



28 July 2016

## ASX ANNOUNCEMENT

By Electronic Lodgement

### Research and Development Claims Update

The Board of Moreton Resources Limited (MRV) would like to advise that it continues to advance its appeal rights through the Administrative Appeals Tribunal (**AAT**), in regard to the 2012, 2013 and 2014 claims against the former Kingaroy UCG Trail Pilot Plant project.

As such, the mediation date is on the 5 August 2016 and, should the matter not mediate at this point, a full hearing at the Administrative Appeals Tribunal will be undertaken in early 2017. As the market is aware, these matters pertain to the Trial of UCG under the UCG Trial Policy, which was undertaken by the Queensland Government in 2009 by Moreton Resources Limited (formally known as Cougar Energy) and two other participants. However, recently the Queensland Government has moved to ban UCG in the State and therefore this entire program has been ceased by all participants.

This AAT process is the basis for a significant outstanding claim, and the defence of already paid claims put forward by Moreton Resources based upon the former UCG activities. It is important to note that these claims and submissions have been made with the support and guidance of several top tier Accounting Firms, who specialise in R&D activities and support the view that these are valid and reasonable claims.

Whilst disappointing, the ATO has now advised the Company that it is seeking repayment of the 2012 and 2013 claims. This is despite the AAT matter, which has a direct bearing upon this claim for payment by the ATO, being currently in process with the mediation date being only days away.

The following is the makeup of the figures to which the ATO is seeking repayment –

2012 R&D Offset	\$1,003,455.22
2013 R&D Offset	\$7,182,269.41
Total	\$8,185,724.63

Whilst the correspondence received by the ATO is suggesting the Company should make payment prior to the 26<sup>th</sup> of August 2016, or start to incur compounding interest, this claim is based upon the AusIndustry Registration issues which is currently under due process for review, by the Administrative Appeals Tribunal.

Without going into the merits of the claim that Moreton Resources Limited seeks to pursue through the AAT, it is based upon the former UCG Trial, which was approved as a trial project under the QLD UCG Policy of 2009 and was undertaken by three trial participants. The QLD Government moved in 2016 to abandon and legislate against UCG in the State, as it was unable to prove it was a viable and proven alternate energy solution in the State.

As to whether this was a proven commercial activity or a research and development project is at the centre of the claim and will be the basis of the AAT considerations.

The Company will update the market in the coming weeks relating to this latest advice from the ATO.

**Jason Elks**

Chief Executive Officer

Moreton Resources Limited

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