29 August 2017

ASX ANNOUNCEMENT

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RELEASE OF COMPANY FINANCIALS AND ANNUAL REPORT

The Board of Moreton Resources Limited is pleased to release to market our fully audited 2017 Financial Year Results and Annual Report.

End

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Jason Elks
Executive Chairman
Moreton Resources Limited

Moreton Resources

2017 ANNUAL REPORT

For the Year ended
30 June 2017

MRV Metals

MRV Tarong Basin Coal

MRV Bowen Basin Coal

MRV Surat Basin Coal

CORPORATE DIRECTORY

Directors

Mr. Alexander Jason Elks	Executive Chairman and CEO
Mr. Tony Feitelson	Non-Executive Director
Mr. Valeri Melik-Babakhanov	Non-Executive Director

Share Registry

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Telephone: 1300 554 474

Registered Office

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(Formerly Hayes Knight Audit
(QLD Pty Ltd)
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Principal Office

Same as registered office

Tax Lawyers

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Website

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Solicitors

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Irish Bentleys
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VISION AND VALUES

To establish Moreton Resources Limited as an environmentally friendly, community based, low cost commodity producer within the Australian Mining Sector.

Core Values & Beliefs

- An uncompromised commitment to safety and the environment
- Through our actions, positively contribute to the communities in which we operate
- Treat all with Fairness and Respect
- Act with Honesty and Integrity in all our dealings
- Deliver through Team Work
- Committed to being a Results Focused Organization
- We acknowledge our history, and the history of the traditional owners, regions, communities and cultures to which we seek to coexist with.

SUSTAINABLE DEVELOPMENT

The Moreton Resources Limited Group will operate our business in a sustainable manner which means to earn and maintain the right to operate, we will be a contributor to the social wellbeing and economic development in our host communities; an employer of choice for our people; a steward of the environment and a trustworthy business partner, in ways that extend beyond the life of our Assets.

These principles ensure we can create value for our shareholders

- Belief that our people will not only contribute to the communities in which we operate, but be a part of those communities;
- We will seek to grow our business and opportunities, hand in hand with the community's and land holders, to whom we do business with;
- We will seek to not only restore the environment to pre-mining conditions but to enhance the environmental outcomes post mining;
- We will seek to ensure growth, prosperity and advancement of not only our operations, but the communities, environments and regions to which we operate; and
- We believe in the coexistence of mining, communities, agriculture and the environment.

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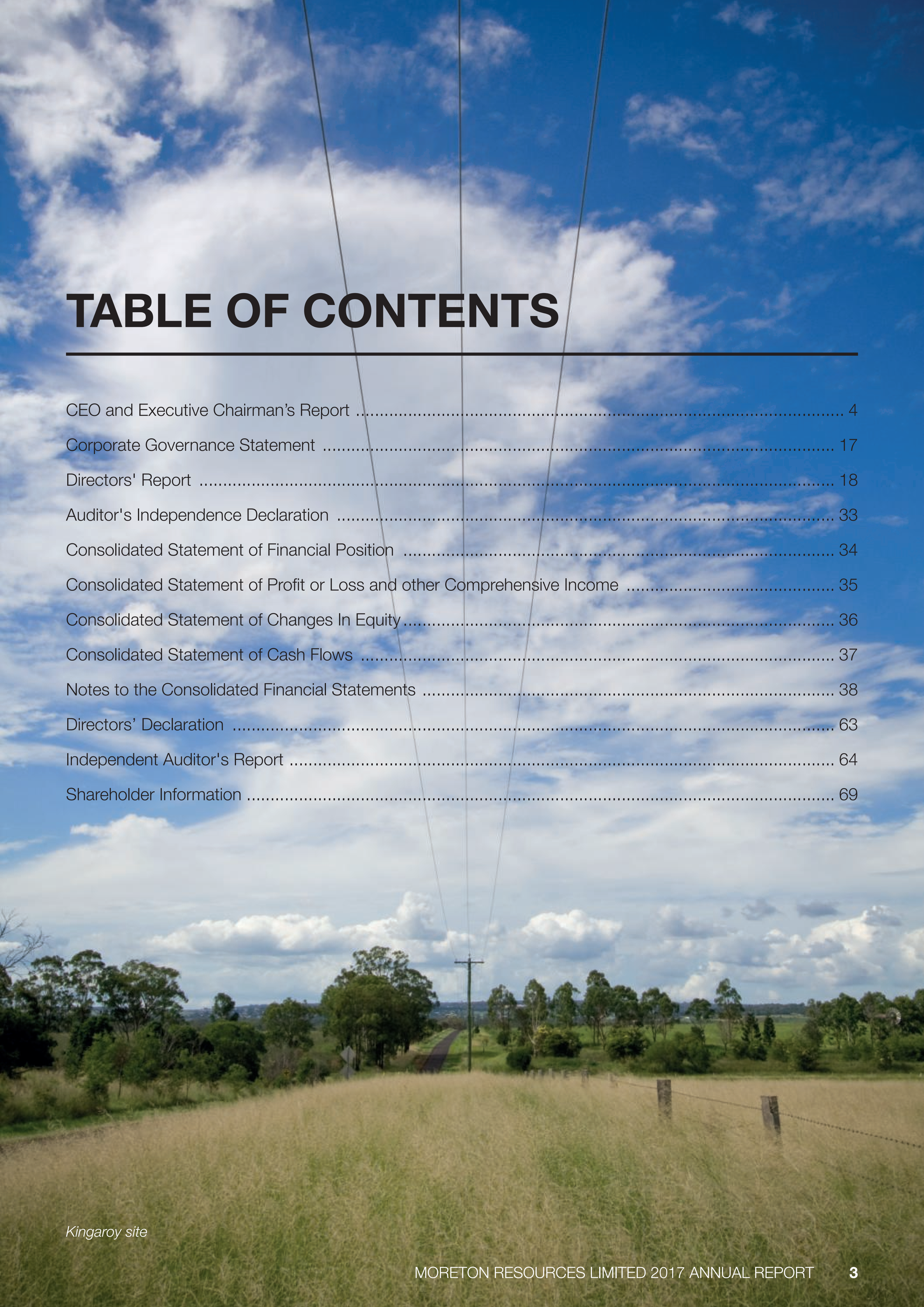


Kingaroy site

CEO and Executive Chairman Report

The 2017 Financial Year has certainly been one of rapid change and delivery, upon our strategy which continues to evolve by achieving and closing out our prior commitments. Within the year we sought greater alignment of our objectives and deliverables from the board down, and hence this has seen a reconfiguration of the board which brought about my appointment to Executive Chairman of the Company. A role I am grateful to hold, however equally a role which I believe is interim until we have the breadth and depth within the board and the business, to allow a genuine separation of roles and accountabilities. This will allow for a greater level of corporate governance and diligence as we grow the Company, however currently we hold the day to day within close sight, as we build the future of Moreton Resources Limited which includes my operational management input in our subsidiary Companies.

This annual report will certainly focus upon and celebrate the considerable achievements against our ambitions, which are primarily focused upon the MRV Metals business and the MRV Tarong Basin Coal business. Our MRV Surat Basin Coal business and MRV Bowen Basin Coal business are still an important part of our development pipeline which has been further reinforced with the recent announcement of one of the major Coal players, being granted mining tenure in the Surat Basin, which may lead to the Surat Coal Basin being a viable Coal precent in the near future.

There is no doubt the last few years, have been hard for the industry and in the main, across the junior sector we see most have consolidated their position, awaiting stronger support for the industry. However, as you are aware within the Moreton Resources Limited group, we have bucked this trend and have moved two significant projects rapidly ahead in very trying times. This momentum supported by strong and credible financial backing from our shareholders, has seen remarkable results in the 2017 Financial Year as we move into operator status.

However, whilst things have evolved rapidly and we have advanced significantly to be moving into mining, we are continuing to transform and grow, being the strongest we have been since the Companies inception approx. 25 years ago. A complement of over 20 staff and looking to rapidly grow in a controlled manner to meet our mantra, of a lean but focused operator, who operates at the lower end of the cost curve.

As a Company, we strive to:

- Focus on safety, the environment, and work well beyond what we are required to do, delivering upon what we promise and expect, as a value driven organization.
- Engage with our stakeholder base and communities, taking the time to consult, listen, consider and advance, whilst seeking a genuine positive outcome, for each community in which we operate.
- Look to minimize our expenditure, taking the time to determine the best possible optimal use of funds and effort, thereby ensuring when we act, we have the best possible chance of success and sustainability, for the Company's future.

Under that auspice, we have fulfilled our intent of seeking out a near term cash producing prospect, which is now moving into operations with imminent silver sales. We have significant advance potential within the Granite Belt Exploration Project and within the Granite Belt Project itself, which we believe has the potential for at least another three prospective resources, that in our view may support a polymetallic processing operation. All of this, enables our advancement of the South Burnett Coal Project which we hope to fully commission in 2020. If we can achieve this, it would be a remarkable achievement for any transforming explorer to producer.

However, as we have openly said time and time again, there is a desire and likelihood that the board would like to continue to grow the Metals business with additional acquisitions beyond the South East Queensland focus, which is supported by the Corporate Office in Texas Queensland, and will remain the case should we acquire further assets from other regions throughout the East Coast of Australia as our primary focus.

We do seek to keep our shareholders well informed whilst celebrating what we have done, as opposed to what we would like to do, so on that note I am proud of the fact we have delivered upon our year on year promises, and our strategy to rapidly grow the business in the 3-5 year outlook. This is all well in train and something I have a high level of confidence in achieving on behalf of the shareholders of Moreton Resources Limited. It is equally important to note the contributions of my fellow Directors, Mr Tony Feitelson and Mr Valeri Melik who have been significant enablers of our agile and responsive evolution of recent times.

At an operational level, our key outcomes for the Company in the last 12 months have been:

- A continuation of Nil injuries, accidents, incidents on a Safety and Environmental front across the organisation including the ramp up of our operational Assets.
- Submitted a Mining Lease application (lodged in July of 2016), only one month after the formal acquisition of the tenements all the way through to approval decisions in approx. 13 Months for our Granite Belt Project.
- The continuation of significant community and stakeholder engagement to advance our social licence to operate through transparent and open dialogue and dealings, which has placed us in solid standing within the Southern Downs area of Queensland and we also continue to have solid support from the South Burnett and Wide Bay regions for our next significant set of approvals.
- Continued negotiations which led to referral to arbitration of the historic Research and Development claims and activities which is ongoing but awaiting decision from a formal hearing in the Administrative Appeals Tribunal from February 2017.
- Protection of our current share register having two recent transactions which were designed to bring us from an explorer to an operator, but equally protecting our incumbent shareholders, whilst still offering value and growth, to those whom have recently joined the register.

I continue also to talk to our investors and reiterate that we are not a share price focused organisation, as we have a belief in longer term dividends and a sustainable business, and hence we have no desire to see a highly active register that suffers significant churn of shares without regard to the base fundamentals of the Assets and opportunities before us. Hence, we believe in a conservative approach to our market disclosure and a factual delivery of what we are doing. This in itself has seen some significant disagreement with our interpretation of disclosure to that of others, with particular regard to the JORC code.

We struggle to see value as a junior to allocate significant money upon reports, presentations, brokers and other mechanisms to over represent our case, and believe the best and most legitimate judge will be our year on year growth and record of delivery. Again whilst I do not focus upon the share price, I am well aware that the low of FY2017 at $0.0029 has been well surpassed with our high of $0.014 and a levelling out around the $0.011, an approx. uplift of 300% from our low, but equally we have long way to go to replicate the highs the Company has seen under alternate banners, such as Cougar, but equally a strong 11 times multiple on what would have been a devastating deal for the Company in late 2013, at $0.001 that potentially would have seen our Assets and future dissipate to off shore interests.

That in turn, is well beyond the brief that I sought to take on with Moreton Resources Limited; however within a short time, and with the establishment of a culture of ethics and values, we have established a potential future for the Company, and that is something I am particularly proud of as I stated last year, and I do that with conviction, as I do have a fundamental operating style of delivery in full, and on time.

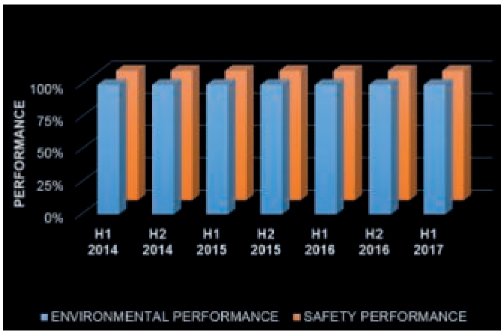
As shareholders, I hope this overview has allowed each of you to realise we are not an overtly optimistic company that over promises and under delivers. On the contrary, we work hard, we seek to advance, we negotiate and work with stakeholders on a win/win basis, we commit and we deliver, then we seek to promote and celebrate those things we have done, rather than what we intend to do. This statement should sound familiar as I made it in previous Annual Report, and will continue to, whilst I have the opportunity and pleasure to lead this organisation.

For the pleasure to date, of being able to do that, I do thank you, each and every investor in Moreton Resources Limited who continue to support us year on year.

Alexander JASON ELKS
CEO and Executive Chairman
28 August 2017

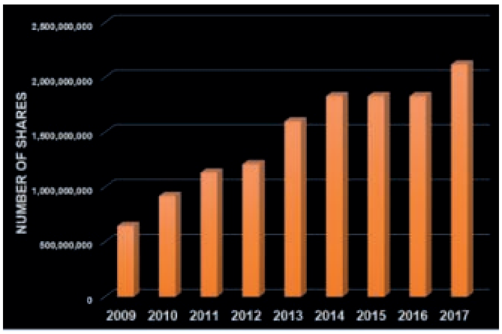
KEY PERFORMANCE INDICATORS

Safety and Environment Performance



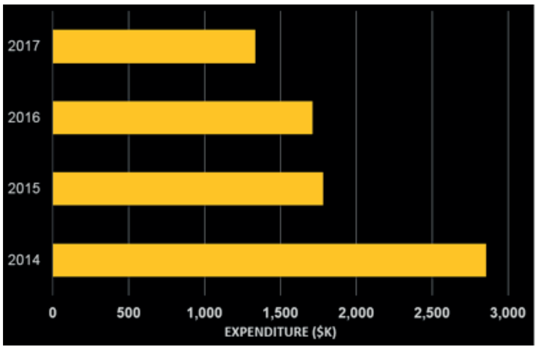
MRV has consistently had a nil Injury Frequency Rate and nil reportable Environmental Exceedances, and continues to focus on our environment and safety beliefs and obligations with an uncompromised record of 7 years of impeccable record.

Company Equity



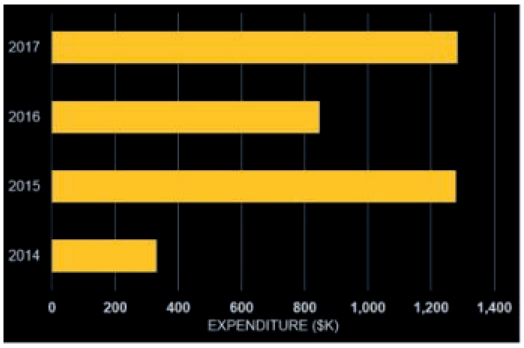
MRV has in the last financial year undertaken 2 capital raises which the intent to advancing two projects into production. All funds raised have had a direct bearing on the operational prospect of the Company and this has been achieved with minimal dilution. Our current planned activities are fully funded from existing cash reserves and agreements for FY2018.

