



ABN 75 060 111 784

MORETON RESOURCES LIMITED

ACN 060 111 784

12 January 2018

OFFER MEMORANDUM

For a pro-rata non-renounceable one (1) for ten (10) rights issue of up to approximately 260,288,538 New Shares at an issue price of \$0.012 per New Share, to raise approximately \$3.1 million.

CLOSING DATE: 5.00pm (Sydney time) on Monday, 5 February 2018

IMPORTANT NOTICE

This is an important document and requires immediate attention. It should be read in its entirety. If you do not understand it, or are in doubt as to how to act, you should consult your financial or other professional adviser.

Not for distribution or release in the United States or to, or for the account or benefit of, U.S. persons.



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Corporate Directory

Directors

Mr. Alexander Jason Elks	Executive Chairman
Mr. Anthony Feitelson	Non-Executive Director
Mr. Valeri Melik	Executive Director

Share Registry

Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane, Queensland, 4000
Australia
Telephone: 1300 554 474

Company Secretary

Mr. Lee Horobin

Registered and Principal Office

29 High Street
Texas Queensland 4385
Australia
Telephone: + 61 7 4653 1769

Website

www.moretonresources.com.au

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Important Notices

Reliance on Offer Memorandum

This Offer Memorandum has been prepared by Moreton Resources Limited (**Company** or **Moreton**). It is not a prospectus and has not been lodged with ASIC. It has been prepared in accordance with section 708AA of the Corporations Act, as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73, which relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. The level of disclosure in this Offer Memorandum is therefore considerably less than that required in a prospectus and this Offer Memorandum does not contain all of the information which an investor may require to make an informed investment decision.

In deciding whether or not to accept the Offer, you should rely on your own knowledge of Moreton, disclosures made by Moreton to the ASX (which are available on the ASX website at www.asx.com.au using the Company's code MRV) and the advice of your professional adviser.

Forward looking statements

This Offer Memorandum includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements. These factors include, among other things, the risk factors out in section 6 of this Offer Memorandum and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

No offer outside Australia and New Zealand

No offer is made by this Offer Memorandum in any jurisdiction other than Australia and New Zealand. For the avoidance of doubt, the Offer and the New Shares will not be registered under the U.S. Securities Act and New Shares may not be offered or sold in the United States to, or for the account or benefit of, a U.S. Person (as defined in US Securities Act) nor will Shares be offered to a person outside of Australia and New Zealand.

This Offer to New Zealand investors is an offer made under Australian and New Zealand law. In Australia, this is the Corporations Act 2001 (Cth) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the Offer Memorandum are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Cth) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this Offer, please contact the Financial Markets

Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Memorandum. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Except as required by law, and only to the extent so required, neither Moreton nor any other person warrants the future performance of Moreton or any return on any investment made under the Offer.

To the maximum extent permitted by law, Moreton and its related bodies corporate and their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by Shareholders as a result of participation in the Offer.

Not investment or financial product advice

This Offer Memorandum is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Moreton is not licensed to provide financial product advice in respect of the New Shares.

Investment Risks

There are a number of risk factors that could potentially impact on Moreton and its subsidiaries and associated assets. Please refer to the risks outlined in Section 6 of this Offer Memorandum for further details.

Defined terms

Expressions used in this Offer Memorandum with an upper case initial letter have defined meanings which are set out at the end of this Offer Memorandum.



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Queries

If you have not received a personalised Acceptance Form or have any queries on how to complete the Acceptance Form, please contact the Company on:

- Telephone (within Australia): 07 4653 1769
- Telephone (from outside Australia): +61 7 4653 1769

Key Dates

The indicative timetable for the Rights Issue is as follows:

Event	Business day
Moreton announces the Rights Issue and applies for quotation (Appendix 3B). Offer Memorandum given to ASX. Option holders advised of Rights Issue.	12 January 2018
Moreton sends notice to Shareholders containing the information required by Appendix 3B.	15 January 2018
"Ex" date - the date on which Shares commence trading with the entitlement to participate in the Offer.	16 January 2018
Record Date to identify Shareholders entitled to participate in the Offer.	7.00pm, 17 January 2018
Moreton sends Offer Memorandum and Acceptance Forms to Eligible Shareholders and announces that this has occurred.	22 January 2018
Offer closes at 5 pm. Last time for lodging Acceptance Forms and paying application money.	5 February 2018
New Shares quoted on a deferred settlement basis.	6 February 2018
Moreton notifies ASX of under subscriptions.	8 February 2018
Issue date. Deferred settlement trading ends.	12 February 2018
Normal trading in New Shares expected to commence	13 February 2018

This timetable is indicative only. Subject to the ASX Listing Rules, the Directors reserve the right to vary the dates for the Offer at their discretion. Should this occur, the variation will have a consequential effect on the anticipated date of issue and normal trading of the New Shares.

