



Quarterly Report

31 December 2019

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MORETON RESOURCES LTD

Work Safe, Home Safe, MRV SAFE

The Board of Moreton Resources Ltd (“Moreton” or “the Company”) is pleased to release the December 2019 quarterly report, with positive progress on two significant legal cases and continued work to restructure the Company’s debt.

Moreton’s immediate focus continues on resolving the two significant legal cases. The Company expects a favourable outcome in both matters, which in turn will free up capital and allow for the re-starting of its Granite Belt Project silver mining and processing operations and separately, on extracting value from the Coal projects held by the Company.

HIGHLIGHTS

Corporate

- The Company’s Board has been strengthened during the quarter with the appointment of Mr. Wayne Penning. Mr Penning is a corporate and commercial lawyer with extensive capitals markets experience in the energy and resources sectors. Combined with his legal background, he will provide significant value to the Company.
- The Company’s existing Board of Mr. Brett Garland, Mr. Phillip Bryant and Mr. Tristan Garthe were re-elected at the Company’s Annual General Meeting with over 98% of votes cast being in favour of each of their election.

Production

- 13,177 troy ounces of silver produced, with half year sales totalling 32,582 troy ounces.

Financial

- The Company continued to progress towards a favourable resolution of the R&D matter with Innovation and Science Australia. With the Full Federal Court ruling in favour of the Company, an Administrative Appeals Tribunal hearing scheduled for mid-February 2020 is expected to confirm the Company is eligible to receive Research and Development Incentive tax offsets from Innovation and Science Australia.
- The Company also continued to progress a favourable resolution of the dispute with the Queensland Department of Environment & Science (“DES”) with Land Court of Queensland hearings held during the December 2019 quarter. The Company expects a reduction of Financial Assurance deposits held by DES in the March 2019 quarter.
- The Company has been working with its existing funders to restructure the Company’s debts. In addition, it successfully gained additional financing support from significant shareholder, Mr. Tony Feitelson and associated parties to assist the advancement of the Company’s Projects, with a focus on recommencing operations at the Granite Belt Silver Project in 2020.

Projects

- As a result of the focus on the resolution of the Court cases, the Company has temporarily suspended mining and processing operations at the Granite Belt Silver Project, having successfully continued extracting silver concentrate during the December 2019 quarter.

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However, the Project remains ready for immediate recommencement once sufficient funding is obtained.

1.0 TENEMENTS and PROJECTS

Statement of Tenement Status (As at 31 December 2019)

Tenement	Status	Region	Name	Equity Interest (%) *		Sub Company
				30 September	31 December 2019	
Exploration Tenements						
EPC 1445	Granted	Bowen Basin	Mackenzie Project	100	100	MRV Bowen Basin Coal
EPC 882	Granted	Tarong Basin	South Burnett Project	100	100	MRV Tarong Basin Coal
EPM8854	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM11455	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM12858	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM18950	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
EPM26275	Granted	Texas Region	Granite Belt Project	100	100	MRV Metals
Mining Development Leases						
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
Mining Lease Applications						
MLA700015	Under Application	South Burnett	South Burnett Coal Project	0	0	MRV Tarong Basin Coal
MLA100106	Granted	Texas Region	Granite Belt Project	0	100	MRV Metals

Statement of Tenement Status (As at 31 December 2019)* All assets are fully owned by subsidiary Companies; however, each is 100% wholly owned by the parent Company of Moreton Resources Limited.

1.2 OPERATIONAL COMMENTS

Granite Belt Project (MRV Metals: EPM8854, EPM11455, EPM12858, EPM18950, EPM26275, ML100106)

During the previous quarter, the Company's wholly owned subsidiary, MRV Metals Pty Ltd ("MRV Metals"), focused on the production of Silver concentrate from the existing heap leach areas known as heap leach 4. lower, and by so doing improving processing conditions that have led to much improved silver concentrate recoveries.

Total ore currently stacked ready for irrigation is approximately 550,000 tonnes. There is a further 1,000,000 tonnes of existing Ore that is planned to be restacked and PH corrected to allow for further leaching operations, a result of a significant step change in leaching operations and silver concentrate production.

The Company looks forward to a resolution with the Department of Environment and Science ("DES") regarding financial assurance (equivalent to a cash bond) requirements currently applied to the Texas silver operations.

This project will continue to be the Company's primary focus in 2020.

South Burnett Project (Tarong Basin Coal: MDL 385, EPC 882)

Moreton Resources continued further reviews of all recent reports and studies into the South Burnett Coal project and continues to review and refine the projects ongoing exploration and study works program. As a result of this work, The Company is also updating a JORC Resource study and mine optimisation study for the project and expects to announce to the market updated results in the coming months. The Company is also working with the Department of Natural Resources & Mines on what are the next appropriate steps in relation to the Mining Lease Application process.

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

The Company continues to define the project and investigate synergistic opportunities with coal mining neighbours and instigate discussions with third parties who have expressed an interest in the project. Moreton Resources will keep the market informed as developments evolve.

Wandoan Project (Surat Basin Coal: MDL 420)

The Company continued to work on its initial advice statement for this project pertaining to an EIS, and as such will seek to include coal resources in combination with the incidental gas resources. The Company has received legal advice that suggests recent changes in legislation allow the Company to consider incidental or fugitive gas emissions as an asset in addition to coal resources.

2.0 BUSINESS DEVELOPMENT

Strategic Review

As a result of continued interest in the Company's assets further internal deliberations and discussion upon next steps are ongoing.

3.0 COMPANY OUTLOOK

Moreton's focus for the March 2020 quarter is to:

- Finalise matters with Innovation and Science Australia and DES.
- Focus on overhead cost reduction to preserve capital.
- Restructure debt to provide liquidity and minimise financing costs.
- Recommence silver production and operations at the Granite Belt Metals project.
- Continue to progress the possible sale or joint venture of the Company's coal projects.
- Progress the Bowen Basin, Surat Basin and Tarong Basin Coal Projects to increase value.

4.0 STATUTORY INFORMATION

Issued Capital

As at 31 December 2019, Moreton had 3,129,818,153 fully paid ordinary shares on issue.

Directors

Non-Executive Chairman
Brett Garland

Non-Executive Director
Tristan Garthe

Non-Executive Director
Wayne Penning

Executive Director
Phillip Bryant

Subsidiary Companies

MRV Metals Pty Ltd
MRV Tarong Basin Coal Pty Ltd
MRV Bowen Basin Coal Pty Ltd
MRV Surat Basin Coal Pty Ltd

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