Corporate Costs



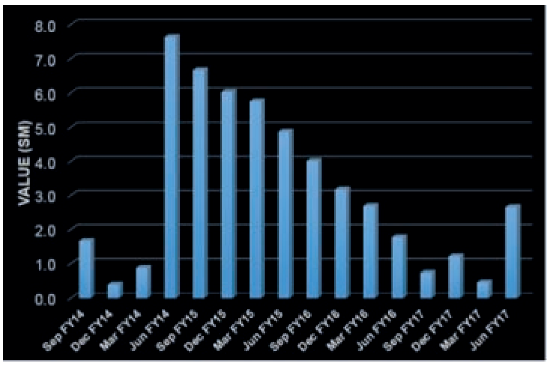
MRV has increased the Company's investment in value add activities, being focused on the resources we have and putting available funds into those assets, seeking to increase shareholder returns. Our corporate costs have continued to remain low or decline as we ramp up operational activities and cash generating ventures.

Investment in our Assets



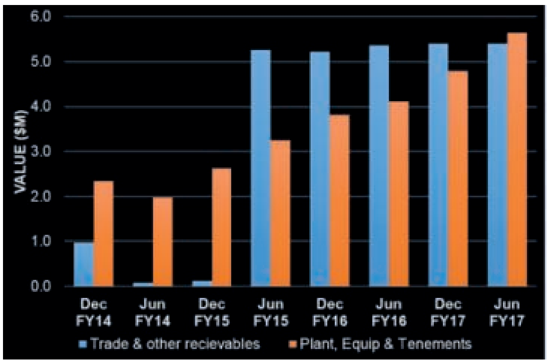
MRV has consistently increased our investment in Asset acquisition and advancement and the FY 2017 was no different. We continue to grow our business and will do so year on year under the current board strategy.

Cash Position for MRV



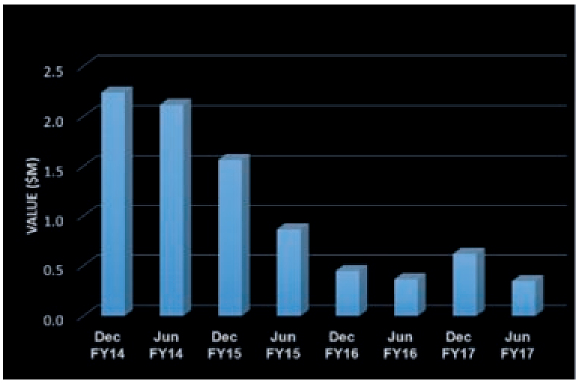
Since late 2013, the Company has worked hard to ensure we move from a potential insolvency situation to a strong balance sheet that allows the Company options to grow and survive through tough economic times. Moving into a cash generating Asset has now turned that corner and our future prospects are extremely encouraging

Other Asset Value of MRV



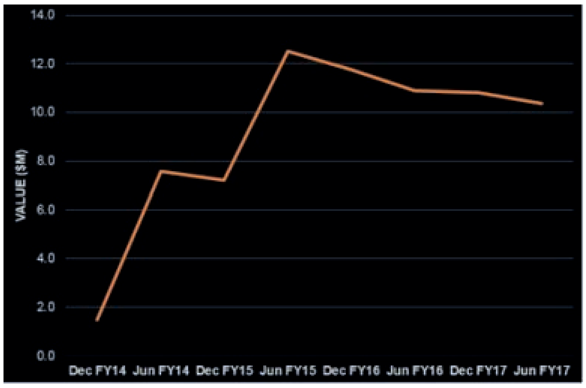
Increased spend on exploration is reflected in increased asset values of our tenements. Receivables reflects the outstanding Research and Development tax incentive payment due from the ATO. We have however acquired considerable plant and equipment for the commencement of our Granite Belt project operations. We will also seek to revaluate our entire Coal Assets, based upon independent market valuation which we would expect to see our asset base increase by multiples.

Current Liabilities for MRV



MRV has worked hard since late 2013 to clear all outstanding liabilities and debt from the balance sheet. We operate in a tough economic climate with minimal debt and minimal operating liabilities.

Net Asset Value for MRV



The Company has continued to increase our asset worth through investment in our assets and ensuring that historical claims and issues are resolved to the benefit of MRV. Our Asset position is a strong outcome for the shareholders of MRV and as highlighted, will increase significantly as we move into operations and therefore revaluate all of our Assets.

Summary

The 2017 FY has seen a significant growth in our Asset and advancement base, whilst still maintaining our limited dilution ethos to advance our company. Critical to our success continues to be our people, our communities, our uncompromised health and safety, and environmental commitments. This is evident in another year of strong performance.

These key technical and corporate outcomes are what the business has been able to grow based upon, a sound platform of business based criteria, that is sustainable, responsible and challenging to ensure superior returns to our investors, our people, our business partners and our communities.

These are very strong achievements for a junior explorer migrating to operator based upon the last 5 years of tough economic times globally within the resources sector.

COMPANY PORTFOLIO

The Moreton Resources Limited Board has the very clear strategic intent, that through our subsidiary companies we will seek to be an owner and/or operator within the Australian resources sector within multiple commodities.

Near-term outlook – Given the opportunistic nature we are afforded, (from strong cash reserves, a diverse Board and opportunities available), we have defined our short to near-term outlook as being focused on the development of our current near term Metals Assets, which will in turn enable our mid term coal prospects, whilst seeking to grow both of these commodity group rapidly.

Near-term outlook rationale – Our market view across all commodities has identified a number of opportunities and hence consideration of acquisition of Assets, but also advancement to our existing operations. We continue to be bullish upon Silver, Gold, Copper and Coal.

Our subsidiary companies and Assets:

MRV Metals

Granite Belt Project
EPM 8854
EPM 11455
EPM 12858
EPM 18950
EPM 26275
MLA 100106

MRV Tarong Basin Coal

Tarong Basin Coal Project
MDL 385
EPC 882
MLA 700015

MRV Bowen Basin

Mackenzie Coal Project
MDL 503
EPC 1145

MRV Surat Basin

Wandoan Coal Project
MDL 420

Overview of Operations

GRANITE BELT PROJECT

MRV Metals Pty Ltd is a fully owned subsidiary of Moreton Resources Limited which was created in early 2016 for the purpose of developing the Granite Belt polymetallic project ("the Project"), near the township of Texas in Southern Queensland. Currently under application is ML100106 which is awaiting ministerial grant post the Companies successful progression through the permitting process.

The Granite Belt Project area is located approx 300km from central Brisbane and approx. 6km from the township of Texas (Figure 1), in a rural agriculture area of southern Queensland. The community in the Texas region is highly supportive of the co-existence of mining and agriculture, and specifically supportive of the activities Moreton Resources and MRV Metals have undertaken with respect to restarting mineral production at the former Twin Hills site.

The Granite Belt Project consists of a mining precinct which contains multiple potential resources covering a range of metals from Copper, Silver, Lead, Zinc and Gold, and a central processing facility that currently has in-situ crushing, screening, stacking, treatment and refining facilities which are currently subject to final negotiations pertaining to acquisition. The intent is to develop the central processing facility utilising the extensive exploration and development activities already proven, and bring those potential resources into the hub, whereby processing will be undertaken. Should sufficient Copper or alternate metals warrant an upgrade in processing to a polymetallic operation, this existing area is considered suitable for additional infrastructure upon the current footprint.

The mining precinct contains JORC 2012 compliant Silver and Gold resources contained within the Twin Hills mine; JORC 2012 compliant Silver and Gold resources in the Mt Gunyan area; and the advanced exploration target of Harrier, which is prospective for high grade copper and silver. Equally Mt Gunyan North and Apache offer future potential resource extensions at depth and beyond current strike length modelling of the Mt Gunyan resource and the Harrier exploration target. Given the diverse nature of this area, this mining precinct has been significantly de-risked by the multiple commodities, resources and potential resources.

With operations imminent there are four distinct phases in the ramp-up and optimisation of the Project, being:

- Treatment and remediation in years 1 to 2;
- Reinstatement of mining operations in year 2 and onwards;
- Development of known resources in year 5 and onwards; and
- Exploration and development of smaller satelzzlite resources throughout the development Phases beginning in year 1 for resource definition drilling.

Site environmental and containment considerations are another key aspect of this Re-start Strategy with a focus on lowering MRV Metals' environmental impact, ensuring progressive rehabilitation is undertaken and mitigating current concerns and issues. MRV Metals will focus on improving water balance management and addressing water quality concerns with consideration to safe, optimal and environmentally sound site operations.

The overall strategy is to reverse the traditional mining and processing regime with MRV Metals having the opportunity to begin with the already impregnated silver enriched processing ponds, then working back to in-situ metal inventories within existing heap leaches, followed by crushing of Silver enriched ore stockpiles on the ROM pad, then seeking to mine the former Twin Hills open cut mine, with multiple benches pre-drilled ready for blast and continued operations. This strategy is currently underway and is due for Silver dore to be produced within the first 6-8 weeks of site mobilization, followed by what is anticipated to be steady and constant Silver production of approx. 90,000Oz a month from January 2018.

The first four years of operation coupled with years 5 to 8 which will include the development of the Mt Gunyan resources to round out this initial base case Strategy, having several potential mining projects within the granted Mining Lease area.

Key to the overall focus of the 20-year MLA currently being assessed are the following Silver, Gold and Copper resources and targets, all of which are within the MLA boundary and once approved will have fully permitted mining rights, subject to environmental considerations:

- Twin Hills Mine - supported by JORC 2012 resource (ASX release 19 September 2016)
- Twin Hills Mine potential extensions - supported by advanced exploration targets
- Mt Gunyan Deposit – supported by JORC 2012 resource (ASX release 5 October 2016)
- Mt Gunyan North - potential extension supported by advanced exploration targets
- Harrier - an advanced exploration target (ASX release 18 July 2016)
- Apache - possible extension of Harrier which is currently a target

This eight year base case Re-start Strategy focuses on the existing open cut mine at Twin Hills and development of Mt Gunyan only. There is upside in the bulk of the existing opportunities for advancement and potential development as listed above.

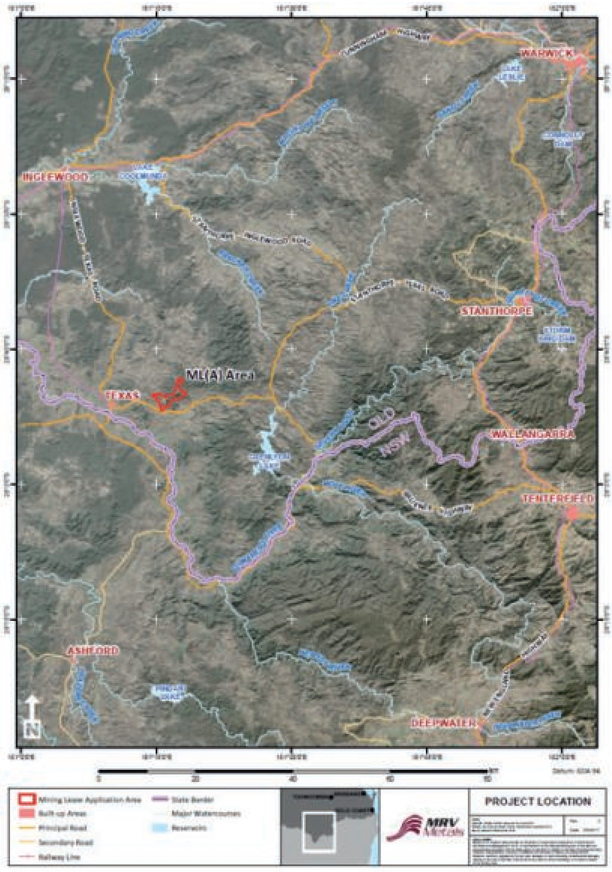


Figure 1: Project Locality in Southern Darling Downs

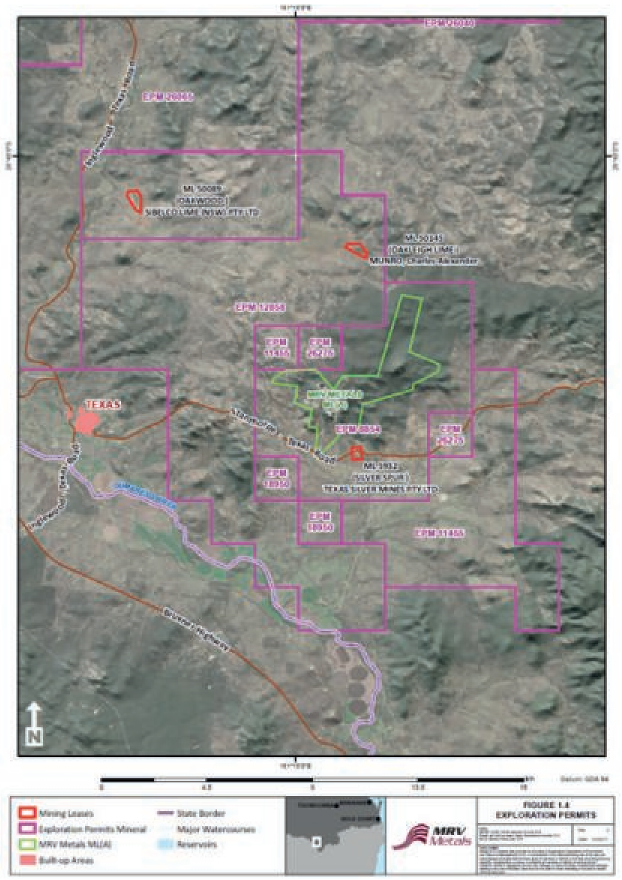


Figure 2: Project Locality of MLA and EPM's

Figure 3: Aerial photo of the Granite Belt Project depicting the layout and infrastructure

The following is an outline of the potential we have within the Granite Belt Project.

The Granite Belt Project Key Areas of Interest (overview table)

Target	Prospectively	Stage	Location
Twin Hills Mine	Silver	Mining of JORC Resource	MLA 100106
Twin Hills Deeps	Silver	Potential to increase JORC and Mine Life	MLA 100106
Mt Gunyan	Silver, Zinc, Gold	Mining of JORC Resource	MLA 100106
Mt Gunyan Nth	Silver, Zinc, Gold	Potential to increase JORC and Mine Life	MLA 100106
Harrier	Copper, Silver	Advanced Exploration Target with resource potential	MLA 100106
Appache	Copper, Silver	Exploration Target	MLA 100106



'Granite Belt Project' tenements owned by MRV Metals

'Granite Belt Project Exploration Project Tenements

Our Advancement Projects

GRANITE BELT EXPLORATION PROJECT

In January of 2016, Moreton Resources Limited announced to the ASX that it had created the 100% fully-owned subsidiary, MRV Metals. This subsidiary company has been created to facilitate any future potential acquisition prospects of Moreton Resources Limited, aimed primarily at the metals resources sector, focusing on base and precious metals.

In February of 2016, MRV Metals entered into a binding agreement to acquire a range of tenements in the Granite Belt region, close to the township of Texas in Southern Queensland. These tenements EPM 8854, EPM 11455, EPM 12858, and EPM 18950 were last held by Texas Silver Mines Pty Ltd, and have been the subject of early stage and advanced exploration, all the way through to productive mining activities. As such, over 20 areas of interest have been identified as containing indications of high grade Silver and Copper, with additional early indications of Gold, Lead and Zinc. Since that time and upon successful transfer to the Company, the subsidiary has also applied for and been granted an addition two sub-blocks under EPM 26575. All of these leases are in good standing and are under current advancement planning by the Company. They collectively form the Granite Belt Exploration Project.

