



29 January 2015

ASX ANNOUNCEMENT

Via Electronic Lodgement

Quarterly Activities Report – December 2014

Please find attached the Quarterly Activities Report and Appendix 5B for Moreton Resources Ltd (ASX: MRV), period ended 31 December 2014.

-ENDS-

For and on behalf of the Board

Jason Elks

Chief Executive Officer



Quarterly Report

31 December 2014

MORETON RESOURCES

Creating Value from Carbon Materials and Energy

QUARTERLY SUMMARY

Moreton Resources has continued to make solid progress in advancing its key projects and corporate initiatives during the December quarter.

The highlights of the quarter were as follows:

- The Mining Licence for the Kingaroy thermal coal project in the Tarong Basin was extended by the State Government for five years to 2019, enabling the company to proceed with planning and evaluation, for development of a conventional coal mine.
- Decommissioning, dismantling and removal of the discontinued aboveground UCG Plant at Kingaroy was completed in accordance with community commitments made by the Board and management.
- The State Government has granted Moreton Resources a five year mining licence covering the Mackenzie PCI coal project in the Bowen Basin
- Exploration and resource drilling at the Mackenzie project continued during the quarter
- Amended tax return lodged for 2012, providing potential modest R&D refund
- The Company completed the quarter with a cash balance on hand and at bank of \$5.3 million

Kingaroy Project (Tarong Basin, MDL 385)

Mining Licence Renewed

The Company achieved an important milestone in December, when the Queensland Department of Natural Resources and Mines renewed Moreton Resources' mining licence covering the Kingaroy project until 2019.

The renewal provides the Company with secure tenure and enables continued assessment and planning to proceed towards development of a conventional thermal coal project at the site.

The renewal of the mining lease follows the increase in the JORC resource at the project from 73 million tonnes to 221 million tonnes in the September quarter, which included 205 million tonnes in Measured and Indicated Resources.

Kingaroy MDL 385		
Resource Category	2014 (MT)	2008 (MT)
Measured	122.3	
Indicated	82.5	28
Inferred	16.4	45
Total	221.2	73

A Mine Concept Study, completed by an independent mine planning consultant, has concluded that the resource was sufficient to sustain a 30 plus year mine life, at an average production rate of 5MT per annum.

The Company is now seeking to advance further discussions with interested parties to explore options for economic development of the project.

Kingaroy UCG Project Rehabilitation

The Company has completed decommissioning and dismantling of above-ground plant and equipment at the discontinued underground coal gasification project at Kingaroy, in accordance with commitments given to the Kingaroy community. Consultation with local landowners is continuing regarding rehabilitation of wells which may alternatively be utilised as water bores for agricultural purposes and land enhancement, rather than be capped.

A below ground rehabilitation plan is being finalised with the Queensland Department of Environment and Heritage.

Moreton Resources, under the new Board and Management, has abandoned any plans to proceed with the underground coal gasification project pursued previously at Kingaroy, and instead is working diligently to advance a conventional thermal coal mine at the site.

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

The Queensland Department of Natural Resources and Mines has granted the Company a mining licence (MDL503) for the MacKenzie project for a five year term until October 2019.

This is a significant step forward for the project, providing security of title and enabling planning to progress for future development. Mackenzie is located approximately 25 km northeast of Blackwater in Central Queensland's Bowen Basin, between the current operating mines of Yarrabee to the northeast, Jellinbah to the southwest, and Mackenzie South to the northwest.

Drilling program progressing

A \$1 million drilling and geophysical program is progressing at Mackenzie aimed at increasing the current resource early in 2015. HDR has been retained to manage and co-ordinate the 16 hole campaign, with six of the holes completed at the end of December.

High rainfall has slowed progress during December/January, and whilst drilling is expected to be complete in this quarter, full results may not be available to the market until the next quarter.

The Mackenzie PCI project has a total JORC compliant resource of 201 Mt in inferred resources, with the drilling program aimed at increasing the overall size of the resource and converting 50% of the inferred resource to indicated category.

Research and Development Refund

An amendment to the Company's 2012 tax return was lodged during the quarter, which is expected to provide for a further modest refund under the Australian Government's Research and Development Tax Incentive Scheme. Assessment of the claim is expected to be finalised during the current quarter. The company is continuing to reassess potential entitlements from earlier years and is also preparing its 2014 claim.

MRV received a \$7.18 million Research and Development refund from the ATO in May, 2014.

Business Development

The Company continues to actively assess a number of acquisition opportunities in the Australian marketplace. While conditions in the junior mining sector remain testing, this is generating a number of potentially attractive investment options for Moreton Resources, particularly in precious metals and minerals.

