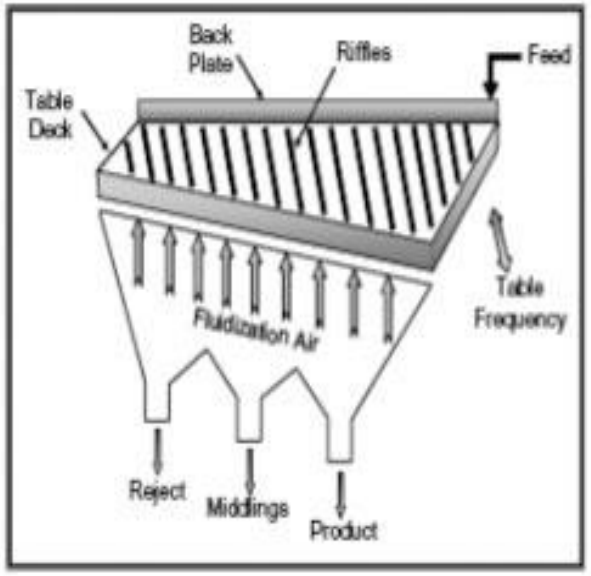
Local Project Development – Processing

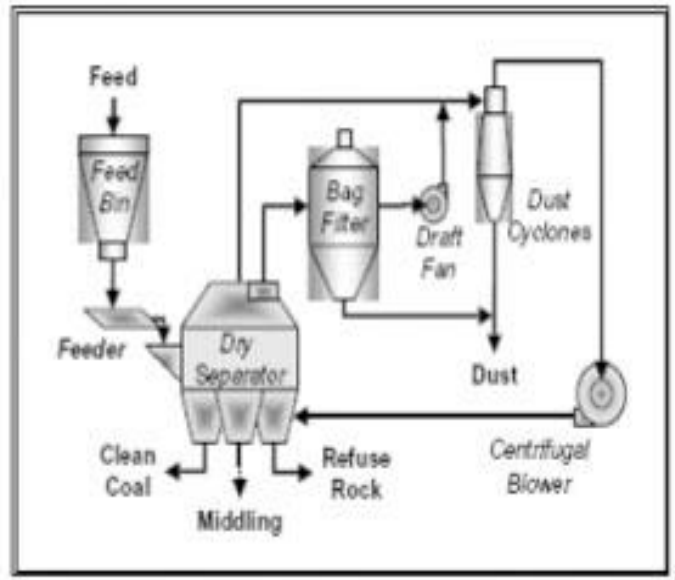
Dry Separation Benefits –

- 77% yield on 28% Ash (as received) specification
- Lower CAPEX setup
- Up to **90-95% less water consumption**
- **No wet rejects tailings dam** required allowing a reduced area of influence
- Process plant that lends itself to **lower noise, dust and light emissions**

General Project Benefits –

- Similar recoveries to traditional CHPP (wet)
- **Continual rehabilitation program** as the mine progresses
- **Lowest quartile strip ratio** and dumping of waste in pit
- Lower over all fleet requirements and therefore less carbon emissions





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Local Project Development – Key Considerations

Community (assuming superseding of incumbent Coal Supply)

- Creation of South Burnett Project Development Interest Group
- Significant positive feedback to date from broad Community
- Supportive business community and services sector
- Commitment to youth & indigenous employment and training
- For each additional worker in the region, approx. 1.3 – 1.5 jobs will be created within the community (2009 study results)
- Targeted additional **100FTE** staff giving a total of potentially **250 additional FTE** jobs in the South Burnett
- Significant support to business and unemployed with South Burnett currently suffering 10% unemployment rate

Government

- Supportive Government Departments
- Clear legislative processes
- Seeking to promote over all benefits to State
- Over all project would be consistent with multiple Government Agendas at State and Federal levels

Permitting & Approvals

- PFS outlines clear path to progress to ML and Environmental Approvals
- Track record in last 2 years of delivering on environmental and permitting commitments
- Multiple Acts to Navigate and approvals processes required to progress to Mining
- 12-18 Months potential however relies upon supportive community and limited disruptions

Off Take Agreement

Company continues to advance it case for Local Coal Supply

Continuing to review broader Domestic Options

Export potential but not primary focus

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A relationship built on commitments followed by delivery……