Through this acquisition, MRV Metals has also acquired extensive historical drill data and associated analysis which have been collected over multiple exploration programs. This data and associated analysis will be modelled in line with the best potential future exploration prospects. The Company is also seeking to investigate the prospects of working through the historical environmental issues pertaining to the old mining operations, and determining if there is potential to move into operations of multiple other areas within the region.

The Granite Belt Exploration Project is approx. 180 sqkm of Exploration Lease, already containing multiple identified advanced exploration targets ranging from 1km to 4km which are -

- Hornet (ASX release 19 July 2016)
- Hornet North - believed to be a possible extension to Hornet
- Hawker (ASX release 18 July 2016)

The Granite Belt Exploration Project area is located approx 300km from central Brisbane and boarders the township of Texas to the West, Inglewood to the North and is bound by the Damaquas River on the South, at the Queensland/New South Wales boarder.

The Granite Belt Exploration Project consists of a mining precinct which contains multiple potential resources covering a range of metals from Copper, Silver, Lead, Zinc and Gold.

The Granite Belt Exploration Project Key Areas of Interest (overview table)

Hornet	Copper	Advanced Exploration Target with resource potential	EPM 8854
Hawker	Copper, Silver	Advanced Exploration Target with resource potential	EPM 11455
12 plus additional Targets	Copper, Silver, Lead, Zinc, Gold	Early Stage Exploration Targets	EPM 11455, EPM8854, EPM18950, EPM12858, EPM 26275

TARONG BASIN COAL PROJECT

MRV Tarong Basin Coal Pty Ltd, is a 100% fully owned subsidiary Company of Moreton Resources Limited. It is operated through a management and financing agreement between the two entities, and as such, the parent Company provides the total technical, financial and human resources capabilities to the subsidiary. This arrangement however, will cease when the project advances into detailed studies and design, as the future of MRV Tarong Basin Coal Pty Ltd has been established to operate as a standalone, 100% fully owned entity of Moreton Resources Limited and will seek to stand alone as a Corporate entity upon establishment of mining operations.

South Burnett Coal Project – MLA 700015

The Company was specifically created to advance the prospects of the South Burnett Coal project, which is seeking to develop an 8-10Mt Thermal Export Coal project in the South Burnett and Wide Bay regions. The Project is progressing on time and to budget as planned, and significant resources are being allocated to expediting the project's success.

The project comprises a proposed open-cut coal mine and transport corridor to convey coal for international export. The coal mine is defined by the boundaries of MLA 700015, which lies within part of Exploration Permit for Coal (EPC) 882 and Mineral Development Lease (MDL) 385. It is approximately 6 km south of Kingaroy outside of the regional planning Urban Restricted Area.

The transport corridor will be approximately 130 km in length and enable the transportation of coal from the mine site to the North Coast Line at Theebine, and on to east coast coal export terminals. The corridor will principally follow the route of the defunct Kingaroy-Theebine rail corridor, and re-commercialise this abandoned infrastructure corridor.

Approvals

Currently this significant project is well advanced in the approvals processes. To date the major approvals advancements within this project, include but not limited to the following milestones –

- Declaration as a Coordinated Project by the Office of the Coordinator General in Qld
- Declaration as a Controlled Action under the Federal Environmental Legislation, with assessment and approval to be based on a bilateral process with the Qld Government
- Lodgment of Mining Lease application 700015 and Environmental Authority application
- Public consultation of the EIS Terms of Reference in late 2016, with 21 positive / neutral submissions and 18 concerned submissions received
- Issue of the Final EIS Terms of Reference by the Qld Government in December 2016
- Commencement of environmental impact assessment studies
- Ongoing community and stakeholder engagement as part of the EIS process under the Coordinated Project requirements

EIS studies are ongoing for a number of topics including: ecology and biodiversity offsets, soils and strategic cropping land/ agriculture, landscape and visual aspects, groundwater and surface water, social and economic opportunities and impacts, traffic and transport, waste, air, noise and vibration as well as others. These studies are being carried out by professional, external environmental consultants specialized in EIS study disciplines for coal development projects and in accordance with the Final Terms of Reference. The results of the studies will be used to inform the project's layout and design to avoid and minimise potential impacts and maximise opportunities, with all impacts to be assessed within the EIS documentation.

The EIS is scheduled to be released for public consultation in early 2018. Drafting of the EIS documents is significantly progressed and awaiting technical inputs from the consultants' studies. Following completion of the Company's response to submissions received it is anticipated that an EIS approval decision will be made in mid-2018, followed by a decision on ML and EA grant in Q4 2018.

Community and Stakeholder Management

Another major focus for the Company is the forward looking communication and stakeholder management which also is a key priority for the organization, as we also seek to mobilize our project teams for infrastructure, mining planning, construction project management and moving through to marketing and sales. It is anticipated that over the next 24 months a significant amount of resources and effort from the group will go into the South Burnett Coal Project, as a critical asset to the advancement of the Moreton Resources Group, but the sole objective of MRV Tarong Basin Coal Pty Ltd.

We continue to work with the Community and look to keep a close association with all stakeholders through the approvals processes, which in return we anticipate will start to generate local opportunities and the economic growth that the region seeks. This model of the way we operate, has come to fruition within the Southern Downs Region and is an endorsement of the methodical, considered approach to the way the Group operates and advances its project.

Development

With the PFS for the mine completed already, much of the detailed engineering work during the Reporting Period has focused on optimizing the transport corridor. Mine development work, however, has included advanced exploration studies to identify low ash (20% adb) bypass coal through a review of the resource model. This has led to the development of an advanced drilling program which will be conducted in Q3-Q4 2017 calendar year, with the aim of:

» Expanding the modelling reach between EPC 882 and MDL 385; and
» To extract large diameter core of the coal seams for FGX (dry coal separation) testing at the ALS FGX test plant in Newcastle.

The results of the FGX test work will inform further mine planning and forecast production rates, with improvements in operational costs anticipated but to be confirmed.

For the Transport Corridor, a GIS-based multi-criteria analysis was completed in early 2017 to define a potential alignment from the mine site to Theebine which avoided and minimized environmental and social impacts, whilst also maximizing use of the defunct Kingaroy-Theebine rail line. Following on from this, PFS studies have commenced to provide a comparison of opportunities and constraints for a slurry pipeline, conveyor and rail corridor. The PFS studies are carried out by independent external engineering consultancies to advance CAPEX and OPEX estimates for the corridor. The outcome of these studies will enable an informed decision to be made on the preferred transport corridor option for the Project, in consultation with the Qld Government given the multi-user opportunity a rail corridor could provide in terms of much needed east-west infrastructure in the region.

Port Capacity

The Company is continuing to investigate port capacity for the export of coal from Qld east-coast ports. The Company notes with interest the February 2017 announcement by the Office of the Coordinator General under the auspice of Queensland Department of State Development of a potential area at the Port of Bundaberg and the potential opportunities this could provide. However, the Company is of course considering all options including port availability at Gladstone.

Our Strategic Assets

MACKENZIE COAL PROJECT

MRV Bowen Basin Coal

MRV Bowen Basin Coal Pty Ltd which is a 100% fully owned subsidiary of Moreton Resources Limited, manages the Mackenzie Coal Project, which is comprised of MDL 503 and EPC 1445. The tenements are located in the Bowen Basin (central Queensland) near the town of Blackwater, 120 km east of the regional centre Emerald, and 340 km from the port of Gladstone. The total area under tenure is approximately 2,200 ha. Access to the tenements is via the Yarrabee – Jellinbah haul road which intersects the Capricorn Highway at the Boonal coal loading facility. In addition to this, the railway line to Gladstone is located 30 km to the south.

The tenements are surrounded by several operating mines, namely: the BMA Blackwater mine, Wesfarmers Curragh North mine, Xstrata Cook colliery and the Yancoal Yarrabee operation.

Exploration work had previously been carried out near the tenements by Bow Energy Ltd in 2010. Following this, a further exploration program was undertaken which included in Phase 1, 6 holes which were drilled within the tenements in 2013. Moreton Resources Limited commenced Phase 2 drilling in mid-2014, completing this drilling program in May 2015 with results being released to the market in September of 2015. We continue to seek to review our potential advancement activities, whilst we also seek to rectify issues arising from our 2015 program, due to operational drilling issues at the time.

WANDOAN COAL PROJECT

MRV Surat Basin Coal

The Wandoan Coal Project (MDL 420) is located approximately 25 km south of Wandoan in southern Queensland's Surat Basin. MDL 420 straddles the Wandoan Branch Rail Line, which would provide a direct rail link to the Port of Gladstone coal export facilities via the proposed Surat Basin Rail Line and existing Moura Line.

This asset continues to be of interest to the Moreton Resources Limited Group and with the recent Mining Lease grant of a major mine in the area, this is anticipated as an opportunity to open the region to viable bulk Coal exports, which if the case, will see this asset advance in value but also in our operational planning for potential to become a mining operation within the Moreton Resources Group of Companies.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Moreton Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders, by whom they are elected and to whom they are accountable.

Moreton Resources Limited is committed to operating its business ethically and with high standards of corporate governance. The Board has taken the opportunity to disclose its 2017 Corporate Governance Statement in the Corporate Governance section of the Company's website (moretonresources.com.au)

DIRECTORS' REPORT

2014 drill campaign at Mackenzie

Alexander Jason Elks | CEO and Executive Chairman

Mr Elks has been the Managing Director of Moreton Resources Limited and its subsidiaries since Nov 2013. Prior to this he held the role of Vice President with Rio Tinto, based in Montreal, managing the People and Organisation support areas throughout North and South America, Australia and New Zealand.

Mr Elks has held senior roles with LGL, Zinifex, OneSteel and Kodak Australasia and has extensive operational and corporate experience within large global companies, as well as smaller national enterprises. His commodity experience includes coal, iron ore, zinc, lead and gold, along with a history in oil and gas exploration and heavy industry manufacturing. Qualifications: Masters of Management and Human Resources.

Valeri Melik-Babakhanov | Non-Executive Director

Mr Melik prior to 2016 held a position of General Manager of Technical Services and has significant history with the Company, joining the Company in 2008, and an intricate knowledge of the Assets currently managed by the Company. Mr Melik holds a Bachelor of Engineering (Honours) in Electrical Power Systems and Networks from the State Oil Academy in Azerbaijan (former AZINEFTECHIM USSR) which was recognised and endorsed by the Institution of Engineers Australia. In addition to this, Mr Melik holds a Master of Engineering (Electrical) from RMIT University and other qualifications pertaining to Analogue and Microprocessor Based Digital Computer and Communication Equipment, and electro-mechanics.

Tony Feitelson | Non-Executive Director

Mr Feitelson has had an association with Moreton Resources Ltd since 2013, being a significant shareholder of the Company. Mr Feitelson holds a degree in Architecture and retired as a practicing Architect several years ago. Mr Feitelson is a director of a number of private companies owning retail, commercial, industrial, and farming properties.

Lee Horobin | Chief Financial Officer and Company Secretary

Mr Horobin has over 15 years executive-level Finance and Governance experience across varied industries including agriculture, biotechnology, construction, building services, commercial property management, petroleum and information technology.

Mr Horobin has vast experience in statutory reporting and governance across multiple jurisdictions, as well as management and board reporting and forecasting. Mr Horobin has Bachelor and Honours degrees in Accounting, an MBA in Marketing, and is a member of CPA Australia and the Governance Institute of Australia.

The Directors of Moreton Resources Limited submit herewith the Annual Report, together with the financial statements of the Consolidated Group (consisting of the Parent Entity and its controlled entities) for the financial year ended 30 June 2017, made in accordance with a resolution of the Directors. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

General Information

INFORMATION RELATING TO DIRECTORS

The names and particulars of the qualifications, experience, special responsibilities and equity interests (direct and indirect) of the Directors in office during the financial year ended 30 June 2017 and up until the date of this Annual Report are set out below.

Name and Qualifications	Age	Experience	Listed Directorships in last 3 years	Special Responsibilities	Interests in shares and Options
(Alexander) Jason Elks Mast. Management and Human Resources	43	**Appointed 28 November 2013 and Elected at the 2014 AGM.** Mr Elks' most recent role was with Rio Tinto, based in Montreal, managing the People and Organisation support areas throughout North and South America, Australia and New Zealand. Prior to this Jason held senior roles with LGL, Zinifex, OneSteel and Kodak Australasia. Mr Elks has extensive operational and corporate experience within large global companies as well as smaller national enterprises. His commodity experience includes coal, iron ore, zinc, lead and gold, along with a history in oil and gas exploration and heavy industry manufacturing.	None	Executive Chairman of the Board Chief Executive Officer Member of the Audit Committee	270,147,564 ordinary shares
Tony Feitelson	65	**Appointed 26th August 2016** Mr Feitelson has had an association with Moreton Resources Ltd since 2013, being a significant shareholder of the Company. Mr Feitelson holds a degree in Architecture and retired as a practicing Architect several years ago. Mr Feitelson is a director of a number of private companies owning retail, commercial and industrial property interests.	None	Non-Executive Director Member of the Remuneration Committee Member of the Audit Committee	754,036,716 ordinary shares
Valeri Melik Bachelor of Engineering (Hons), Master of Engineering MEng, CPEng, NPER, BPEQ	62	**Appointed 26th August 2016** Mr Melik prior to August 2016, held a position of General Manager Technical Services and has significant history with the Company, joining the Company in 2008, and an intricate knowledge of the Assets currently managed by the Company. Mr Melik holds a Bachelor of Engineering (Honours) in Electrical Power Systems and Networks from the State Oil Academy in Azerbaijan (former AZINEFTECHIM USSR) which was recognised and endorsed by the Institution of Engineers Australia. In addition to this, Mr Melik holds a Master of Engineering (Electrical) from RMIT University and other qualifications pertaining to Analogue and Microprocessor Based Digital Computer and Communication Equipment, and electro-mechanics..	None	Non-Executive Director Member of the Remuneration Committee Member of the Audit Committee	1,200,000 ordinary shares

Name and Qualifications	Age	Experience	Listed Directorships in last 3 years	Special Responsibilities	Interests in shares and Options
Brett Fletcher Mining Engineer	53	**Appointed 28 April 2015 by resolution and Elected at the 2015 AGM.** **Resigned 26th August 2016.** Mr Fletcher is qualified in mine engineering, and has over 27 years experience in mining and metals.	Chairman of Red River Resources Ltd	Former Chairmain of the Board Former Non-Executive Director Former Chairman of the Audit Committee	NIL
Wayne Penning BEc LLB.	46	**Appointed 12 August 2014 and Elected at the 2014 AGM.** **Resigned 26th August** Mr Penning is a formally qualified practicing Solicitor and has been involved in the resources sector over a prolonged period.	Deputy Chairman of Bravehearts Inc.	Former Non-Executive Director Former Member of the Remuneration Committee Former Member of the Audit Committee	NIL

Company Secretary

- Mr Lee Horobin (member GIA) was appointed on July 14th 2017.
- Ms Kate O'Donohue (Fellow GIA, Fellow ICSA) resigned July 19th 2017.

Dividends Paid or Recommended

No dividends or distributions were declared, recommended or paid to members during the financial year.

Indemnification of Officers

The Company has agreed to indemnify the officers of the Company and its controlled entities to the maximum extent permitted by law, for all liabilities incurred by the officers and all legal and other costs and expenses arising from any proceedings or investigations, incurred by them, as a consequence of them having been an officer of the Company.