Chairman's Letter

Dear Shareholder

I am pleased on behalf of Moreton Resources Limited (**Company or Moreton**), to offer to existing shareholders a chance to participate in this pro-rata non-renounceable rights issue at an issue price of \$0.012 (1.2 cents) per New Share, to raise up to approximately \$3.1 million (before costs and expenses). As shareholders would be aware with current trading moving between \$0.016 and \$0.014, this is a discounted range of 25-15% which is the first time in the last four years we have sought to discount our offering, thereby rewarding existing shareholders.

The Rights Issue offers you the right to take up one (1) New Share for every ten (10) Shares you hold as at 7pm (Sydney time) on Wednesday, 17 January 2018 at an issue price of \$0.012 (1.2 cents) per New Share. This Offer is not underwritten and any Entitlements that are not taken up by the Closing Date will lapse unless they are allocated to existing Shareholders whom have chosen to apply for Shares in excess of their Entitlement under the Top Up Facility. Any allocation under the Top Up Facility will be at the Directors' discretion.

The Company intends to utilise most of the funds from this Rights Issue for the following purposes:

- Continue to move the Granite Belt Project into operations;
- Advancement of the "South Burnett Coal Projects" environmental and mining studies; and
- Advancement of Twin Hills Deeps exploration and follow up of multiple copper prospects.

The benefits that are sought to be achieved by the continuation of these objectives are outlined in Moreton's AGM investor presentation lodged with ASX on 27 October 2017, a copy of which is available on the ASX website at www.asx.com.au, using Moreton's code MRV.

The Rights Issue provides you with an opportunity to either sustain or increase your proportionate investment in Moreton, in a market with minimal share turnover. As stated, this is the first time since 2014 that the Company has discounted the issue price of an offer of Shares, and as such is keeping the Offer to current Shareholders only, and will not issue New Shares outside of the existing Shareholder base.

The Offer is non-renounceable and Entitlements will not be traded on ASX or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements they do not take up.

You are encouraged to read this Offer Memorandum and the accompanying Acceptance Form fully. If you have any questions about the Offer, you should consult your stockbroker or other professional adviser.

On behalf of the Directors, I thank you for your ongoing support.

Yours Sincerely

Alexander JASON ELKS
EXECUTIVE CHAIRMAN

Key Questions Regarding The Offer

What is the Offer?	The Offer is an offer to Eligible Shareholders of 1 New Share for every 10 Shares held at a price of \$0.012 (1.2 cents) per New Share.	Section 1.1
Who can participate in the Offer	Only Shareholders with a registered address in Australia or New Zealand at the Record Date may participate.	Section 1.5
What is the issue price?	The price for each New Share is \$0.012 (1.2 cents)	Section 1.1
Do I have to subscribe for my full Entitlement?	No, you can subscribe for all or part of your Entitlement.	Section 1.2
Can I subscribe for more than my Entitlement?	Yes, you can apply for more than your Entitlement by applying for Top Up Shares under the Top Up Facility, however, the allocation of Top Up Shares will be determined by the Directors at their discretion. unallocated.	Sections 1.2 and 4
What are the terms of the New Shares	The New Shares will rank equally with all existing Shares.	Section 1.1
What is the purpose of the Offer?	<p>Proceeds from the Offer will be used to fund the following activities:</p> <p>The final permitting and approvals of the “Granite Belt Project”;</p> <p>The advancement of the “South Burnett Coal Project”;</p> <p>Advancement of Twin Hills Deeps exploration and multiple copper prospects; and</p> <p>Day to day corporate costs.</p>	Section 2.1
Is the Offer underwritten?	No	Section 4