- *We advise and consult with our stakeholders on what we intend to do*
- *We deliver against our commitments on time or ahead of time, every time and will continue to do so*
- *We will continue to provide all stakeholders with a wide range of information and facts*
- *We will continue to work with the community to ensure we understand what matters to you and what is important in the future*
- *We are committed to local jobs, local prosperity and local opportunities to make this work for all*

…….our commitment to Safety, Community and Environment is uncompromising

MRV Tarong Basin Coal

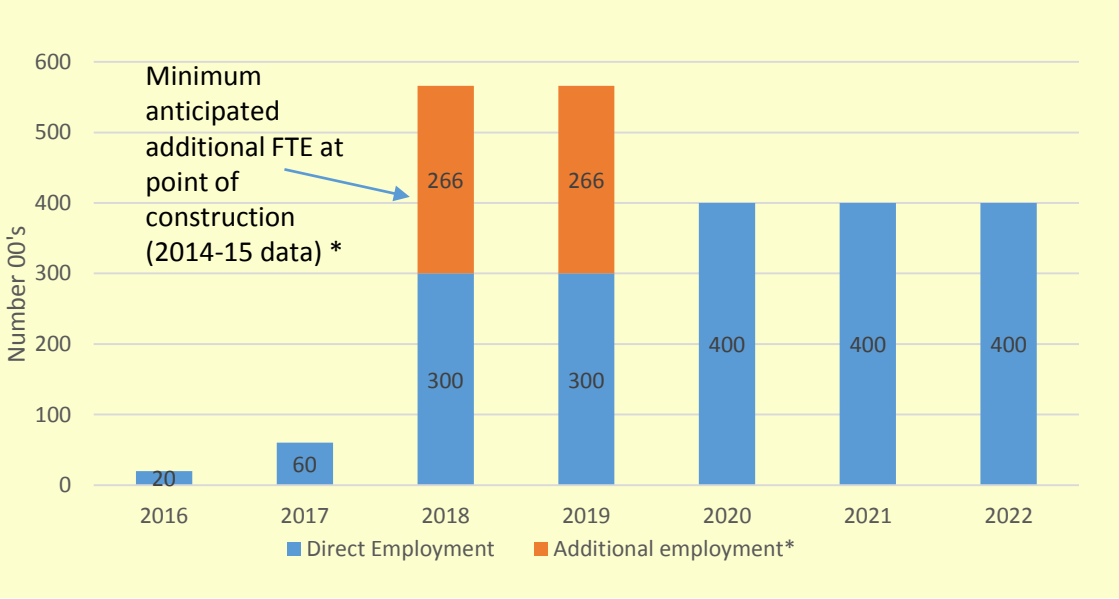
Local Project Development Commitments

COMMUNITY COMMITMENTS SINCE 2014

- Focus on local employment
- Focus on high Indigenous employment and development
- Focus on youth training and development
- Buy local focus with capacity building across sectors to support total operations and enable on-site light options for mining operations
- Continue to work with the community to understand what matters to all South Burnett Regional stakeholders