The Company has paid premiums totalling $64,462 to insure the Directors for costs and expenses incurred in defending proceedings arising from their conduct as Directors, other than conduct involving unlawful breach of duty.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or audit

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Apart from auditing services, the Company's auditors did not provide any other services to the Company, either during or since the end of the financial year. No amounts were therefore paid or payable to the Company's auditor for any non-audit services.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 follows this report.

OPTIONS

At the date of this report, the unissued ordinary shares of Moreton Resources under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
27 November 2015	31 December 2017	$0.006	8,057,250
			8,057,250

Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

At the date of this report, other than the unlisted options issued as remuneration to key management personnel, there were no other unissued ordinary shares of the Company under option.

MEETINGS OF DIRECTORS

Directors' and Board Committee meetings were held during the financial year ended 30 June 2017 as detailed:

	Full Board (5 meetings held in total)		Audit & Risk Committee*		Remuneration Committee (1 meetings held in total)	
Director's Name	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Tony Feitelson[1]	4	4	-	-	-	-
Valeri Melik[2]	4	4	-	-	-	-
Alexander Jason Elks	5	5	-	-	-	-
Former Board						
Brett Fletcher[3]	1	1	-	-	1	1
Wayne Penning[4]	1	1	-	-	1	1

* As of November 2016, board meetings include Audit & Risk Committee work.
[1] Mr Feitelson was appointed to the board on 26 August 2016.
[2] Mr Melik was appointed to the board on 26 August 2016.
[3] Mr Fletcher resigned from the board on 26 August 2016.
[4] Mr Penning resigned from the board on 26 August 2016.

PRINCIPAL ACTIVITIES

The Company's principal activities were acquiring and advancing its assets from exploration through to operations, in particular in the Metals and Coal space of the resources sector.

REVIEW OF OPERATIONS

A. Operating Results and Financial Position

The Group made a $1,692,516 loss after tax in the 2017 year. The Group result in the prior year was a loss of $1,626,332.

The Company continues to be a developer of projects and has no revenue earning operations in production at this time.

At year-end, the Group's net assets totalled $10,351,291 (2016: $10,887,356) which included cash assets of $2,660,805 and tax benefit receivable of $5,160,515. Exploration tenements remain in place and the capitalised book value is $5,305,001 (2016: $4,020,951).

The tax benefit receivable of $5,160,515 is currently the subject of proceedings in the Administrative Appeals Tribunal and will also be subject to compounding interest and further claims should this matter not be successful. The ultimate outcome of these proceedings cannot be predicted with certainty, however, based on external advice received on the likelihood of success in this matter, the amount receivable continues to be carried at full value as the Company's best estimate of the probable amount recoverable. Based on the finding made by Innovation Australia in relation to the activities related to the R&D Offset, the Australian Taxation Office has advised it is seeking repayment of $8,185,724 previously paid to the Company in respect of the R&D Offsets claimed. Should this occur, the Company will then seek to enter into a payment plan, however the accounts of Moreton Resources Limited will be restated with significant tax losses available to the group.

B. Operations

The Company has determined, through its existing Board, that the organisation is focused upon continuing to realise its coal assets and develop its metals assets, as such, the following Asset brief refers to this strategy.

(i) Group Assets

EPC 1445 – Mackenzie Coal Project

The Company holds asset EPC 1445, which is located within the world-renowned Bowen Basin in central Queensland. Following the granting of MDL 503, the blocks constituting MDL 503 were relinquished from the EPC 1445 holding. EPC 1445 now consists of one block that adjoins MDL 503 (refer below).

MDL 503 – Mackenzie Coal Project

The Company was granted MDL 503 in 2015. A further exploration program was carried out on this MDL during 2015 with an updated Coal Resource estimate released in August 2015. The updated estimate (reported in accordance with the JORC Code 2012 edition) totals 138.1 Mt (65.1 Mt Indicated and 73.0 Mt Inferred) on an in-situ basis. Surrounded by several significant and profitable PCI operations, this potential underground asset is seen as highly desirable that the Company intends to pursue as a significant future operation.

MDL 420 Wandoan Coal Project

MDL 420, situated in the Surat Basin in southern Queensland is seen as a long-term strategic Asset that allows the Company to show a complete pipe line of potential development from near, mid through to long term. This asset has an existing rail line in place across the tenement with a Coal Resource estimate of 341.3 Mt (33.7 Mt Indicated and 307.6 Mt inferred) reported in accordance with the JORC Code (2004 edition).

The region called the Surat Basin is awaiting a major operator to advance and more recently in August of 2017, a major mining Company has been awarded the mining license for the Wandoan project.

MDL 385 Tarong Basin Thermal Coal Project

The Company's MDL 385, strategically located in the Tarong Basin in south-eastern Queensland is seen as a commercially viable Asset that could significantly complement power generation activities either locally or internationally. Having a Coal Resource estimate of 534.2Mt, (116.45 Mt Measured, 397.32 Mt Indicated and 20.43 Mt inferred) reported in accordance with the JORC Code (2012 edition), this asset is seen as a genuine mid-term prospect for the Company, and activities to advance this project are underway.

EPC 882 Tarong Basin Thermal Coal Project

The Company purchased EPC 882 during 2016. EPC 882 is strategically located in the Tarong Basin in south-eastern Queensland, abutting MDL 385. Having a Coal Resource estimate of 377.82Mt, (49.76 Mt Measured, 315.32 Mt Indicated and 12.74 Mt inferred) reported in accordance with the JORC Code (2012 edition), this asset is seen as a complimentary prospect for MDL 385 for the Company.

EPM 8854 Granite Belt Metals Project

The Company purchased EPM 8854 during 2016. EPM 8854 is located within the Silver Spur Basin near Texas, Queensland. This asset has been extensively explored in the past and contains a number of promising exploration targets for silver and copper, which the Company is currently investigating. This tenement is the location of majority of the already declared targets under the Granite Belt Project and also the Granite Belt Exploration Project.

EPM 11455 Granite Belt Metals Project

The Company purchased EPM 11455 during 2016. EPM 11455 is located within the Silver Spur Basin near Texas, Queensland and is adjacent to EPM 8854. As a result, this asset is seen as being complimentary to EPM 8854 and the Company is currently investigating its potential.

EPM 12858 Granite Belt Metals Project

The Company purchased EPM 12858 during 2016. EPM 12858 is located within the Silver Spur Basin near Texas, Queensland and is adjacent to EPM 8854 and EPM 11455. As a result, this asset is seen as being complimentary to EPM 8854 and EPM 11455, and the Company is currently investigating its potential.

EPM 18950 Granite Belt Metals Project

The Company purchased EPM 18950 during 2016. EPM 18950 is located within the Silver Spur Basin near Texas, Queensland and is adjacent to EPM 8854, EPM 11455 and EPM 12858. As a result, this asset is seen as being complimentary to EPM 8854, EPM 11455 and EPM 12858, and the Company is currently investigating its potential.

EPM 26275 Granite Belt Metals Project

The Company applied for EPM 26275 during 2016. EPM 26275 is located within the Silver Spur Basin near Texas, Queensland and is located within the current cluster of EPMs and completes the total footprint of the Granite Belt Project which had several areas of non-tenemented area until this application. The Company is currently investigating its potential.

(ii) Business strategies and prospects

The strategy for 2017 and beyond will be to maximise the Assets we currently have under our control, and look to opportunistically increase our prospects, through either strategic alliances or joint ventures.

The Company does not foresee any major business risks for 2017-2018, other than the risks inherent in the coal exploration industry, the metals exploration industry and in connection with of the current AAT proceedings and ATO matters.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Of the 19,541,166 options on issue at the start of the year, 8,057,250 remain on issue. These expire 31st December 2017. The company has raised $3,025,000 via a debenture issue along with $1,155,071 via share issues during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

As set out in Note 11, the Company's proceedings in the Administrative Appeals Tribunal regarding the Research and Development Tax Incentive Offset claims continues. The Company has been advised that the Australian Taxation Office will seek repayment of these amounts previously paid to the Company as a result of the finding made by Innovation Australia which is the subject of the proceedings in the Administrative Appeals Tribunal.

As set out in Note 13 in the financial statements, the Group awaits mining lease and other regulatory approvals for its Metals projects.

A new contract for the employment of the CEO was announced on 30 June 2017 which will take effect 1 July 2017.

A rights issue closed on 2 August 2017 raising $4,660,802. $19,183 representing 1,743,909 fully paid ordinary shares was received prior to 30 June 2017. Shares were not allotted until the closing of the issue on 2 August 2017.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Comments on the plans of the Company are made in the Managing Director's Report section of this Annual Report.

ENVIRONMENTAL REGULATION

The Company has no additional environmental matters to report other than the details provided in the Managing Director's Report mainly in relation to its Kingaroy site.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' report, sets out information about the remuneration of the Company's Directors and key management personnel for the financial year ended 30 June 2017. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

The information provided within this report has been audited, as required by section 308(3C) of the Corporations Act 2001. The Report is set out under the following main headings:

(A) Principles Used to Determine the Nature and Amount of Remuneration
(B) Details of Remuneration
(C) Service Agreements
(D) Short-Term Incentive Plan
(E) Share-Based Compensation
(F) Additional Information

(A) Principles Used to Determine the Nature and Amount of Remuneration

The objectives of the Company's executive reward framework is designed to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice. The framework provides for a mix of fixed and other incentives in the form of short-term monetary incentives and long-term options over unissued ordinary shares in the capital of the Company. As executives gain seniority within the Company, the balance of this mix shifts to a higher proportion of "at risk" long-term rewards.

Fees and payments are set to reflect the demands that are made upon Non-Executive Directors, and the responsibilities of each Director. The Board reviews Non-Executive Directors' fees and payments annually. ASX listing rules require that the aggregate Non-Executive Directors' remuneration shall be determined periodically by a general meeting. The most recent determination was made at the Annual General Meeting held on 19 September 2014, where the shareholders approved an aggregate remuneration of $300,000. From time to time, Directors are offered short, medium or long term incentives via the Company's Employees', Officers' and Consultants Option Plan 2007 (as revised and approved by Shareholders in 2010 and 2013).

The Company previously engaged a remuneration consultant, McDonald-Aon Hewitt, in 2014 to undertake an independent market review. The Remuneration Committee continues to use this report as guidance in reassessing and setting the remuneration structure of the Company. The Board is sati sfied that the remuneration report recommendations were free from undue influence by members of the key management personnel to whom the recommendations apply.

The Company has a Remuneration Committee comprising of two Non-Executive Directors.

Directors and key management personnel are prohibited from entering hedge arrangements to limit risk exposure of remuneration, and from using their equity interest as collateral for a financial transaction.

(B) Details of Remuneration

The key management personnel of the Group are the Directors and the following personnel, who reported directly to the Managing Director:

Mr. Chris Santagiuliana, Financial Controller
Mr. Santagiuliana was employed with the company until 28th October 2016.

Since the year's end:

Mr. Lee Horobin, Chief Financial Officer & Company Secretary, commenced with the company 14 July 2017.

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of the key management personnel of the Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

REMUNERATION REPORT (AUDITED) (CONT'D)

(B) Details of Remuneration (Cont'd)

Table of Benefits and Payments for the Year Ended 30 June 2017

Name	Short-Term Employee Benefits: Cash Salary & Fees[7] $	Non-Monetary Benefits $	Post-Employment Benefits: Superannuation (#) $	Share-Based Remuneration: Management Options [6] $	Relative Proportion of: Total Remuneration $	Fixed Remuneration %	Performance-Related Remuneration %
Current Directors							
2017							
Valeri Melik [1]	-	-	-	-	-		
Tony Feitelson [2]	-	-	-	-	-		
Alexander Jason Elks	405,342	-	33,067	1,380	439,789	80.8%	19.2%
Former Directors							
Brett Fletcher [3]	11,416	-	1,084	-	12,500	100.0%	0.0%
Wayne Penning [4]	-	-	-	-	-		
Former Key Management Personnel							
Chris Santagiuliana [5]	40,989	-	4,843	-	45,832	100.0%	0.0%
Remuneration totals	**457,747**	**-**	**38,994**	**1,380**	**498,121**		

NOTES
(#) The Company pays superannuation at the specified rate. Amounts shown are inclusive of salary sacrifice arrangements by the employee.
(1) Mr Melik was appointed 26 August 2016 and receives no remumeration.
(2) Mr Feitelson was appointed 26 August 2016 and receives no remuneration.
(3) Mr Fletcher resigned 26 August 2016.
(4) Mr Penning resigned 26 August 2016.
(5) Mr Santagiuliana finished employment on 28 October 2016.
(6) The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.
(7) Included in short term benefits are amounts under the Short Term Incentive programme: Alexander Jason Elks $83,179. The incentive is payable in the next financial year.

Table of Benefits and Payments for the Year Ended 30 June 2016

Name	Short-Term Employee Benefits: Cash Salary & Fees[4] $	Non-Monetary Benefits $	Post-Employment Benefits: Superannuation (#) $	Share-Based Remuneration: Management Options [5] $	Relative Proportion of: Total Remuneration $	Fixed Remuneration %	Performance-Related Remuneration %
Current Directors							
2016							
Brett Fletcher	63,402	-	2,711	138	66,251	100.0%	-
Wayne Penning	46,000	-	-	639	46,639	99.0%	1.0%
Alexander Jason Elks	340,000	-	28,025	4,638	372,663	99.0%	1.0%
Key Management Personnel							
Chris Santagiuliana [3]	84,824	-	7,627	-	92,451	100.0%	-
Former Directors							
Arthur Hood[1]	8,833	-	18,500	1,320	28,653	95.0%	5.0%
Former Executives							
Rod Lovelady [2]	107,361	-	14,336	21	121,718	100.0%	-
Remuneration totals	**650,420**	**-**	**71,199**	**6,756**	**728,375**		

NOTES
\# The Company pays superannuation at the specified rate. Amounts shown are inclusive of salary sacrifice arrangements by the employee.
1. Mr Hood resigned effective 22 October 2015.
2. Mr Lovelady left the company effective 18 December 2015.
3. Mr Santagiuliana commenced employment on 12 October 2015.
4. Included in short term benefits are amounts under the Short Term Incentive programme: Alexander Jason Elks $45,000, Chris Santagiulian $4,540, Rod Lovelady $6,900. The incentives for Mr Elks and Mr Santagiuliana are payable in the next financial year.
5. The value of the options granted to key management personnel as part of their remuneration is calculated as at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

REMUNERATION REPORT (AUDITED) (CONT'D)

(B) Details of Remuneration (Cont'd)

No members of key management personnel are entitled to receive securities that are not performance-based as part of their remuneration package.

Options and Rights Granted as Remuneration – Summary

	Balance at Beginning of Year No.	Grant Details			Lapsed		Balance at End of Year (all unvested) No.
		Issue Date	No.	Value $ (Note 1)	No.	Value (Note 2)	
Group KMP							
Jason Elks	**16,114,500**		**-**	**-**	**8,057,250**	**643**	**8,057,250**
Wayne Penning	**1,380,000**		**-**	**-**	**1,380,000**	**-**	**-**
Brett Fletcher	**1,380,000**		**-**	**-**	**1,380,000**	**-**	**-**
	18,874,500		**-**	**-**	**10,817,250**	**643**	**8,057,250**

NOTES
1. The fair value of options granted as remuneration and as shown in the above table has been determined in accordance with the Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.
2. The value of options that have lapsed during the year due to vesting conditions not being satisfied has been determined at the time of their lapsing as if vesting conditions had been satisfied.
3. The options have been granted subject to certain performance criteria being met before the options vest. Should the performance criteria (in particular a target share price) not be met for a particular year, the portion of the options which were available for vesting for that year shall be considered forfeited.
4. The options have been granted subject to continued employment until the vesting period for Directors only.
5. All options issued entitle the holder to one ordinary share in Moreton Resources Limited for each option exercised.
6. There have not been any alterations to the terms or conditions of any grants since grant date.