<p>What are the risks associated with applying for New Shares under the Offer?</p>	<p>There are a number of general risks associated with an investment in the share market, including that the price of New Shares may rise or fall.</p> <p>There are also a number of risks specific to Moreton, which may affect the value of New Shares or the operational or financial performance of the Company.</p>	<p>Section 6</p>
<p>What are my options?</p>	<p>You may:</p> <ul style="list-style-type: none"> (a) subscribe for all of your Entitlement; (b) subscribe for all of your Entitlement and apply for Top Up Shares under the Top Up Facility; (c) subscribe for part of your Entitlement and allow the balance of your Entitlement to lapse; or (d) allow all your Entitlement to lapse. 	<p>Sections 1.2 and 4</p>
<p>How do I accept my Entitlement</p>	<p>Eligible Shareholders can accept the Offer by completing and returning an Acceptance Form with the required application monies, or by submitting payment of the application monies through BPAY.</p>	<p>Section 3</p>
<p>Can I sell my Entitlement?</p>	<p>No, the Offer is non-renounceable and Entitlements cannot be traded.</p>	<p>Section 2.4</p>
<p>How can I obtain further information?</p>	<p>You should seek advice from your financial or professional adviser if you are unsure whether to apply for New Shares under the Offer.</p>	

1. DETAILS OF THE OFFER

1.1 The Offer

The Company offers existing Shareholders the opportunity to subscribe for New Shares under a pro-rata non-renounceable Rights Issue. Each Eligible Shareholder is entitled to subscribe for one (1) New Share for every ten (10) Shares held by that Shareholder as at the Record Date at an issue price of \$0.012 (1.2 cents) per New Share.

Shareholders should be aware that the market price of Shares may rise and fall between the date of this Offer Memorandum and the date of issue of the New Shares. Accordingly, the price paid per New Share under the Offer may be either higher or lower than the market price of Shares at the date the New Shares are issued. The highest price for Moreton's Shares on the ASX in the 12 months preceding the date of this Offer Memorandum was \$0.018 and the lowest was \$0.003.

The New Shares will be fully paid and will rank equally in all respects with existing Shares on issue.

Moreton has applied to the ASX for quotation of the New Shares.

If a Shareholder becomes entitled to a fraction of a Share, the entitlement will be rounded down to the nearest whole number.

The Offer is not underwritten.

1.2 What is my Entitlement?

The number of New Shares which you are entitled to subscribe for under the Offer (**Entitlement**) is shown in the accompanying Acceptance Form.

You may:

- a) Subscribe for all of your Entitlement;
- b) Subscribe for all of your Entitlement and apply for Top Up Shares under the Top Up Facility;
- c) Subscribe for part of your Entitlement and allow the balance of your Entitlement to lapse; or
- d) Allow all your Entitlement to lapse.

If you choose not to accept all of your Entitlement under the Offer, your overall shareholding in Moreton will be diluted.

Detailed instructions on how to accept all or part of your Entitlement are set out in section 3. All applications, once received, are irrevocable.

Excluded Shareholders may not take any of the steps described above. Refer to sections 1.5 for information relating to Excluded Shareholders.

1.3 Opening and closing dates

The Offer opens for receipt of acceptances on Monday, 22 January 2018. The Closing Date and time for acceptances and payments is 5:00pm (Sydney time) on Monday, 5 February 2018, subject to any variation of the Closing Date by the Directors in accordance with the ASX Listing Rules.

1.4 Who is entitled to participate in the Offer?

Each Shareholder with a registered address in Australia or New Zealand, who is registered as the holder of Shares at 7pm (Sydney time) on Wednesday, 17 January 2018 is entitled to participate in the Offer in respect of the number of Shares for which that Shareholder is then registered as the holder.

Existing Option holders may only participate in the Offer in respect of the Shares to be issued on exercise of the Options held by them if they exercise their Options prior to the Record Date and are registered as the holder of the underlying Shares on the Record Date.

1.5 Offer not made to Excluded Shareholders

Moreton has decided that it is unreasonable to make the Offer to Shareholders who have a registered address in a country outside of Australia or New Zealand having regard to the number of such Shareholders, the number and value of New Shares that would otherwise be offered to them and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions. The number of Shares held by Shareholders who have registered addresses in countries outside of Australia and New Zealand as at close of trading on 10 January 2018 was 1,902,930.

This Offer Memorandum does not constitute an offer to Excluded Shareholders and the Offer Memorandum will not be sent to Excluded Shareholders.