The Company is continuing to apply a disciplined and rigorous approach focused on utilising our cash resources to acquire a project that delivers reasonable proximity to cash flow, manageable capital costs and minimal development risk.

1.0 FINANCE and COMMERCIAL

We continue to maintain a strong cash position, with total cash at bank of \$5.3 million at the end of the quarter.

Net cash outflows of \$623,000 were recorded in the three months to December, including \$112,000 in payments associated with progressing the Kingaroy and Mackenzie tenements, \$44,000 to progress the rehabilitation of the Kingaroy UCG activities and \$47,000 of interest received on cash deposits. Excluding these items, the underlying administration spend was \$502,000. Administration spend was above last quarters spend due to costs (\$65,000) associated with closing out legacy issues from 2013.

During the current quarter administrative expenses are expected to remain steady in real terms and approximately \$750,000 is forecast to be spent in finalising the MacKenzie exploration program.

2.0 TENEMENTS

Statement of Tenement Status

Tenement	Status	Region	Name	Equity Interest (%) *	
				30 Sept '14	31 Dec '14
EPC 1445	Granted	Bowen Basin	MacKenzie	100	100
MDL 503	Granted	Bowen Basin	MacKenzie	100	100
MDL 420	Granted	Surat Basin	Wandoan	100	100
MDL 385	Granted	Tarong Basin	Kingaroy	100	100

* MDL420 is 99% owned by Moreton Resources Ltd parent company and 1% owned by a fully owned subsidiary of the parent company.

3.0 COMPANY OUTLOOK

The Company has continued to make solid progress over the December quarter, with the granting and renewal of mining licences being important steps in the future development of our projects.

We remain confident in the potential of our existing assets, and are working diligently to advance them towards development. Meanwhile, management and the Board are increasingly optimistic about the potential to take advantage of the Company's cash reserves to acquire a new project that meets our investment criteria and can generate strong returns for our shareholders in future years. I look forward to updating you on our progress during the course of 2015.

Jason Elks
Chief Executive Officer

COMPETENT PERSON STATEMENT: The information in this report that relates to MDL385 and MDL503 is extracted from the ASX announcement entitled JORC Update for Kingaroy MDL385 – reissued on 8 August 2014 and the ASX announcement entitled Mackenzie PCI Coal Maiden Resource Statement issued on 17 July 2013 respectively. These announcements contained 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Moreton Resources Ltd

ABN

75 060 111 784

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation(i) (b) development (c) production (d) administration	(112) - - (505)	(348) - - (988)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	47	87
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) (ii)	(53)	(336)
Net Operating Cash Flows	(623)	(1,585)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (20)	- - (67)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - 38
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(20)	(29)
1.13 Total operating and investing cash flows (carried forward)	(643)	(1,614)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(643)	(1,614)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(643)	(1,614)
1.20	Cash at beginning of quarter/year to date	6,666	7,637
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6,023	6,023

(i) Exploration and evaluation expenditure in the quarter relates primarily to the drilling program being carried out at the Mackenzie tenement.

(ii) Other payment in the December quarter include \$44k to progress the rehabilitation of the Kingaroy UCG activities. YTD other payments also includes \$292k related to remittances to shareholders for their unmarketable parcels (holdings of less than \$500) transaction in quarter 4 2014.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	(131)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries for Managing Director and Chairman of the Board. Standard monthly contract payment for other Non Executive Directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation (i)	(750)
4.2 Development	-
4.3 Production	-
4.4 Administration	(450)
Total	(1,200)

- (i) Exploration and evaluation includes the cost of completing the current exploration drill program at Mackenzie.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,273	5,917
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (restricted cash) (i)	749	749
Total: cash at end of quarter (item 1.22)	6,023	6,666

- (i) Other comprises the Bank Term Deposits being held as guarantee for various environmental and rehabilitation bonds at the Companies exploration tenements.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	See Quarterly Activities Report		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	See Quarterly Activities Report		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	Nil	Nil	
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	
7.3	+Ordinary securities	1,829,167,072	1,829,167,072	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-
7.5	+Convertible debt securities (description)	-	-	-

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

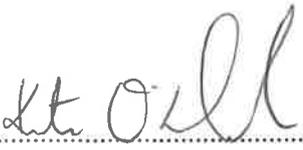
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)	39,381,500	Nil	Exercise price \$0.002	Expiry date 30 December 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter (i)	39,381,500	Nil	\$0.002	30 December 2014
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

- (i) Options previously issued to Board Members lapsed on 30 December 2014 as the performance hurdle was not met.

Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


 (Director/Company secretary)

Date: 29/1/15

Print name:

Kate O'Donohue

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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