Description of Options Issued as Remuneration

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price ($)	Value per Option at Grant Date ($)	Amount Paid/ Payable by Recipient ($)
27/11/2015	Moreton Resources Limited	1:1 Ordinary Shares in Moreton	31/12/2017	0.006	0.0002	-

Option values at grant date were determined using the Binomial method.

No options were granted as remuneration in the year ended 30 June 2017.

REMUNERATION REPORT (AUDITED) (CONT'D)

(B) Details of Remuneration (Cont'd)

Key Management Personnel Shareholdings

The number of the Company's fully paid ordinary shares, held during the financial year by each director of Moreton Resources Limited and other key management personnel of the Group, including their personally related parties, is set out below. There were no shares granted during either financial year as remuneration.

Name of Personnel	Balance at the start of the year / commencement of directorship	Acquired	Options Exercised	Received as Compensation	Disposed during the year	Other Changes	Balance at end of the year*
2017							
Current Directors							
Jason Elks	188,466,687	181,680,877	-	-	100,000,000	-	270,147,564
Valeri Melik	1,000,000	200,000	-	-	-	-	1,200,000
Tony Feitelson	517,030,603	237,006,113	-	-	-	-	754,036,716
Previous Directors							
Brett Fletcher	5,000,000	-	-	-	5,000,000	-	-
Wayne Penning	-	-	-	-	-	-	-
Previous Executives							
Chris Santagiuliana	-	-	-	-	-	-	-
Total number	711,497,290	418,886,990	-	-	105,000,000	-	1,025,384,280
2016							
Current Directors							
Brett Fletcher	5,000,000	-	-	-	-	-	5,000,000
Wayne Penning	-	-	-	-	-	-	-
Jason Elks	173,556,687	14,910,000	-	-	-	-	188,466,687
Current Executives							
Chris Santagiuliana	-	-	-	-	-	-	-
Previous Directors							
Arthur Hood*	8,000,000	-	-	-	-	-	8,000,000
Previous Executives							
Rod Lovelady	16,889,669	-	-	-	-	-	16,889,669
Total number	203,446,356	14,910,000	-	-	-	-	218,356,356

* Balance at end of year or at resignation.

(C) Service Agreements

The remuneration and other terms of employment for the Managing Director, and other key management personnel are formalised in service agreements. Each agreement sets out the components of each person's total remuneration package. Typically, these components may include a base salary, superannuation, salary sacrificed superannuation, reimbursement of professional fees, provision of a motor vehicle and eligibility for participation in the Company's Share Options plans. All contracts with executives may be terminated early by either party with notice periods set out in the table below, subject to termination payments based on no misconduct. Other major provisions are set out below.

Employment Details of Members of Key Management Personnel (KMP)

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

REMUNERATION REPORT (AUDITED) (CONT'D)

(C) Service Agreements (CONT'D)

	Position Held as at 30 June 2017	Contract Details (Duration and Termination)	Annual Base Salary including superannuation $	Other Benefits
Group KMP - Current				
Valeri Melik	Executive Director Chair Remuneration Committee Audit and Risk Committee	Refer to Note (2) for duration and term.	-	
Tony Feitelson	Non-Executive Director Remuneration Committee Chair Audit and Risk Committee	Refer to Note (2) for duration and term.	-	
Alexander Jason Elks	Managing Director and Chief Executive Officer Audit and Risk Committee	Permanent contract. Started 1 July 2014. 3 months' notice to terminate.	331,875	25% STI (1) 25% MTI (1)
Group KMP - Former				
Brett Fletcher	Non-Executive Director and Chairman of the Board Chair Audit and Risk Committee	Ceased employment 26 August 2016.	12,500	30% STI 30% MTI
Wayne Penning	Non-Executive Director Chair Remuneration Committee Audit and Risk Committee	Ceased employment 26 August 2016.	-	15% STI 15% MTI
Chris Santagiuliana	Financial Controller	Ceased employment 28 October 2016.	125,925	10% STI

1. Under Mr Elks employment contract, he is eligible to participate in short and long-term incentive schemes as determined by the Company from time to time. Separate to his employment contract, Mr Elks was granted two tranches of share based compensation. Each tranche consists of 19,381,500 options with exercise prices of $0.002 per share for each tranche and vesting for tranche one to occur between 1 October 2014 and 30 December 2014 and vesting for tranche two to occur between 1 October 2015 and 30 December 2015 subject to the Company's share price meeting certain market price hurdles. This hurdle share price was not met for tranche 1 and the full number of options for tranche 1 (19,381,500) lapsed on 30 December 2014. The hurdle for share price was not met for tranche 2 and the full number of options for tranche 2 (19,381,500) lapsed on 30 December 2015. These options were approved by shareholders at the Company's 2014 Annual General Meeting. In addition, Mr Elks was eligible to participate in the short term and mid-term incentive schemes (unlisted options) as approved by the shareholders at the Annual General Meeting on 20 October 2015. The details of these unlisted options granted are contained in the table titled "Cash Bonuses, Performance-related Bonuses and Share-based Payments" in Section B of this Directors Report.
2. Directors are appointed upon the terms for Directors as outlined within the Corporations Act, and as such there are no termination provisions or notice period. Each Director however is subject to rotation at a maximum of 3 years for shareholder re-election .

REMUNERATION REPORT (AUDITED) (CONT'D)

(D) Short Term Incentive Program

A Short Term Incentive Plan (STIP) was approved and introduced by the Board in the 2015 financial year. The STIP is an integral part of the Company's overall approach to competitive performance based remuneration. The Plan aims to reward eligible Employees for meeting their goals and aligning their activities to the Company's values. Employees will be assessed through the normal performance enhancement system to measure their achievement of goals and alignment with the values. Poor alignment with the values and/or poor achievement of goals will result in a reduction to or non-payment of an incentive award. The incentive is for over and above day-to-day performance and role outcomes, which have already been remunerated for.

The STIP is discretionary and will only be maintained and awards given, provided the Company has achieved an overall positive result, as determined by the CEO and/or Board.

This Plan applies to all permanent full-time or part-time MRV Corporate Employees employed in Australia. Eligibility of other Employees will depend on their contract of employment.

This Plan will not extend to anyone where to do so would result in an overlap or doubling up of reward potential for specified performance over the same period.

(E) Share-Based Remuneration

Employee Share Scheme
The Company does not have an employee share scheme.

Management Share Options
In the prior year the Board reviewed the Company's existing Employees', Officers' and Consultants 2007 Option Plan, which was most recently voted on by shareholders in 2013, that provides for the issue of Unlisted Options over fully paid ordinary shares in the Company. Following the review, and due to the minor nature of the changes, the revised Option Plan was approved by the Remuneration and Nomination Board Committee in August 2015. The revised Option Plan is now called the Employees, Officers, Consultants and Partners 2015 Option Plan and is available on the Company's website (www.moretonresources.com.au).

Ordinary shares are not granted as remuneration, but key management personnel may hold shares in a shareholder capacity (see table in Section (B) of this Remuneration Report for a summary of such holdings).

(F) Additional Information

Other than the items disclosed above there are no further equity, remuneration or loans to key management personnel in the year. As set out in note 16 in the financial statements, there are borrowings and other commercial arrangements in place with key management personnel.

This is the end of the remuneration report, which has been audited.

AUDITOR

Nexia Brisbane Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

RESOLUTION OF THE DIRECTORS

This directors' report, incorporating the remuneration report, is made and signed in accordance with a resolution of the Board of Directors pursuant to section 298(2) of the Corporations Act 2001.

Alexander Jason Elks
Chief Executive Officer

28 August 2017
Brisbane

Nexia Australia

Lead Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of Moreton Resources Limited

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2017 there have been no contraventions:

i. to the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. of any applicable code of professional conduct in relation to the audit.

This declaration is made in respect of Moreton Resources Limited and the entities it controlled during the year.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 28 August 2017

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	Notes	30-Jun 2017 $	30-Jun 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	**2,660,805**	1,776,710
Trade and other receivables	11	**5,262,274**	5,254,030
Other financial assets	12	**147,969**	103,239
Total Current Assets		**8,071,048**	7,133,979
Non-Current Assets			
Exploration and evaluation assets	13	**5,305,001**	4,020,951
Property, plant and equipment	14	**344,722**	96,159
Intangible assets	15	**-**	-
Total Non-Current Assets		**5,649,723**	4,117,110
TOTAL ASSETS		**13,720,771**	11,251,089
LIABILITIES			
Current Liabilities			
Trade and other payables	17	**133,396**	206,398
Provisions	18	**211,084**	157,335
Debentures	19	**3,025,000**	-
Total Current Liabilities		**3,369,480**	**363,733**
TOTAL LIABILITIES		**3,369,480**	363,733
NET ASSETS		**10,351,291**	10,887,356
EQUITY			
Contributed equity	20	**75,247,446**	74,092,375
Reserves		**2,495**	1,758
Accumulated losses		**(64,898,650)**	(63,206,777)
TOTAL EQUITY		**10,351,291**	10,887,356

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Notes	Year Ended 30-Jun 2017 $	Year Ended 30-Jun 2016 $
REVENUE	5	**15,261**	85,069
EXPENSES			
Communication costs		**13,111**	63,877
Depreciation and amortisation	7	**45,586**	50,523
Employee benefits expense	7	**341,521**	849,414
Insurance expenses		**51,304**	53,271
Interest Expense	19	**31,520**	-
Business Development Costs		**1,950**	28,698
Professional Fees and Contractors		**829,159**	406,504
Securities quotation fees		**32,679**	42,262
Other Corporate Costs		**332,425**	168,368
Travel costs		**28,522**	48,484
Total Expenses	7	**1,707,777**	1,711,401
LOSS BEFORE INCOME TAX		**(1,692,516)**	(1,626,332)
Income Tax Benefit	8	**-**	-
TOTAL LOSS AFTER INCOME TAX FOR THE YEAR		**(1,692,516)**	(1,626,332)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,692,516)**	(1,626,332)
Loss for the year is attributable to:			
Owners of Moreton Resources Limited		**(1,692,516)**	(1,626,332)
		(1,692,516)	(1,626,332)
Total comprehensive income for the year is attributable to:			
Owners of Moreton Resources Limited		**(1,692,516)**	(1,626,332)
		(1,692,516)	(1,626,332)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

MORETON RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Contributed Equity $	Share Based Payments Reserve $	Accumulated Losses $	Total Equity $
Balance at 01-07-2016	**74,092,375**	**1,758**	**(63,206,777)**	**10,887,356**
Comprehensive Income Transactions				
Profit after tax for the period	-	-	(1,692,516)	**(1,692,516)**
Other comprehensive income	-	-	-	**-**
Total Comprehensive Income	**-**	**-**	**(1,692,516)**	**(1,692,516)**
Transactions with Owners in their Capacity as Owners				
				-
Share Issue Costs	(21,631)			**(21,631)**
Share Issues	1,176,702			**1,176,702**
Transfer of Reserves to retained earnings	-	(643)	643	**-**
Share-based payments	-	1,380	-	**1,380**
Total Transactions with Owners	**1,155,071**	**737**	**643**	**1,156,451**
Balance at 30-06-2017	**75,247,446**	**2,495**	**(64,898,650)**	**10,351,291**
Balance at 01-07-2015	**74,092,375**	**8,911**	**(61,594,354)**	**12,506,932**
Comprehensive Income Transactions				
Profit after tax for the period	-	-	(1,626,332)	**(1,626,332)**
Other comprehensive income	-	-	-	**-**
Total Comprehensive Income	**-**	**-**	**(1,626,332)**	**(1,626,332)**
Transactions with Owners in their Capacity as Owners				
Transfer of Reserves to retained earnings	-	(13,909)	13,909	**-**
Share-based payments	-	6,756	-	**6,756**
Total Transactions with Owners	**-**	**(7,153)**	**13,909**	**6,756**
Balance at 30-06-2016	**74,092,375**	**1,758**	**(63,206,777)**	**10,887,356**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Year Ended 30-Jun 2017 $	Year Ended 30-Jun 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(1,669,743)**	(2,156,899)
Interest received		**15,215**	85,069
Finance costs		**(18,519)**	-
Net cash inflow/(outflow) from operating activities	**22**	**(1,673,047)**	(2,071,830)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposits lodged / refunded		**(44,730)**	(100,739)
Payments for property, plant and equipment		**(294,149)**	(73,177)
Payments for exploration and evaluation assets		**(1,284,050)**	(846,977)
Net cash inflow/(outflow) from investing activities		**(1,622,929)**	(1,020,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**1,155,071**	-
Proceeds from issue of debentures		**3,025,000**	-
Loans from related parties			
- loans received		**321,397**	-
- loans repaid		**(321,397)**	-
Net cash inflow/(outflow) from financing activities		**4,180,071**	-
Net increase/(decrease) in cash and cash equivalents		**884,095**	(3,092,723)
Cash and cash equivalents at the beginning of the financial year		**1,776,710**	4,869,433
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**10**	**2,660,805**	1,776,710

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1: GENERAL INFORMATION

The financial report covers Moreton Resources Limited as a consolidated entity consisting of Moreton Resources Limited and the entities it controlled (the "Group"). The financial report, presented in Australian dollars, consists of financial statements, notes to the financial statements and the Directors' Declaration.

Moreton Resources Limited is a listed public company (ASX trading code of 'MRV') limited by shares incorporated and domiciled in Australia. Its registered office and principal place of business is:

29 High Street,
Texas Queensland 4385

The Company's principal activities were identification and development of conventional coal and metals projects in Australia, and also to seek to expand the Company through acquisition.

The financial report of Moreton Resources Limited (the 'Company') for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors as per the date of signature on the Directors' Declaration.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes. These financial statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The financial statements have been prepared on an accruals basis and are based on the historical costs convention modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. The exception to this is cash flow information which is prepared on a cash basis. In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the Parent Entity is disclosed in Note 9.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further in Note 2 (t).

(b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Moreton Resources) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 3.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(c) Impairment of Assets

At each reporting date, the Directors review the carrying values of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit and loss.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(d) Plant and Equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment.

Depreciation

The depreciable value of all fixed assets are depreciated on a straight-line basis over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. The useful lives used for each class of depreciable assets are:

Asset Class	Useful Life (years)
Equipment	2 - 10
Office equipment and furniture	2 - 10
Plant	2 - 30

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

i. **Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

i. **Financial liabilities**
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised. Borrowing costs relating to liabilities are recognised in profit and loss.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(e) Financial Instruments (cont'd)

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that Moreton Resources will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(g) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) Revenue Recognition

Interest revenue is recognised using the effective interest method.

(i) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(i) Income Tax (cont'd)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Company is eligible to participate in the Research and Development (R&D) Tax Incentive Offset scheme to potentially obtain a tax rebate or credits equivalent to the entitlements under the R & D Tax Concession operating at the time. These are only recognised when it is probable that it is to be available to be offset against future profits or actual cash payment is considered receivable.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable.The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Share-Based Payment Transactions

Equity-Settled Transactions

The Group provides remuneration benefits in the form of share-based payments to Directors and senior executives. These personnel render services in exchange for options over shares (equity-settled transactions).