Shareholders holding Shares on behalf of persons who are residents outside of Australia or New Zealand are responsible for ensuring that subscribing for the New Shares under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Acceptance Form or payment of the issue price by BPAY will constitute a representation that there has been no breach of such regulations.

1.6 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Acceptance Form once it has been submitted or once you have paid the application monies by BPAY.

1.7 Brokerage Fees and Stamp Duty

No brokerage fees are payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Offer.

2. FURTHER INFORMATION IN RELATION TO THE OFFER

2.1 Use of funds raised from the Offer

The total number of New Shares to be issued by the Company will raise funds of \$3,123,239.04 (before offer costs and expenses).

Once the maximum amount is raised, the Company intends to use the funds raised from the Offer as follows:

Use of Proceeds	Amount
Continuation of "Granite Belt Project" permitting process	\$1.5 million
Advancement of the "South Burnett Coal Project" environmental and mining studies	\$0.4 million
Advancement of the Twin Hills Deeps exploration and copper prospects	\$ 1 million
General corporate expenses	\$0.2 million
Total	\$3.1 million

The Company's announcements in relation to these projects and issues are available on the ASX website at www.asx.com.au, using the Company's code MRV.

2.2 Issue of New Shares

Moreton has applied to ASX for quotation of the New Shares being offered pursuant to this Offer Memorandum.

Moreton expects that New Shares will be allotted and issued by no later than Monday 12 February 2018. New Shares will only be issued after permission for their quotation on ASX has been granted.

2.3 No nominee for Excluded Shareholders

No nominee has been appointed for Excluded Shareholders under section 615 of the Corporations Act. As such, Shareholders will not be able to rely on the exception to the takeovers threshold for rights issues in item 10 of section 611 of the Corporations Act.

Mr Tony Feitelson, a non-executive Director of Moreton, currently has voting power of 31% in Moreton. Therefore any increase in his voting power as a result of the Rights Issue will be regulated by the takeovers provisions of the Corporations Act.

Based on the Company's share register as of the date of this Offer Memorandum, no other Shareholder would exceed the 20% voting power threshold under the takeovers provisions of the Corporations Act if they

were to take up their full Entitlement and no other Shareholder participated in the Rights Issue, as a result of this Offer.

2.4 Non-Renounceable Offer

The Offer is non-renounceable. This means that your right to subscribe for New Shares under the Offer is not transferable. Any Entitlements not taken up by Shareholders may be taken up by other Eligible Shareholders by application for Top Up Shares under the Top Up Facility. The issue of Top Up Shares is at the sole discretion of the Directors.

3. HOW TO ACCEPT THE OFFER

3.1 How to take up all or part of your Entitlement

To subscribe for all or part of your Entitlement, please:

- a) complete the accompanying Acceptance Form in respect of the part of your Entitlement you wish to accept according to the instructions on that form; and
- b) forward the completed form together with payment of the appropriate application monies (at 1.2 cents per New Share subscribed for) to the Company's Share Registry in the manner provided in section 3.3 by no later than 5.00pm (Sydney time) on Monday, 5 February 2018.

If you have applied to take up all of your Entitlement in full, you may also apply for Top Up Shares at the issue price of 1.2 cents a Share by completing the relevant section on your Acceptance Form.

Alternatively, if you wish to apply via BPAY, you do not need to return the Acceptance Form, you simply need to make payment in accordance with the instructions on the accompanying Acceptance Form, for the number of New Shares you wish to apply for, multiplied by the issue price of 1.2 cents.

If you apply via BPAY:

- a) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares that are covered in full by your application money; and
- b) if you pay for more than your full Entitlement, you are deemed to have applied for as many Top Up Shares as your excess amount will pay for in full (subject to the discretion of Directors not to allocate Top Up Shares).

Acceptances will not be valid if they are received after the Closing Date.

Please note that all applications, once received, are irrevocable, except as permitted by law.

3.2 Lapse of Entitlement

If you decide to accept only part of your Entitlement, the balance of your Entitlement will lapse. If you fail to accept your Entitlement by the Closing Date, your Entitlement will lapse. If you do not accept your Entitlement in full your Shareholding interest in Moreton will be diluted.