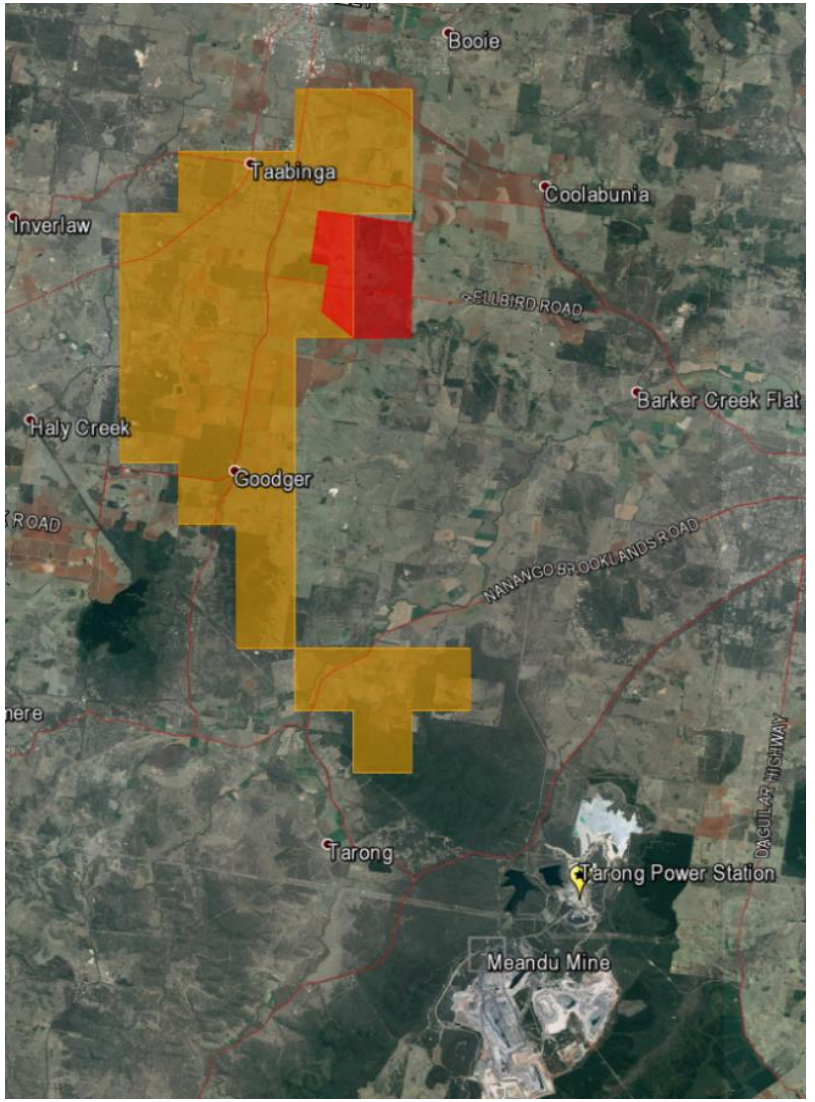
PROJECTED IMPACTS

- Expected additional 100 FTE than current operator due to predominant MRV South Burnett Coal Company structure, to be based in South Burnett, not centralised in Brisbane
- Statistics show for every South Burnett mine role, approx. 1.3 – 1.5 FTE jobs in the community
- **PROJECTED NET BENEFIT TO REGION 250 FTE**



Forecast 160-200 Million Operational Spend in South Burnett per Ann

300 Million Construction Spend in South Burnett



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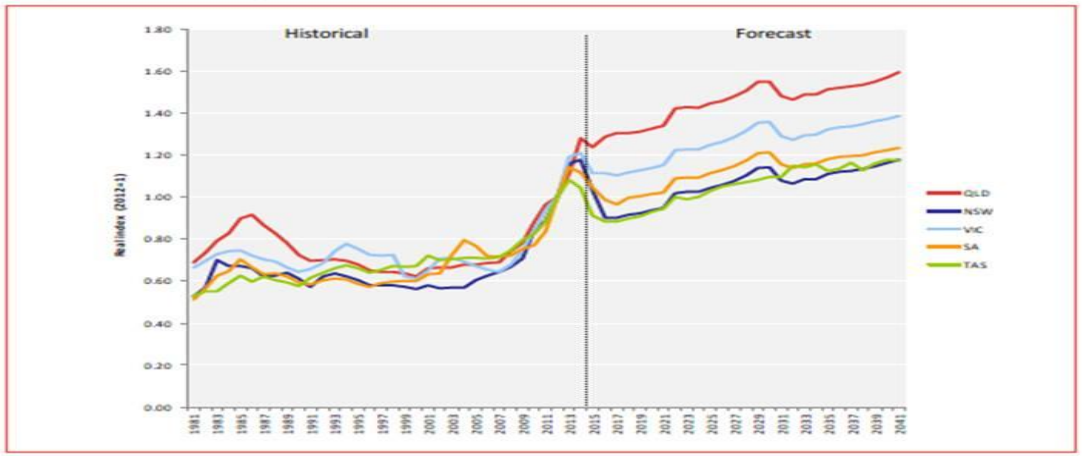
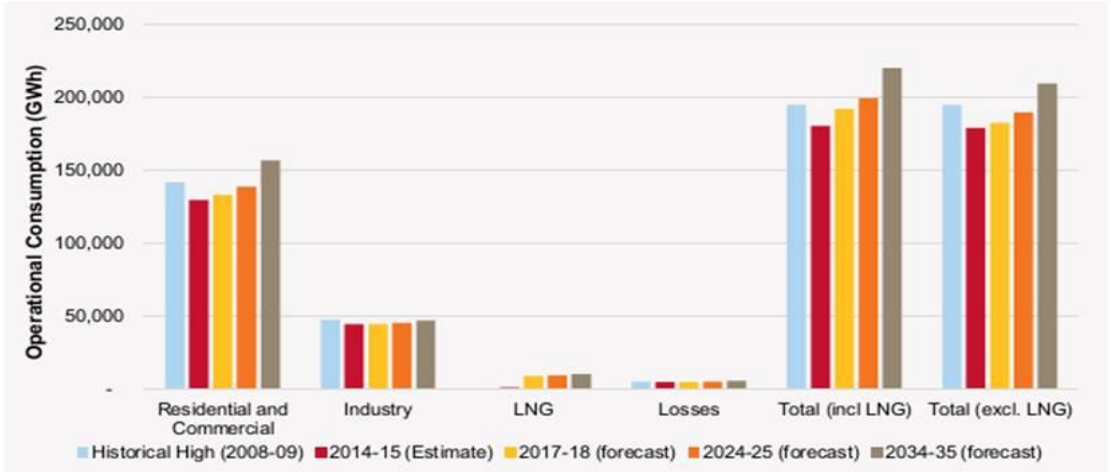
Queenslanders Power Prices Continue to Rise