Equity settled transactions are measured at the fair value of the instruments issued, the fair value of options is determined by a suitably qualified independent third party in accordance with AASB 2 – Share Based Payments. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or serviceconditions are fulfilled, ending on the date on which the relevant holders become fully entitled to the award (the

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(k) Share-Based Payment Transactions (cont'd)

vesting date). No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the calculation of earnings per share.

(l) Exploration and Evaluation Assets

Costs incurred during the exploration, evaluation and development stages of specific areas of interest are capitalised. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Expenditure is carried forward as an asset where ownership of the area is current, where it is expected to be fully recouped through the successful development of the area, or where activities to date have not yet reached a stage to allow adequate assessment regarding existence of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest the carrying amount exceeds recoverable amount. Such facts and circumstances which may lead to an impairment evaluation include: expiration of the rights of tenure; there are no future plans for further expenditure; sufficient data exists which indicates the project is not commercially viable; development is unlikely to recover the full carrying value of exploration and evaluation.

No amortisation is provided in respect of projects in the exploration, evaluation and development stages until they are reclassified as production properties.

(m) Intangible assets

All intangible assets are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over its estimated life. Amortisation commences when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(n) Rehabilitation and Restoration Costs

Costs of site restoration are provided for using best estimates of information available. Uncertainty exists as to the amount of rehabilitation obligations that will be incurred due to the impact of potential changes in environmental legislation and many other factors, including future developments on projects, changes in technology, price increases and changes in interest rates, which may impact the discounting of future cash flow.

The amount of the provision relating to rehabilitation of infrastructure and dismantling obligations is recognised at the time of construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a current or non-current liability as appropriate.

At each reporting date, the rehabilitation liability is re-measured in line with changes in timing or amounts of the costs to be incurred Rehabilitation and restoration provisions are adjusted for changes in estimates and taking into account the rehabilitation works carried out during the financial year. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved.

(o) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(q) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

For all employees of the Group the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice.

(r) Segment Reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Board of Directors. The Board is responsible for the allocation of resources to operating segments and assessing their performance.

(s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the result attributable to the owners of Moreton Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(t) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. These estimates and associated assumptions are based on historical experience and other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will, by definition, seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Financial Status – Going Concern

The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2017, consolidated total assets was $13,720,771 including cash of $2,660,805 and receivables of $5,262,724. Consolidated net assets totalled $10,351,291.

As set out in Note 11, included in receivables is $5,160,515 relating to Research and Development Tax Incentive Offset claims, with this amount currently subject of proceedings in the Administrative Appeals Tribunal.

The ultimate outcome of these proceedings cannot be predicted with certainty, however the amount receivable continues to be carried at full value as the Company's best estimate of the probable amount recoverable.

As set out in Note 11, the Australian Taxation Office has advised it will seek repayment of $8,185,724 previously paid to the Company in respect of prior year Research and Development Tax Incentive Offset claims. On the basis of professional advice obtained, the Company considers its claim to the incentive payments is justified and valid and notes that the amounts received relate to Research and Development Tax Incentive Offset claims lodged on the same basis as the $5,160,515 tax benefit receivable mentioned above which is currently the subject of proceedings. The ultimate outcome of this matter against the Company also cannot be predicted with certainty, however the Company would need to raise further funding if it was required to settle the matter, or alternatively seek a settlement plan with the ATO. The Directors are confident payment arrangements to cover this claim can be established if required. Should the Company not be able to make such arrangements, there exists a significant uncertainty that may cast doubt over the Group's ability to continue as a going concern. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities should this occur.

On the basis of the present status of these matters, the Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

Recovery of Deferred Tax Assets (note 8)

Deferred tax assets resulting from unused tax losses are only recognised to the extent that management considers it is probable that future tax profits will be available to utilise the unused tax losses.

Exploration and Evaluation Assets (note 13)

Exploration expenditure on projects has been capitalised, and recovery is dependent on the successful development of the projects, and/or their sale.

(u) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

(u) Fair Value of Assets and Liabilities (cont'd)

asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(v) Application of new and revised Accounting Standards

There are no new or revised accounting standards with potential impact in future financial years.

NOTE 3: CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

Name of Controlled Entity	Date of Incorporation	Country of Incorporation	Class of Equity held	Parent Entity's Equity Holdings as at* 30-Jun 2017 %	30-Jun 2016 %
MRV Surat Basin Coal Pty Ltd	27/03/2003	Australia	Ord shares	100.00%	100.00%
MRV Bowen Basin Coal Pty Ltd	9/02/2012	Australia	Ord shares	100.00%	100.00%
MRV Tarong Basin Coal Pty Ltd	5/10/2012	Australia	Ord Shares	100.00%	100.00%
MRV Metals Pty Ltd **	8/01/2016	Australia	Ord Shares	100.00%	100.00%

* The proportion of ownership interest is equal to the proportion of voting power held. Ownership interests are directly held.
**There are no significant restrictions over the Group's ability to access or use the assets and settle liabilities of the Group other than MRV Metals Pty Ltd which has guaranteed the Parent Entity's obligations under the Debentures (see note 19). The assets of MRV Metals comprise the Metals Exploration project (see note 13) with a carrying amount of $830,414.

Parent Entity

Moreton Resources Limited ('MRV') is the Parent Entity for all of the entities listed above. It has no immediate or ultimate Parent Entity.

NOTE 4: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, cash flow forecasting, and ageing analysis for credit risk. The Board of the Parent Entity reviews and approves policies for managing each type of financial risk to which the Group is exposed. The Group's financial instruments consists mainly of deposits with banks, accounts receivable, accounts payable and borrowings.

A summary of the Group's financial instruments is set out below.

NOTE 4: FINANCIAL RISK MANAGEMENT (CONT'D)

	Notes	Consolidated Group 2017 $	2016 $
Financial Assets			
Cash and cash equivalents	10	**2,660,805**	1,776,710
Trade and other receivables	11	**5,262,274**	5,254,030
Other financial assets	12	**147,969**	103,239
Total Financial Assets		**8,071,048**	7,133,979
Financial Liabilities			
Trade and other payables	17	**131,286**	206,398
Borrowings	19	**3,025,000**	-
Total Financial Liabilities		**3,156,286**	206,398
Net Financial Assets		**4,914,762**	6,927,581

(a) Market Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument (asset or liability) will fluctuate because of changes in market interest rates. The Group's main exposure to interest rate risk stems from its cash balances (including term deposits) which are subject to variable rates. The Group's term deposits, whilst subject to fixed rates, have also been treated as though they are subject to variable rates, as each deposit is fixed typically for no more than three months. Given the relatively short period that these deposits are invested for, the Group's exposure to interest rate risk is minimal. Borrowings have a fixed interest rate.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk therefore, arises from the financial assets of the Group, which comprise its cash and cash equivalents and its trade and other receivables. The Group's exposure to credit risk arises from the potential default of a counter party, with its maximum exposure being equal to the carrying amount of the respective financial assets identified at the start of this financial risk management note.

The Parent Entity makes loans to controlled entities to fund project development. The Group does not hold any credit derivatives to offset its credit exposure. The Group's exposure to credit risk as at the reporting date, is identified in each applicable note to these financial statements. The Group does not have any significant concentrations of credit risk other than as set out in Notes 10 and 11.

(c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. In relation to the Consolidated Group, liquidity risk is the risk that the Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so on materially disadvantageous terms.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has developed an appropriate framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and capital raising initiatives based on continuous monitoring of forecast and actual cash flows.

NOTE 4: FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

i. Financing Arrangements

The Company has a total debenture facility of up to $6,000,000, of which $3,025,000 is drawn down as at 30 June 2017.

ii. Maturities of Financial Instruments

All of the Group's financial assets and liabilities have a maturity profile of less than 12 months other than the debentures which have a maturity date of 26 May 2019 and are subject to an interest rate of 10% per annum.

(d) Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying value of each class of financial asset and liability presented at the start of this financial risk management note is assumed to approximate its fair value due to the short-term nature of all of those assets and liabilities, other than borrowings. Borrowings are accounted for at amortised costs and at balance date carrying value equates to fair value as drawdown date was close to balance date.

NOTE 5: REVENUE

Revenue from Continuing Operations

		Consolidated Group	
		2017	2016
	Notes	**$**	$
Interest received		**15,215**	85,069
Revenue		**15,215**	85,069

NOTE 6: INVESTMENTS IN NON CONTROLLED ENTITIES

There are no such items in the 2017 and 2016 financial years.

NOTE 7: EXPENSES

(a) Result before Income Tax includes the following specific expenses:		
Depreciation of property, plant and equipment	**45,586**	50,523
Employee expenses - Share-based Payments	**1,380**	6,756
Rental expense relating to operating leases		
Minimum lease payments	**45,039**	38,167
Legal Fees	**653,687**	262,525
Gross Employee Benefits	**863,106**	893,924
Less Capitalised Wages	**(521,585)**	(44,510)
Employee Benefits Expense	**341,521**	849,414

	Consolidated Group	
	2017	2016
	$	$
NOTE 8: INCOME TAX EXPENSE		
(a) Income Tax Benefit (Expense)		
Current income tax	**-**	-
Deferred income tax expense	**-**	-
Income Tax Benefit	**-**	-
(b) Numerical Reconciliation of Income Tax Benefit to Prima Facie Tax Payable		
Loss from continuing operations	**(1,692,516)**	(1,626,332)
Total loss before income tax for the year	**(1,692,516)**	(1,626,332)
Tax at the Australian tax rate of 27.5% (2016: 30%)	**(465,442)**	(487,900)
deductible/(assessable) in calculating taxable	0%	0%
Other non-deductible costs (legals, fines etc)	**1,343**	1,388
Exploration expenditure capitalised	**(353,113)**	(150,692)
Other deductible expenses	**20,062**	(111,985)
Deferred tax assets not brought to account	**797,150**	749,189
	-	-
R&D tax offset received / receivable **	**-**	-
Total income tax benefit	**-**	**-**
The weighted average effective tax rates (before R&D tax offset) are nil due to tax losses.	**-**	-
(c) Unused Tax Losses Not Recognised as a Deferred Tax Asset		
Taxable value of unused tax losses for which no deferred tax asset has been recognised:		
Tax losses on capital account	**516,865**	516,865
Tax losses on revenue account *	**24,683,106**	21,784,378
Total unrecognised tax losses carried forward	**25,199,971**	22,301,243
Potential tax benefit of losses @ 27.5% (2016: 30%)	**6,929,992**	6,690,373

The Group has substantial estimated carry forward tax losses. The deferred tax benefit arising from these losses has not been brought to account as it is not yet probable that the Group will derive future assessable income of an amount sufficient to enable the benefit of the losses to be realised.

The amount of losses ultimately available is also dependent on compliance with conditions of deductibility imposed by law, the assumption that there are no adverse changes in law, and the resolution of the R&D matter set out in note 11.

(d) Australian tax consolidation legislation

The Parent Entity and its Australian controlled entities have been consolidated for income tax purposes.

NOTE 9: PARENT ENTITY INFORMATION

As at and throughout the financial year ended 30 June 2017 the Parent Company of the Group was Moreton Resources Limited. The financial position and result of the Parent Entity is detailed below.

	2017 $	2016 $
Information relating to Moreton Resources Limited:		
Total current assets	**7,918,269**	7,133,979
Total assets	**13,594,555**	11,251,089
Total current liabilities	**218,264**	363,733
Total liabilities	**3,243,264**	363,733
Equity		
- Issued capital	**75,247,446**	74,092,375
- Reserves	**2,495**	1,758
- Accumulated losses	**(64,898,650)**	(63,206,777)
Total equity	**10,351,291**	10,887,356
Total comprehensive income / (loss)	**(1,691,873)**	(1,626,332)

Parent Entity Contingencies and Commitments

The Parent Entity contingent liabilities are consistent with Note 29.

Expenditure Commitments

The Parent Entity expenditure commitments are consistent with the commitments disclosed in Note 28.

Parent Entity Guarantees in respect of Debt of its Subsidiaries

The Parent Entity has agreed to fund the exploration commitments for each of its subsidiaries for each respective tenement for the period the respective tenement is held.

	Notes	Consolidated Group 2017 $	2016 $
NOTE 10: CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		**2,660,805**	1,776,710
Total cash and cash equivalents		**2,660,805**	1,776,710

		2017 $	2016 $
NOTE 11: TRADE AND OTHER RECEIVABLES			
Other receivables *		**5,160,515**	5,160,515
Sundry receivables		**101,759**	93,515
Total trade and other receivables		**5,262,274**	5,254,030

Trade and other Receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. The above amounts are not past due date and therefore no amounts have been impaired. Security is not obtained.

* The Company has previously made claims in relation to the Research and Development Tax Incentive Offset in accordance with Division 355 of the Income Tax Assessment Act 1997 (Cth). Recently, these claims have been reviewed.

The Company originally claimed the following amounts:

» $473,476 of Research & Development Tax Incentive Offsets in its 2012 income tax return,
» $7,104,744 of Research & Development Tax Incentive Offsets in its 2013 income tax return,
» $465,515 of Research & Development Tax Incentive Offsets in its 2014 income tax return, and
» $444,756 of Research & Development Tax Incentive Offsets in its 2015 income tax return.

In 2014 and 2015, the Company lodged an amendment request in relation to its 2012 income tax return and received a further $498,248 in Research & Development Tax Incentive Offset claims from the Australian Taxation Office. The Company also lodged an objection to the 2013 and 2014 income tax returns which entitled the Company to an additional $5,160,515 in Research & Development Tax Incentive Offset claims.

Based on a finding made by Innovation Australia in relation to the activities related to the Research & Development Tax Incentive Offsets, the Australian Taxation Office has amended the Research & Development Tax Incentive Offsets for the 2012, 2013 and 2014 income years to $0. The Australian Taxation Office has also amended the Research & Development Tax Incentive Offset claim for the 2015 income year to $0. In relation to the 2012 and 2013 income years, the Australia Taxation Office has advised it will seek repayment of $8,185,724 previously paid to the Company in respect of the Research and Development Tax Incentive Offsets claimed. The ATO has also indicated it may seek compound interest and further claims should the matter be found in their favour. Although the ultimate outcome of this matter against the Company also cannot be predicted with certainty, the Company rejects this position and is of the view that the Research and Development Tax Incentive Offsets have been correctly claimed.

In order to defend its position, the Company initiated proceedings in the Administrative Appeals Tribunal to dispute the finding made by Innovation Australia in the 2012 to 2014 income years. The matter was heard by the tribunal in January 2017, however no decision has been issued. The ultimate outcome of these proceedings is still pending and cannot be predicted with certainty. Should any amounts ultimately be payable to the ATO, the company will then seek to enter into a payment plan if necessary.

On the basis of professional advice obtained, the Company considers it arguable that its claim to the Research and Development Tax Incentive Offsets is justified and valid. The amount of the receivable for the Research and

NOTE 11: TRADE AND OTHER RECEIVABLES (CONT'D)

Development Tax Incentive Offsets continues to be carried at the full value of the claim as the Company's best estimate of the probable amount recoverable. The Company has at all times kept the market fully informed as to the status of this matter.

The Company has not recognised in the Financial Statements the R&D Tax Incentive Claim pertaining to 2015 income tax return, totalling $444,756, on the basis that the Registration Certificate (required to enable the claim to move forward) has been held in abeyance by Innovation Australia, pending the outcome of the current action before the Administrative Appeals Tribunal.