3.3 Payment

Payment must be made with your acceptance by 5.00pm (Sydney time) on Monday, 5 February 2018, or such later date as the Directors advise, and must be in Australian currency and made by:

- a) cheque drawn on and payable at any Australian bank;
- b) bank draft drawn on and payable at any Australian bank;
- c) money order drawn in Australian currency; or
- d) BPAY.

Your Acceptance Form, together with your cheque or a bank draft or money order for the appropriate application monies (at 1.2 cents per New Share subscribed for) must be sent to Moreton's Share Registry, Link Market Services Limited, at:

By Post:

Moreton Resources Non-Renounceable Rights Issues

c/- Link Market Services Limited

GPO Box 3560

Sydney, NSW 2001 Australia

so that they reach the registry by no later than 5.00pm (Sydney time) on Monday, 5 February 2018, or such later date as the Directors advise.

Alternatively, if you wish to pay by BPAY, you do not need to return the Acceptance Form, you simply need to follow the instructions on the Acceptance Form. Different financial institutions may implement earlier cut off times with regards to electronic payment, so please take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by the Closing Date.

Acceptances will not be valid if they are received after the Closing Date.

Your cheque, money order or bank draft must be made payable to 'Moreton Resources Limited Rights Issue' and crossed 'Not Negotiable'. Cash payments will not be accepted and receipts for payment will not be provided.

You should ensure that sufficient funds are held in relevant account(s) to cover the application monies. If the amount of your cheque is insufficient to pay in full for the number of New Shares (and Top Up Shares, if applicable) you have applied for in your Acceptance Form, you will be taken to have applied for such lower number of whole New Shares (and Top Up Shares, if applicable) as your cleared application monies will pay for (and to have specified that number of New Shares (and Top Up Shares, if applicable) on your Acceptance Form). Alternatively, your application will not be accepted.

3.4 Effect of making Application

By returning an Acceptance Form or otherwise arranging for payment for your New Shares through BPAY in accordance with the instructions on the Acceptance Form, you will be deemed to have:

- (a) represented that you are a Shareholder;
- (b) acknowledged that you have fully read and understood both this Offer Memorandum and the Acceptance Form in their entirety, you have acted in accordance with the terms of the Offer detailed in this Offer Memorandum and you agree to all of the terms and conditions as detailed in this Offer Memorandum and the Acceptance Form;
- (c) agreed to be bound by the terms of Company's constitution;
- (d) authorised the Company to register you as the holder of the New Shares allotted to you;
- (e) declared that all of the details and statements in the Acceptance Form are complete and accurate;
- (f) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Acceptance Form;
- (g) acknowledged that once the Company receives your Acceptance Form or any payment of application monies via BPAY you may not withdraw your application except as allowed by law;
- (h) agreed to apply for and be issued up to the number of New Shares specified in the Acceptance Form, or for which you have submitted payment of any application monies via BPAY, at the issue price of \$0.012 per New Share;
- (i) authorised the Company, its Share Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Acceptance Form;
- (j) declared that you were a registered holder(s) at the Record Date of the Shares indicated in the Acceptance Form as being held by you on the Record Date;
- (k) represented and warranted that you are a resident of Australia or New Zealand;
- (l) acknowledged that the information contained in this Offer Memorandum and your Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (m) acknowledged that this Offer Memorandum is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (n) acknowledged that investments in the Company are subject to risk, including the risks outlined in section 6;
- (o) acknowledged that none of the Company or its related bodies corporate or directors, officers, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (p) agreed to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date;
- (q) authorised the Company to correct any errors in your Acceptance Form or other form provided by you;
- (r) represented and warranted that the law of any place does not prohibit you from being given this Offer Memorandum and the Acceptance Form, nor does it prohibit you from making an application for New Shares;
- (s) represented and warranted that if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Acceptance Form is resident in Australia or New Zealand, and you have not sent this Offer Memorandum, the Acceptance Form or any information relating to the Offer to any person who is not a resident of Australia and New Zealand; and

- (t) acknowledged that New Shares have not been, and will not be, registered under the U.S. Securities Act and that New Shares may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. Person (as defined in the U.S. Securities Act) nor will Shares be offered to any person outside of Australia and New Zealand.

4 TOP UP FACILITY

The Offer is not underwritten.

Any New Shares not subscribed for by the Closing Date will be available for subscription as Top Up Shares.

Eligible Shareholders who subscribe for their full Entitlement to New Shares are eligible to apply for Top Up Shares, although there is no guarantee they will receive the amount of Top Up Shares applied for, if any.