Figure 10: Electricity: residential retail, all states, Real index, Medium case



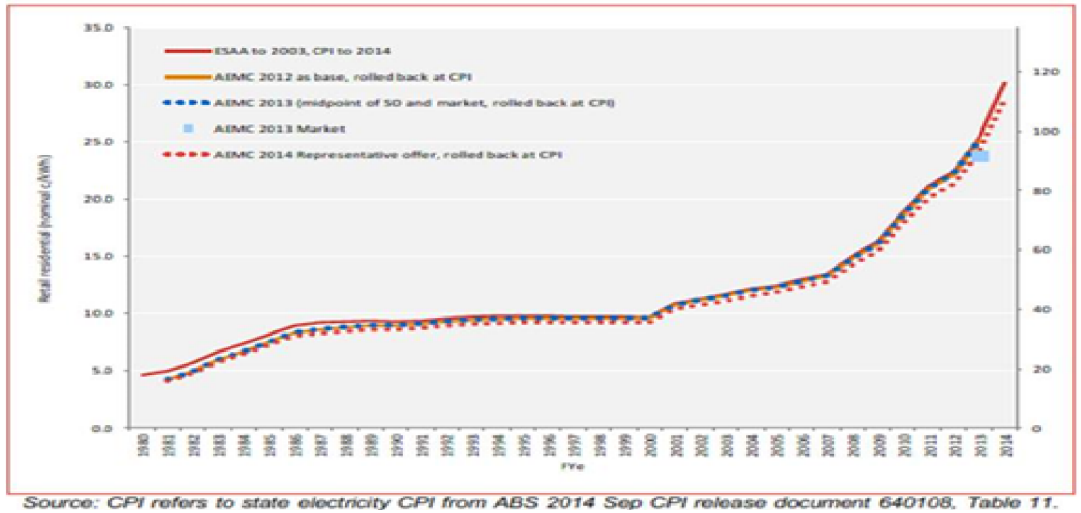
Source: Frontier Economics

Figure 1 Comparison of NEM historical and forecast operational consumption



Demand set to continue to grow with industry, economic growth and population across the State and in all segments of consideration

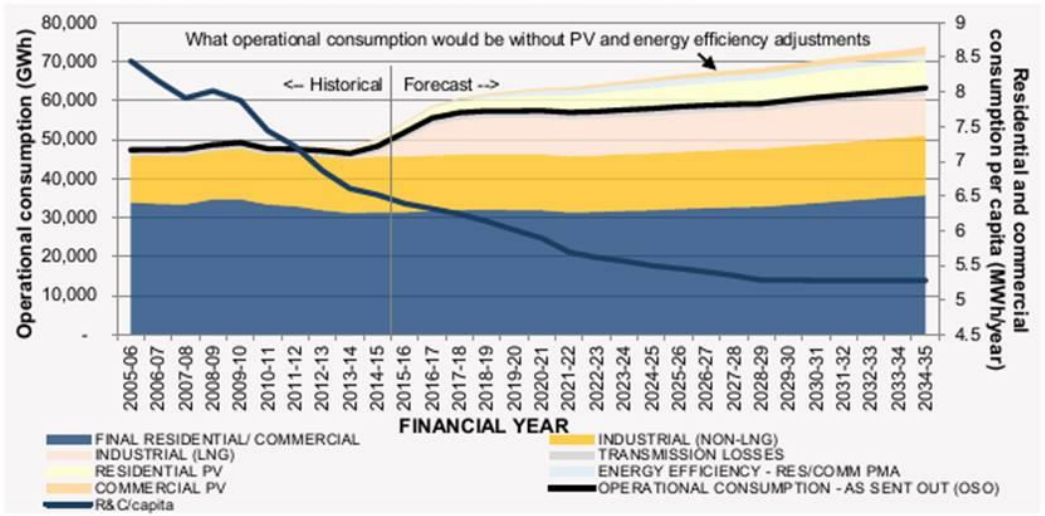
Figure 11 Electricity: Historical residential retail, Qld, nominal c/kWh