		Consolidated Group	
		2017	2016
	Notes	$	$
NOTE 12: OTHER FINANCIAL ASSETS			
Security/rental tenancy deposits		3,360	1,130
Cash Security Bonds lodged for tenements		144,609	102,109
Total other financial assets		147,969	103,239
NOTE 13: EXPLORATION AND EVALUATION ASSETS			
Tarong Basin Thermal Coal Project (Qld)			
Balance at the start of the financial year		1,076,251	290,928
Additional expenditure		432,573	785,323
Balance at the end of the financial year		1,508,824	1,076,251
Wandoan Coal Project (Qld)			
Balance at the start of the financial year		1,154,043	1,097,092
Additional expenditure		71,925	56,951
Balance at the end of the financial year		1,225,968	1,154,043
Mackenzie Coal Project (Qld)			
Balance at the start of the financial year		1,676,069	1,785,954
Additional expenditure (net of contractor costs written back)		63,726	(109,885)
Balance at the end of the financial year		1,739,795	1,676,069
Granite Belt Metals Project (Qld)			
Balance at the start of the financial year		114,588	-
Additional expenditure		715,826	114,588
Balance at the end of the financial year		830,414	114,588
Total exploration and evaluation assets		5,305,001	4,020,951

The Company's focus is now on advancing both its coal assets and minerals assets and expenditure incurred is targeted at progressing these projects. All projects are in exploration and evaluation phase. Recovery of the carrying amount of exploration assets is dependent on the successful development of the projects, and/or their sale.

NOTE 13: EXPLORATION AND EVALUATION ASSETS (CONT'D)

Tenements

Licence Holder	Licence Number	Projects Location	Acquisition / Grant Date	Equity Interest (%) 2017	2016
Moreton Resources Limited	MDL 385	South Burnett	24/09/2009	-	-
MRV Tarong Basin Coal Pty Ltd	MDL 385	South Burnett	18/12/2015	100%	100%
MRV Tarong Basin Coal Pty Ltd	EPC 882	South Burnett	26/10/2015	100%	100%
Moreton Resources Limited	MDL 420	Wandoan	26/11/2012	-	-
MRV Surat Basin Coal Pty Ltd	MDL 420	Wandoan	22/12/2015	100%	100%
Moreton Resources Limited	EPC 1445	Mackenzie	29/06/2011	-	-
MRV Bowen Basin Coal Pty Ltd	EPC 1445	Mackenzie	22/12/2015	100%	100%
Moreton Resources Limited	MDL 503	Mackenzie	30/10/2014	-	-
MRV Bowen Basin Coal Pty Ltd	MDL 503	Mackenzie	22/12/2015	100%	100%
MRV Metals Pty Ltd	EPM 8854	Granite Belt	23/05/2016	100%	100%
MRV Metals Pty Ltd	EPM 11455	Granite Belt	23/05/2016	100%	100%
MRV Metals Pty Ltd	EPM 12858	Granite Belt	23/05/2016	100%	100%
MRV Metals Pty Ltd	EPM 18950	Granite Belt	23/05/2016	100%	100%
MRV Metals Pty Ltd	EPM 26275	Granite Belt	12/02/2017	100%	-

Tarong Basin Thermal Coal Project, Queensland, Australia

MDL 385 was transferred to the wholly-owned subsidiary company MRV Tarong Basin Coal on 18 December 2015. There were no changes to the terms of MDL 385 as a result of this transfer.

On 26 October 2015 EPC 882 was purchased by the wholly-owned subsidiary MRV Tarong Basin Coal Pty Ltd. Holding of both MDL 385 and EPC 882 is consistent with the Company's intended future development of this asset as a coal asset.

Wandoan Coal Project, Queensland, Australia

On 26 November 2012, the Company was granted MDL 420 to cover the entire footprint of EPC 1118. MDL 420 was transferred to the wholly-owned subsidiary company MRV Surat Basin Coal Pty Ltd on 22 December 2015. There were no changes to the terms of MDL 420 as a result of this transfer.

Mackenzie Coal Project, Queensland, Australia

On 29 June 2011, the Company was granted EPC 1445 over 7 standard sub-blocks with a total area of approximately 22 square kilometres near Mackenzie, Queensland. The tenancy term was three years and the land does not include any protected areas as defined under the Mineral Resources Act 1989. On 5 November 2014, the Department of Natural Resources and Mines, Queensland advised that the Company's application for a Mineral Development Licence (MDLA 503) had been processed and that MDL 503 had been granted until 31 October 2019. MDL 503 comprises 6 standard sub – blocks with a total area of 18.7 square kilometres that had previously been included under EPC 1445. EPC 1445 was effectively reduced to 1 standard sub-block following the granting of MDL 503 over the other 6 standard sub-blocks. EPC 1445and MDL 503 were transferred to the wholly-owned subsidiary company MRV Bowen

NOTE 13: EXPLORATION AND EVALUATION ASSETS (CONT'D)

Coal Pty Ltd on 7 December 2015 and 22 December 2015 respectively. There were no changes to the terms of either MDL 385 or EPC 1445 as a result of the transfer.

Granite Belt Metals Project, Queensland, Australia

On 23 May 2016, tenements EPM 8854, EPM 11455, EPM 12858 and EPM 18950 were purchased by the wholly-owned subsidiary MRV Metals Pty Ltd. These tenements cover a combined 67 sub-blocks with a total area of approx. 197 square kilometres. The acquisition of these assets is consistent with the Company's objective of seeking to expand the company through acquisitions. Since then, the company has also applied for and been granted EPM 26275 which consists of two additional sub-blocks. As outlined in various announcements by the Company, the Project also includes:

The "re-start" of a previously operating mine. At balance date the Group is working with Government and other stakeholders towards the re-start.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles $	Office Equipment & Furniture $	Plant & Equipment $	Total Depreciable Assets $
2017 FINANCIAL YEAR				
Balance at the start of the year	**17,576**	**55,813**	**22,770**	**96,159**
Additions	**70,699**	**16,159**	**207,291**	**294,149**
Depreciation expense	**(5,990)**	**(34,165)**	**(5,431)**	**(45,586)**
Balance at the end of the year	**82,285**	**37,807**	**224,630**	**344,722**
2016 FINANCIAL YEAR				
Balance at the start of the year	28,563	4,441	40,501	73,505
Additions	-	73,177	-	73,177
Depreciation expense	(10,987)	(21,805)	(17,731)	(50,523)
Balance at the end of the year	17,576	55,813	22,770	96,159

NOTE 15: INTANGIBLES

	Notes	Consolidated Group 2017 $	2016 $
Total Assets – at cost		**562,908**	272,306
Accumulated depreciation		**(218,186)**	(176,147)
		344,722	96,159
(a) UCG Technology General Licence			
Cost at the start of the year		**750,000**	750,000
Additions		**-**	-
Cost at the end of the year		**750,000**	750,000
Accumulated Amortisation			
Amortisation at the start of the year		**(750,000)**	(750,000)
Charge for the year		**-**	-
Amortisation at the end of the year		**(750,000)**	(750,000)
Net book value at the end of the year		**-**	-

UCG technology general licence fees represent the fees paid to Ergo Exergy Technologies, Inc (Ergo) by Moreton Resources Limited to have an agreed partnership to advance UCG technology and know-how in Australia and other countries, following the signing of a General Licence Agreement on 3 November 2008 and which was further extended in June 2012. As the Company has moved its focus from UCG, the Company has therefore fully impaired the current book value of the licence.

NOTE 16: RELATED PARTY TRANSACTIONS

Related parties of the group are directors and key management personnel. Transactions with related parties are on commercial terms and conditions no more favourable than to other parties. Transactions with related parties are set out below. Remuneration and equity interests of key management personnel are set out in note 25.

	Consolidated Group 2017 $	2016 $
Loans to Parent Entity		
Beginning of Year	-	-
Advanced	321,397	-
Repaid	(321,397)	-
Interest Incurred	2,513	-
Interest Paid	(2,513)	-
End of Year	-	-

- During the year, Director Tony Feitelson provided a loan to the company of $321,397 to cover a shortfall in a rights issue. The loan was made in December 2016 and repaid in full in February 2017. The loan was subject to an interest rate of 4.25% p.a.
- Director Valeri Melik received $110,916 for professional consultancy fees during the year.
- Louise Elks, wife of Executive Chairman Jason Elks, commenced employment as Human Resources Manager on 1st May 2017 on a base salary of $93,600 per annum plus superannuation.
- A&J Consulting Pty Ltd has a debenture facility with the company of $250,000. It loaned the company $25,000 on 26 May 2017 – see note 19. Interest owing at 30 June 2017 is $240. A&J Consulting Pty Ltd is 100% owned by the wife of Director Tony Feitelson.
- Director Tony Feitelson has a debenture facility with the company of $1.75M – undrawn at balance date – see note 19.
- Director Jason Elks has a debenture facility with the company of $1.0M – undrawn at balance date – see note 19.

NOTE 17: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2017	2016
	$	$
Trade payables and accruals	**133,396**	206,398
Total Trade and Other Payables	**133,396**	206,398

NOTE 18: PROVISIONS

	Consolidated Group	
(a) Current Liabilities	**2017**	2016
	$	$
Provision for employee benefits (annual leave)	**53,816**	32,917
Provision for employee benefits (short term incentive)	**83,179**	50,329
Provision for restoration Kingaroy UCG site (*)	**74,089**	74,089
Total Current Provisions	**211,084**	157,335

Employee provision movements in the year reflect the net increase in entitlements.

(*) Provision for restoration Kingaroy UCG Site		
Provision at the start of the year	**74,089**	100,000
Rehabilitation costs incurred	**-**	(25,911)
Total Kingaroy UCG Site Restoration Provision	**74,089**	74,089

(*) The provision for restoration costs is in relation to the former Underground Coal Gasification (UCG) site near Kingaroy pursuant to s.190 of the Mineral Resources Act 1989 (Queensland) and the Environmental Protection Act 1994 (Queensland). The amount of $52,109 has been provided as a cash security bond lodged directly with the State of Queensland.

NOTE 19: BORROWINGS

	Consolidated Group	
	2017	2016
(a) Current Liabilities	**$**	$
Secured Debentures		
- related parties	**25,000**	-
- non-related parties	**3,000,000**	-
Total	**3,025,000**	-

Debentures drawn at balance date have been issued under a secured debenture deed executed by the company on 26 May 2017. Debentures are secured by all of the assets of the Company and a guarantee by wholly-owned subsidiary. MRV Metals Pty Ltd. The debenture deed has a 2-year term, interest rate of 10% per annum (payable quarterly) and total facility amount of $6.0M. Interest payments may be made 50% cash and 50% equity (at $0.11 per share).

NOTE 19: BORROWINGS (CONT'D)

The undrawn facility amounts are with related parties as follows:

- Director Tony Feitelson: $1,750,000 of which $437,500 may be converted to equity (subject to shareholder vote).
- A & J Consultancy Pty Ltd (associated to director Tony Feitelson): $225,000 of which $62,500 may be converted to equity.
- Director Jason Elks: $1,000,000 of which $250,000 may be converted to equity (subject to shareholder vote).

Whilst the debentures have a 2-year term, in accordance with Australian Accounting Standards they are disclosed as a current liability as the Company does not have an unconditional right to defer payment prior to 30 June 2018.

NOTE 20: EQUITY- CONTRIBUTED

* Share applications received prior to balance date, which are part of the rights issues totalling 423,709,093 new

	Consolidated Group	
	2017	2016
(b) Interest Expense	$	$
Payable to		
- related parties	**2,753**	-
- non-related parties	**28,767**	-
Total	**31,520**	-

shares raising $4,660,800 which closed on 2 August 2017.

	Consolidated Group			
	Securities Issued 2017 Number	**Gross Proceeds 2017 $**	Securities Issued 2016 Number	Gross Proceeds 2016 $
(a) Movements in Fully Paid Ordinary Shares				
Contributed equity at the start of the financial year	**1,829,167,072**	**74,092,375**	1,829,167,072	74,092,375
Shares Issued during the year:				
Rights Issues:			-	-
December 2016 @ $0.004	**209,629,736**	**838,519**		
February 2017 @ $0.004	**79,750,000**	**319,000**		
June 2017 @ $0.011*	**1,743,909**	**19,183**		
Issue Costs		**(21,631)**		
Total contributed equity	**2,120,290,717**	**75,247,446**	1,829,167,072	74,092,375

Fully and Partly Paid Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid up on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTE 20: EQUITY- CONTRIBUTED (CONT'D)

Call Options Over Unissued Shares (see Note 21)

All options issued by the Company entitle the holder to purchase one fully paid ordinary share in the capital of the Company at their respective exercise prices. None of the options has any dividend or voting entitlements, nor do they carry any participation rights in respect of any proceeds from the winding up of the Company.

(b) Capital Management

Objectives

The Group's capital management objective is to ensure that it continues as a going concern in order to provide returns for shareholders and benefits for other stakeholders, whilst maintaining an optimal capital structure aimed at reducing the cost of capital. There has been no change in the capital management strategy adopted in each of the financial years presented. The Group is not subject to any externally imposed capital requirements. The Group's capital management is primarily based on equity, given the resource exploration nature of its activities. During the year the Group did source debt and equity funding as set out in notes 16, 19 & 20 to assist with the advancement of the metals project

NOTE 21: EQUITY - OPTIONS

	Securities Issued 2017 Number	Fair Value 2017 $	Securities Issued 2016 Number	Fair Value 2016 $
Movements in the Unlisted Options Reserve				
Reserve balance at the start of the financial year	**19,541,166**	**1,758**	36,181,500	8,911
Write-back for forfeited options	**(11,483,916)**	**(643)**	(37,887,500)	(13,909)
Issued in the year and expensed	**-**	**-**	21,247,166	6,756
Expensed in current year	**-**	**1,380**	-	-
Reserve balance at the end of the financial year	**8,057,250**	**2,495**	19,541,166	1,758

* The share-based payment reserve above records the fair value of equity benefits provided as part of agreements entered into by the Company. Notes 25, 26 and the remuneration section of the Directors' Report provides further details about these options, including their respective exercise prices and expiry dates.

NOTE 22: RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated Group	
	2017	2016
	$	$
Profit/(loss) after income tax for the year attributable to equity holders of the Parent Entity	**(1,692,516)**	(1,626,332)
Non-cash expenditure		
Amortisation and depreciation expense	**45,586**	50,523
Share-based payments & reserves	**1,380**	6,756
Change in net operating assets and liabilities		
Decrease/(Increase) in receivables and other assets	**(8,244)**	(974)
Increase/(Decrease) in trade and other payables	**(73,002)**	(524,216)
Increase/(Decrease) in provisions	**53,749**	22,413
Net Cash from operating activities	**(1,673,047)**	(2,071,830)

NOTE 23: SEGMENT INFORMATION

The principal business of the group has been the development of conventional coal projects in Australia. Management has determined the operating segment based upon reports reviewed by the Board and executive management that are used to make strategic decisions. Management and the Board consider the business only from single operational perspective and therefore only reviews reports based upon its current operations as disclosed within these financial statements. As set out in Note 13 though, in May 2016 the company acquired a metals project.

