



Quarterly Report

29 April 2016

MORETON RESOURCES LIMITED

Committed to Safety, the Environment and the
Communities in which we seek to operate

The last quarter has seen significant advancement behind the scenes as the Company continues to push its objectives in identifying, developing and operating resource Assets within Australia. Further to this the Company has also continued to pursue what it believes are the legitimate claims through the AusIndustry process. Each of these activities have the potential for significant positive outcomes for the Company as we progress.

Most investors would also be well aware that we continue to operate with nil debt, in a positive cash position, and since mid-2013 have avoided further dilution of the shareholders, through prudent management and advancement of the Company. Our fully owned subsidiary MRV Tarong Basin Coal Pty Ltd continues to gain a lot of regional press and we continue to manage the process, seeking to enter approvals for the South Burnett Project.

What has been encouraging is our Queensland based shareholders are becoming far more active and interested in the prospects we are pursuing. Having spent a great deal of time in the South Burnett, and in particular the Kingaroy Office, I have had the pleasure of not only having local investors take the time to meet management in person, but also investors from the Darling Downs and Brisbane take the time to travel to the South Burnett, to understand our potential project better. I encourage all of our investors to take an active interest in these projects as technical advantages and quality of assets, will only be a small part of any process in seeking to take a prospect through to a mining operation.

Key Highlights –

- ***EPM8854, EPM11455, EPM12858 and EPM18950 are now well into the transfer process*** with the Department of Natural Resources and Mines, having already finalised the Office of State Revenue assessments and duties payment processes. Since the Company first began to negotiate these tenements, which are well renowned for Silver prospectively, and containing already a sizable resource of Silver in Mt Gunyan, the commodity has seen a steady rise, even in this subdued market.

In December of 2015, when we were finalising our offer and arrangements ready to enter into contractual terms, the price of Silver sat at approx. \$13.70 USD, having more ***recently in the last couple of weeks hit approx. \$17.70 USD which is an approx. rise through this settlement period of 30%.*** We equally expect that this commodity will continue to rise, whilst not at this rapid rate.

These assets also contain prospects for Copper, Lead and Zinc in addition to Silver and as such we currently have a third party, evaluating possible drill targets and reviewing the historical information.

- We also note that **Thermal Coal year on year continues to outpace itself** and again the FY2016 looks well on course to outstrip 2015 for global demand and exports. Whilst no significant upward movement, the Coal price has stabilised and in fact in the past 3-6 months has seen a **slight recovery, however it still has a long way to go.**
- The Company has sought to discuss with third parties, either directly or via representatives, the demand and desire for the South Burnett project's product and we continue to seek to advance our prospects, however we do believe the most beneficial early advancement is a domestic option. The Company has sought to progress a process in which potential domestic supply prospects are being assessed.

Each of these activities continues to involve a great deal of technical and human resources aspects for the Company however, we do believe that progress is being maintained and that we continue to have viable options of advancement with the current portfolio and those additional assets under transfer to date.

There is a reasonable amount of media around the South Burnett progression, however this is a long term project, and we continue to work with the Community and to seek to benefit the region, in a coexistence of mining and regional Queensland. As announced in the last quarter to the market, we are extremely pleased to be partnering with multiple key associates to which we are seeking to advance the South Burnett under an alliance structure, and as such Macmahon, Initiative Capital, Wave International and Beyond Billabong continue to work with the Company to advance MRV Tarong Basin Coal's prospects.

In final comment, the Company continued to operate with a perfect Health & Safety and Environmental record for the year and closed out the calendar year of 2015 with that record. 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 31 March 2016)

Tenement	Status	Region	Name	Equity Interest (%) *		Sub Company
				31 Dec 2015	31 March 2016	
EPC 1445	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
MDL 503	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
MDL 420	Granted	Surat Basin	Wandoan Project	100	100	MRV Surat Basin Coal
MDL 385	Granted	Tarong Basin	South Burnett Project	100	100	MRV Tarong Basin Coal
EPC 882	Granted	Tarong Basin	South Burnett Project	0	100	MRV Tarong Basin Coal
EPM8854	Under – Transfer Application	Granite Belt	Granite Belt Project	0	0	MRV Metals
EPM11455	Under – Transfer Application	Granite Belt	Granite Belt Project	0	0	MRV Metals
EPM12858	Under – Transfer Application	Granite Belt	Granite Belt Project	0	0	MRV Metals
EPM18950	Under – Transfer Application	Granite Belt	Granite Belt Project	0	0	MRV Metals

* All assets or assets under transfer application 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)

After significant work on these tenements within the prior quarter, the March quarter seen a great deal of assessment and preparation for approvals advancement. This has led to the preparation of an Initial Advice Statement for potential lodgement under the State Development and Public Works Organisation Act and also the preparation of an additional approvals process under the *Environment Protection and Biodiversity Conservation Act 1999*.

Further to this work, the Company has undertaken a Galaxy Poll of the area, and are pleased to report that 61% of the respondents indicate they are supportive of such a mining operation to contribute to the economic development of the region. Some 79% are hoping to see additional regional employment and 32% are hoping for overall economic stimulus within the region. The survey goes on further to indicate 83% of those surveyed, are unaware of any other potential major economic drivers being proposed for the region.

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 did indicate our belief that a positive trend for coal will start to appear in late 2016, into early 2017 and as outlined earlier in this report, there has been a stabilisation of pricing and a small uplift in certain Coal supply spot pricing.

Wandoan Project (Surat Basin, MDL 420)

A review of this asset is being undertaken around the current geological understanding and next steps, in boarder consideration of the opening of the Surat Basin.

2.0 BUSINESS DEVELOPMENT

The Company continues to field several interested parties around assisting with the review and potential advancement of the Granite Belt project, tenements, however at this early stage we are still seeking confirmation of successful transfer and our first priority will be engagement with the relevant landholders and community.

Following this we will assess the next steps in our advance process of these tenements and advise the market accordingly.

3.0 FINANCE AND COMMERCIAL

Moreton Resources continues to maintain a strong cash position, with total available operating cash at bank of \$1,944 million at the end of the quarter. Including restricted cash, the Company holds a balance of \$2,693 Million.

Net cash outflows of \$485,000 were recorded in the quarter. Outgoings included payments associated with the acquisition of EPM 8854, EPM 11445, EPM 12858 and EPM 18950 (the Granite Belt tenements), commencement of the approvals process for the South Burnett project and associated administration costs.

Next quarter, outside of normal operating costs, we expect payments to be made to finalise the transfer of the Granite Belt tenements. 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

Whilst we continue to advance our South Burnett project, the additional transfer of these Granite Belt tenements, offer the Company the flexibility to pursue both of these prospects, whilst continuing to diligently manage our Bowen Basin and Surat prospects.

The Company continues building momentum and seeks to assess spend, versus our deliverables upon a quarter by quarter basis.

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.