Source: CPI refers to state electricity CPI from ABS 2014 Sep CPI release document 640108, Table 11.

Qld prices for residential electricity outstripping all other states in cost rise comparisons with the future forecasts of that trend, set to continue and widen the gap

Figure 6 Operational consumption by key component in Queensland



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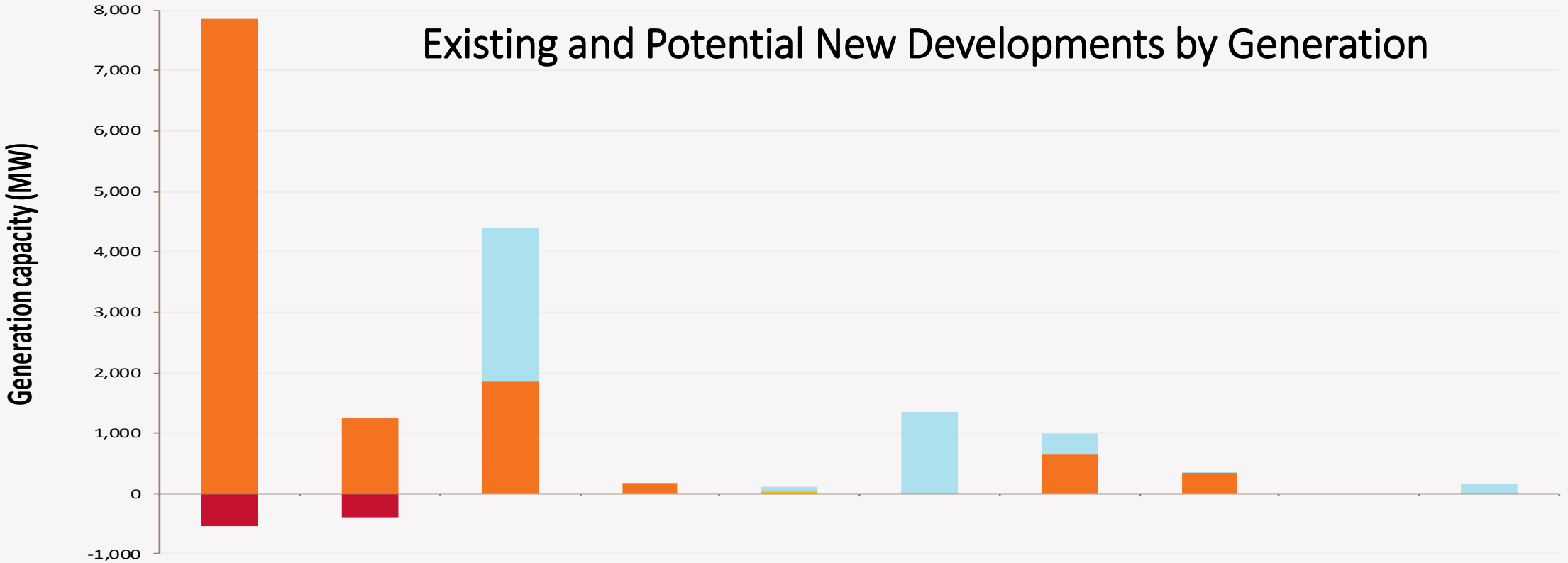
Coal Fired Power Generation is here as an economic and sustainable option for decades to come



	Coal	CCGT	OCGT	Gas other	Solar	Wind	Water	Biomass	Geo-thermal	Other
Committed	-	-	-	-	44	-	-	-	-	-
Proposed	-	-	2,545	-	70	1,328	330	8	-	150
Withdrawn	-540	-385	-	-	-	-	-	-	-	-
Announced Withdrawals	-	-	-	-	-	-	-	-	-	-
Existing less announced withdrawals	7,866	1,242	1,857	168	0	12	664	350	-	1
In Service*	**7,866**	**1,242**	**1,857**	**168**	**0.4**	**12**	**664**	**350**	**-**	**1**

* "In service" capacity includes "Announced withdrawals".