The Directors will allot and issue Top Up Shares at their discretion.

5. EFFECT OF THE OFFER

5.1 Effect on capital structure

The capital structure of the Company as at the date of this Offer Memorandum is summarised below:

Securities	Number	Vesting date	Exercise Price
Shares	2,602,885,381	-	-
Options	20,189,062	30/12/18	0.012 cents
	20,189,062	30/12/19	0.016 cents
Total Options	40,378,124		

There are no Options that may be exercised prior to the Record Date.

Following the full subscription without taking into account the impact of rounding down, the capital structure following completion of the Offer (assuming the maximum number of New Shares is issued) will be as shown in the table above, however, the number of Shares on issue will increase by 260,288,538 Shares from 2,602,885,381 to 2,863,173,919 Shares.

5.2 Effect on balance sheet

The effect of the Rights Issue upon the balance sheet will be the Company will raise approximately \$3.1 million.

Post costs, fees and charges of the Rights Issue, it is expected the Company will have approx. \$3.1 Million from this raise additional to funds available at today's date, which are at the time of the offer approx. \$0.5 Million at bank, with approx.\$0.9 Million outstanding in receivables.

6. RISKS

6.1 General

The New Shares should be considered speculative because of the nature of the Company's business. There are numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated.

Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which New Shares will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. The summary is not exhaustive and potential investors should examine the contents of this Offer Memorandum and the Company's previous announcements and reports and consult their professional advisors before deciding whether to take up New Shares under the Offer.

6.2 Company's Projects

The Company's projects may be affected by various factors, including failure to receive appropriate approvals, failure to achieve predicted operational outcomes if operations commence, operational and technical difficulties encountered in production, difficulties in maintaining government or regulatory approvals, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, adverse weather conditions, industrial and environmental accidents, force majeure events by suppliers, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, commodities, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful development and/or production of its projects.

6.3 Resources and Reserves

Estimates of reserves and resources are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may change significantly when new information or techniques become available. In addition, by their nature, reserves and resources estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change.

This may result in alterations to development plans, which may, in turn, either benefit or adversely affect the Company's potential operations, financial position, viability and Share price.

6.4 Metals and Coal price volatility and exchange rate

If the Company achieves success in commissioning a mining operation (which may not occur), the revenue it may derive through the sale of metals or coal exposes the potential income of the Company to commodity price risks. Commodities fluctuate and are affected by many factors beyond the control of the Company.

Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, material levels of current and near-term expenditures are or will be incurred in United States dollars while the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

6.5 Litigation risks

The Company is exposed to possible litigation risks including, without limitation, title claims, tenure disputes, environmental claims, occupational health and safety claims and employee and other industrial claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation.

Any such claim or dispute if proven, may impact adversely on the Company's operations, viability, financial performance and financial position. The Company through its Annual Report has highlighted 2 potential disputes of a contractual nature whereby claims have been made and the Company has put forward or is in the process of putting forward counter claims. We also have fully disclosed the AusIndustry and ATO matters.

6.6 General Economic Climate

Factors such as inflation, currency fluctuation, interest rates, government legislation or intervention, levels of taxation, industrial disruption, natural disasters, social upheaval or war in Australia or elsewhere and supply and demand have an impact on operating costs, commodity prices, revenues and stock market prices and returns to shareholders. The Company's future revenues and the market price for its listed securities may be affected by these factors, as well as by fluctuations in the price of coal or metals, which are beyond the Company's control.

6.7 Political and Regulatory

The possibility exists that new legislation and/or new regulations may be adopted that adversely affect the Company's current and proposed operations or cost structure.

6.8 Key Management

The Company is dependent on a skilled team to undertake the business of the Company. The current board and management team have specialist skills and the Company may be adversely affected if any of the Directors or management team leave the Company, as the Company may find it difficult to secure suitable replacements within a reasonable period of time or at all. Further, the Company may incur additional expenses to recruit, train and retain personnel should they be available.

Consequently, the production and development programs and the management of the Company could be affected by the lack of suitable Directors, managers, employees or staff.

6.9 Tenure

The tenements held by the Company are subject to periodic renewal. There are no guarantees that those tenements or interests will be renewed or that the Company will be granted further or additional rights or tenements required for the conduct of operations. If a tenement is not renewed for any reason, the Company may suffer significant damage through the loss of the opportunity to develop that tenement.