MRV Tarong Basin Coal

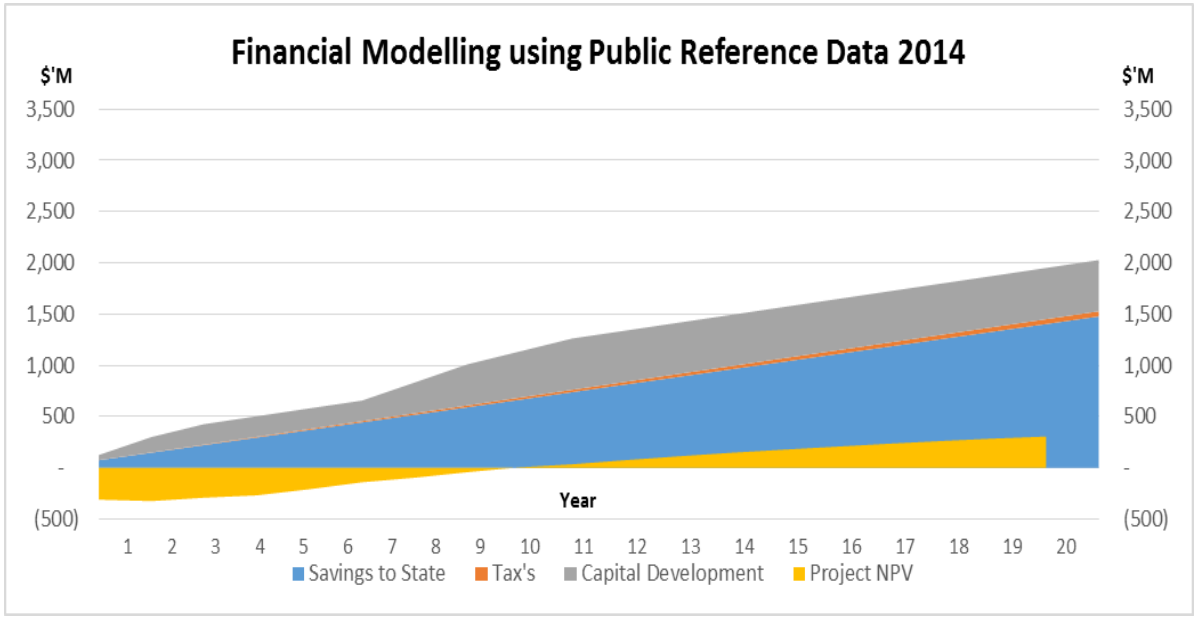
A Compelling Case For Queensland

Using Australia's Top Tier pre-eminent economics advisory practice to verify MRV's calculations on the GOC's current total costs of Coal supply into Tarong Power Stations, the delta from the proposed MRV $50 (19.6GJ) per tonne costs (Total All in Costs) for the last four years of actual total all in supply costs to Tarong Power Stations were approx $65 Million 2012, $93 Million 2013, $70 Million 2014 and $107 Million in 2015.

In 2015 alone, this means for the 35% of QLD homes (excluding commercial customers) that the GOC Generator was designed for could have **saved $185.00 for that year**. That is for the 35% of the total 1,648,529 homes in Queensland, to which the generating assets where commissioned to service, on average for the last four years, savings could have been as significant as **$145.00 per home**, for each of the last 4 years.

That delta will potentially rise, due to factors such as strip ratio's, coal quality issues and substantial required additional expansion Capital etc.

Modelled Potential Longer Term Cost Benefits



Potential for year on year saving $100 Million pa

AND OVER TIME

Potentially over 2 Billion Dollars saved over 20 years

MRV Tarong Basin Coal

SUMMARY

The company continues to advance with its aspirations of delivering ***Queensland Coal,*** *into* ***Queensland Power Generation Assets*** *and therefore ultimately* ***benefiting the State of Queensland****.*

Thank You.

MRV Tarong Basin Coal