6.10 Tax issues

There may be tax implications arising from the acquisition of New Shares and any subsequent disposal of New Shares. Tax liabilities are the responsibility of individual investors and all investors should carefully consider

the tax implications and obtain advice from a qualified professional advisor if required. The Company will not be responsible for any tax or related penalties.

6.11 Share market Conditions

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and mining stocks in particular.

6.12 Environmental Risks

The operations and proposed activities of the Company are subject to both Australian Federal and State laws and regulations concerning the environment. As with most development or production operations, the Company's activities are expected to have an impact on the environment, particularly if advanced development or production proceeds.

It is the Company's practice to conduct its activities to the highest environmental standards, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities such as accidental harm, or other unforeseen circumstances, which could subject the Company to extensive liability.

6.13 Unforeseen Expenditure

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the financial position of the Company.

6.14 Access to future funding

The Company's projects are early stage and will require additional drilling, evaluation and feasibility study work before development. There can be no assurance that the Company will be able to obtain the funds necessary to complete that work or develop its projects.

7. ADDITIONAL INFORMATION

7.1 Continuous Disclosure

Moreton is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations including an obligation under the ASX Listing Rules (subject to certain exceptions) to disclose to ASX any information of which it is or becomes aware concerning Moreton and which a reasonable person would expect to have a material effect on the price or value of Shares. All such disclosures are available at www.asx.com.au under Moreton's code 'MRV'. You have the opportunity to access any information about Moreton that has been disclosed to ASX.

7.2 Directors Discretion

The Directors may make determinations in any manner they think fit in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Offer whether generally or in relation to any Shareholder. Any determinations by the Board will be conclusive and binding on all Shareholders and other persons to whom the determination relates.

The Directors reserve the right, at their discretion, to vary, suspend or cancel the Offer at any time, subject to the Corporations Act and the Listing Rules. Any variation, suspension or cancellation will be binding on

Shareholders. If the Offer is cancelled, any application monies received by Moreton Resources Limited will be refunded in accordance with the Corporations Act, without interest, as soon as reasonably practicable after the cancellation.

7.3 Governing law

This Offer Memorandum, the Offer and the contracts formed on acceptance of valid applications to subscribe for New Shares pursuant to the Offer, are governed by the law of Queensland, Australia. Each Shareholder who has applied to subscribe for New Shares in accordance with this Offer Memorandum submits to the exclusive jurisdiction of the courts of Queensland, Australia.

8. DEFINED TERMS

This Offer Memorandum relies upon the following defined terms, when interpreting and reading this document:

Acceptance Form	The personalised form accompanying this Offer Memorandum
ASIC	Australian Securities and Investment Commission
ASX	ASX Limited or the stock market conducted by it, as the context requires
ASX Listing Rules	The official listing rules of the ASX
Business Day	Has the same meaning as in ASX Listing Rules
Closing Date	5.00pm (Sydney time), Monday, 5 February 2018
Company or Moreton	Moreton Resources Limited ACN 060 111 784
Corporations Act	Corporations Act 2001 (Cth)
Directors	Directors of Moreton Resources Limited
Eligible Shareholder	A Shareholder who is entitled to participate in the Offer, as determined in accordance with section 1.4
Entitlement	1 New Share for every 10 Shares held upon the Record Date
Excluded Shareholder	A Shareholder with a registered address outside Australia and New Zealand
New Shares	Shares issues pursuant to this Offer Memorandum
Offer	The offer of New Shares
Offer Memorandum	This document dated 12 January 2018
Offer Period	The period for which the Offer remains open
Option	An option to subscribe for a Share
Record Date	7pm (Sydney time), Wednesday, 17 January 2018
Rights Issue	The issue of New Shares pursuant to the Entitlement



ABN 75 060 111 784

Share	A fully paid ordinary share in the capital of Moreton
Share Registry	Link Market Services Limited
Shareholder	A registered holder of Shares
Top Up Facility	The facility described in section 4 under which Eligible Shareholders may apply for Top Up Shares in excess of their Entitlement
Top Up Shares	New Shares available for subscription under the Top Up Facility

References to currency in this Offer Memorandum are to the lawful currency of the Commonwealth of Australia.

- **END** -