NOTE 24: EARNINGS PER SHARE

	Consolidated Group	
	2017	2016
(a) Basic and Diluted Earnings/(loss) Per Share	**$**	$
Total profit/(loss) after income tax from continuing operations	(1,692,516)	(1,626,332)
Earnings used in calculation of earnings per share	**(1,692,516)**	(1,626,332)
(b) Weighted Average Number of Ordinary Shares Used as the Denominator in the Earnings Per Share Calculations		
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	**1,955,087,443**	1,829,167,072
Weighted average number of dilutive options outstanding	**-**	-
Weighted average number of ordinary shares outstanding used in calculating dilutive earnings per share	**1,955,087,443**	1,829,167,072

(c) Information Regarding the Classification of Dilutive Potential Ordinary Shares

Options over unissued ordinary shares

All of the Group's options are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share, to the extent to which they are dilutive.

There were no options issued during the financial year. There are 8,057,250 options on issue at 30 June 2017. These will lapse 31 December 2017.

NOTE 25: KEY MANAGEMENT PERSONNEL DISCLOSURES

	Consolidated Group	
(a) Key Management Personnel Compensation	**2017**	2016
Short-term employee benefits	**$**	**$**
Post-employment benefits	**457,747**	650,420
Termination benefits	**38,994**	71,199
Share-based payments	**-**	-
Total compensation	**1,380**	6,756
	498,121	728,375

Detailed remuneration disclosures are provided in the remuneration report, contained within the Directors' Report.

(b) Equity Instrument Disclosures Relating To Key Management Personnel

i. Options Provided as Remuneration and Shares Issued Upon the Exercise of Such Options
These details, together with the terms and conditions of the options, can be found in section B, D and E of the Remuneration Report contained within the Directors' Report, and in note 26.

ii. Option Holdings
The number of options over the ordinary shares in the Parent Entity, held during the financial year by each director of Moreton Resources Limited and other key management personnel of the Group, including their personally related parties, is set out part B (Details of Remuneration) of the Remuneration Report.

iii. Ordinary Share Holdings
The number of the Company's fully paid ordinary shares, held during the financial year by each director of Moreton Resources Limited and other key management personnel of the Group, including their personally related parties, is set out in part F (Additional Information) of the Remuneration Report. There were no shares granted during either financial year as remuneration.

(c) Loans to / from Key Management Personnel

Directors have provided funding facilities to the Group in the year as set out in notes 16 & 19.

NOTE 26: SHARE-BASED PAYMENT PLANS

All of the following share-based payment disclosures relate to both the Consolidated Group and the Parent Entity. For each type of share-based payment disclosed in this note, the Group has measured the fair value of the goods and services received as consideration for the equity instruments granted indirectly, by reference to the fair value of those equity instruments.

(a) Employees', Officers' and Consultants Option Plan

The above mentioned option plan was approved by shareholders at the 2007 and 2010 Annual General Meetings and amended at the September 2013 Extraordinary General Meeting. There has been no material change to the current approved option plan. The exercise price and vesting conditions are determined by the Company's Directors, in accordance with the plan. All options have staggered vesting periods. The total fair value of these options is recognised progressively on a pro-rata basis over each option's respective vesting period. Participation in the plan is at the Directors' discretion. Once vested, the options remain exercisable until their expiry. The options are granted for no consideration and carry no dividend or voting entitlements. When exercised, each option converts into one fully paid ordinary share in the capital of the Company. The maximum number of unexercised options that can be issued at any one time is 5% of the current number of issued shares.

NOTE 26: SHARE-BASED PAYMENT PLANS (CONT'D)

(a) Employees', Officers' and Consultants Option Plan (Cont'd)

i. Number and Weighted Average Exercise Prices of Options

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted in the year *	Exercised in the year	Forfeited in the year	Balance at the end of the year	Vested and Exercisable at the end of the year
2017								
27/11/2015	**30/12/2016**	**$0.004**	**9,437,250**	**-**		**(9,437,250)**	**-**	**-**
27/11/2015	**31/12/2017**	**$0.006**	**9,437,250**	**-**		**(1,380,000)**	**8,057,250**	**-**
27/11/2015	**31/12/2017**	**$0.000**	**666,666**	**-**		**(666,666)**	**-**	**-**
Total Number			**19,541,166**	**-**	**-**	**(11,483,916)**	**8,057,250**	**-**
Weighted average exercise price			**$0.005**	**$0.000**	**$0.000**	**$0.005**	**$0.006**	
2016								
19/09/2014	30/12/2015	$0.002	36,181,500	-	-	(36,181,500)	-	-
27/11/2015	30/12/2015	$0.002	-	1,706,000	-	(1,706,000)	-	-
27/11/2015	30/12/2016	$0.004	-	9,437,250	-	-	9,437,250	-
27/11/2015	31/12/2017	$0.006	-	9,437,250	-	-	9,437,250	-
27/11/2015	31/12/2017	$0.000	-	666,666	-	-	666,666	-
Total Number			36,181,500	21,247,166	-	(37,887,500)	19,541,166	-
Weighted average exercise price				$0.005	$0.000	$0.002	$0.005	-

There were no new options granted during the year.

(b) Expenses Recognised for the Year Arising from Share-Based Payment Transactions

The total expense arising from share-based payment transactions recognised during the year and its various components is presented below.

		Consolidated Group	
		2017	**2016**
	Notes	**$**	**$**
Options	21		
- Existing options		**1,380**	4,992
- New options granted during the year		-	1,764
Total share-based payment expense		**1,380**	6,756

NOTE 27: AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the Parent Entity's auditor.

Audit and review of financial reports – current auditor	33,200	29,700
Other non-audit services	-	-
Total auditor's remuneration	**33,200**	29,700

NOTE 28: COMMITMENTS

(a) Capital Expenditure Commitments

The Group's expenditure commitments at the end of each financial year are set out below.

i. Exploration and Evaluation Expenditure
The Group must meet minimum expenditure commitments in relation to granted exploration and mining development tenements to maintain those tenements in good standing. If the relevant tenement is relinquished the expenditure commitment also ceases.

		Consolidated Group	
	Notes	**2017 $**	2016 $
Later than one year, but not later than five years		**454,608**	635,809
Later than five years		**-**	-
Total exploration and evaluation expenditure commitments		**764,340**	1,055,984
Total capital commitments		**764,340**	1,095,984

(b) Lease Commitments as Lessee

The lease commitments relate to a premise lease with a three-year term, with the ability to extend at the Company's option. Rent is payable monthly in advance. A five-year office equipment lease is included as well.

i. Minimum lease payments for non-cancellable operating leases for office space not recognised as liabilities

Within one year	**23,585**	54,043
Later than one year, but not later than five years	**32,695**	17,247
Total non-cancellable operating lease commitments	**56,280**	71,290

NOTE 29: CONTINGENT LIABILITIES

As at 30 June 2017, the Company, including the Parent Entity, had the following contingent liabilities:

(a) PricewaterhouseCoopers Claim

The Company had received a claim from a former company advisor claiming outstanding professional fees in the amount of $97,000. The Company has determined to contest this matter. Further details pertaining to this matter, including the basis of contention, are not able to be disclosed as any disclosure of these details may prejudice the outcome of this matter.

(b) HDR Salva Exploration Claim

The Company had received a claim from a former company advisor claiming outstanding professional fees in the amount of $168,110. The Company has determined to contest this matter and has also lodged a counterclaim substantially larger than the amount claimed by the former advisor. Further details pertaining to this matter, including the basis of contention, are not able to be disclosed as any disclosure of these details may prejudice the outcome of this matter.

NOTE 30: EVENTS OCCURRING AFTER BALANCE DATE

- As set out in Note 11, the Company's proceedings in the Administrative Appeals Tribunal regarding the Research and Development Tax Incentive Offset claims continues.
- As set out in note 13, the Group awaits mining lease and other regulatory approvals for its Metals Project.
- Lee Horobin was appointed CFO & Company Secretary on the 14th July 2017.
- Kate O'Donohue resigned as Company Secretary on the 19th July 2017.
- On 30 June 2017, the company announced a new contract of employment for the CEO, effective 1 July 2017.
- A rights issue closed on 2 August 2017 raising $4,660,802. $19,183 representing 1,743,909 fully paid ordinary shares was received prior to 30 June 2017. Shares were not allotted until the closing of the issue on 2 August 2017.

NOTE 31: FAIR VALUE MEASUREMENTS

There are no assets or liabilities measured at fair value on a recurring basis, or non-recurring basis, after initial recognition.

As set out in note 4, for financial assets and liabilities, their fair values approximate carrying values.

NOTE 32: RESERVES

- Share-based payment reserve: records amounts recognised as expenses on valuation of employee options.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Moreton Resources Limited, the directors of the Company declare that:

1. the financial statements and notes to the financial statements, set out on pages 34-62, are in accordance with the Corporations Act 2001 and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. gives a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group;

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Financial Controller.

Alexander Jason Elks
Chief Executive Officer

28 August 2017
Brisbane

Nexia Australia

Independent Auditor's Report to the Members of Moreton Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Moreton Resources Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2(t) in the financial statements which indicates the uncertainty over the $5,160,515 amount receivable by the Company, and the $8,185,724 repayment claim against the Company, both relating to Research and Development Tax Incentive Offsets. As indicated in the Note the ultimate outcome of these matters cannot be predicted with certainty, however the Company would need to raise further funding if it was required to settle the repayment claim, or alternately seek a settlement plan with the Australian Taxation Office.

Should the Company not be able to make such arrangements, there exists a significant uncertainty that may cast doubt over the Group's ability to continue as a going concern. The Directors have prepared the financial statements on a going concern basis. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities should this occur.

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Independent Auditor's Report to the Members of Moreton Resources Limited (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Research and Development Tax Incentive Offsets ***Refer to note 11 Other Receivables*** As at 30 June 2017, a Research and Development Tax Incentive Offset of $5,160,515 has been recognised as receivable. The Australian Taxation Office has amended the Incentive Offsets to $0. The Company had also previously received $8,185,724 as Incentive Offsets. The ATO has advised it will seek repayment of that amount. These matters have been heard before the Administrative Appeals Tribunal, however no decision has yet issued. The ultimate outcome of the amount receivable, and any amount payable, cannot be predicted with certainty. This is a key audit matter due to the size and nature of the estimate as well as the significant level of judgement and uncertainty involved.	Our procedures included, amongst others: • We obtained the reports from management's experts regarding the Company's receivable and the repayment of the claim against the Company for Research and Development Tax Incentive Offsets. • We assessed the competence, capabilities and objectivity of experts used by management to assist in determining the quantum of the balances. • We held discussions, where possible, with the relevant experts to gain an understanding of the work of the experts. • We consulted with our own experts on the matter. • We considered whether the key assumptions and judgments used in management's estimates were consistently applied in accounting treatment and disclosure in the financial statements.
Carrying Value of Exploration and Evaluation Assets **Refer to note 13 Exploration and Evaluation Assets** As at 30 June 2017 the carrying value of Exploration and evaluation assets is $5,305,001 (2016: $4,020,951). The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 2 (l). This is a key audit matter due to the fact that significant judgement is applied in determining whether the capitalized Exploration and Evaluation assets meet the recognition criteria set out in AASB6 Exploration for and Evaluation of Mineral Resources.	Our procedures included, amongst others: • We obtained evidence as to whether the rights to tenure of the areas of interest remained current at balance date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future; • We obtained evidence of the future intention for the areas of interest, including reviewing future budgeted expenditure and related work programs; and • We obtained an understanding of the status of ongoing exploration programs, for the areas of interest; and • We obtained evidence as to the assumptions made by management in the determination of the recoverable value of the asset.

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Independent Auditor's Report to the Members of Moreton Resources Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report to the Members of Moreton Resources Limited (continued)

Auditor's responsibility for the audit of the financial report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 31 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Moreton Resources Limited for the year ended 30 June 2017 complies with section 300A of the Corporations Act 2001.

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Independent Auditor's Report to the Members of Moreton Resources Limited (continued)

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Nigel Bamford

N D Bamford
Director

Level 28, 10 Eagle Street
Brisbane, QLD, 4000

Date: 28 August 2017

Additional information required by the Australian Securities Exchange (ASX) listing rules.

Information is as at 10th August 2017.

(a) DISTRIBUTION OF EQUITY SECURITIES

An analysis of the numbers of each class of equity security holders by the size of their holdings follows.

Range	Securities	%	No. of holders	%
100,001 and Over	2,507,746,979	98.64	1,373	58.30
50,001 to 100,000	20,661,886	0.81	259	11.00
10,001 to 50,000	12,537,549	0.49	442	18.77
5,001 to 10,000	1,094,396	0.04	131	5.56
1,001 to 5,000	203,719	0.01	60	2.55
1 to 1,000	11,372	0.00	90	3.82
Total	**2,542,255,901**	**100.00**	**2,355**	**100.00**
Unmarketable Parcels	10,163,954	0.40	648	27.52

(b) EQUITY SECURITY HOLDERS

i. Twenty largest quoted equity security holders.

The names of the twenty largest holders of quoted equity securities are set out below.

Rank	Name	Number Held	% Issued Capital*
1	MR PHILIP ANTHONY FEITELSON	601,396,722	23.66
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	246,677,810	9.70
3	MR ALEXANDER JASON ELKS	190,964,881	7.51
4	THE PROMENADE COFFS HARBOUR PTY LTD	113,600,000	4.47
5	MRS LOUISE ELKS	79,182,683	3.11
6	COLLINGS SEA FORCE PROPERTY PTY LTD	68,946,000	2.71
7	SUPERFOS PTY LTD	54,000,000	2.12
8	MR ALEXANDER CAMPBELL SMITH	31,092,303	1.22
9	LIMITLESS INTERNATIONAL HOLDINGS PTY LTD	28,571,429	1.12
10	AARON NICOL HOLDINGS PTY LTD	20,500,000	0.81
11	A & J CONSULTANCY PTY LTD	19,999,994	0.79
12	HENADOME PTY LTD	19,040,000	0.75
13	AARAN GROUP (WA) PTY LTD	15,638,424	0.62
14	MR JOHN NIELSEN	13,555,194	0.53

15	MR JASON WORLEY		13,225,000	0.52
16	NEWBETT PTY LTD		12,500,000	0.49
17	MR AARON ORYA		12,365,600	0.49
18	MR DONALD LANSBURY DILLON & MS KATHRYN MARY LAMBERT		12,001,215	0.47
19	MR PETER ANDREW ELSTON		11,000,000	0.43
19	MR GIUSEPPE TRUGLIO		11,000,000	0.43
20	MR ALEX ANTONIN PERINA		10,394,013	0.41
		Total	**1,585,651,268**	**62.37**
		Balance of register	**956,604,633**	**37.63**
		Grand total	**2,542,255,901**	**100.00**

* Individual percentages vary due to rounding. As at 11 August 2017

(b) EQUITY SECURITY HOLDERS (CONT'D)

- (ii) Unquoted Equity Securities

There are 8,057,250 options on issue.

(c) SUBSTANTIAL EQUITY HOLDERS

The Parent Entity's substantial equity holders are set out below.

	Listed Fully Paid Ordinary Shares		Unlisted Options*	
Name of Equity Holder	**Number Held**	**% Issued Capital**	**Number Held**	**% Issued Capital**
Feitelson Group (Mr PA Feitelson, Henadome Pty Ltd, The Promenade Coffs Harbour Pty Ltd, A&J Consultancy Pty Ltd)	754,036,716	29.66%		
Mr Alexander Jason Elks (Mr AJ Elks & Mrs L Elks)	270,147,564	10.63%	8,057,250	

* Options over unissued ordinary shares do not form part of substantial holder calculations.

(d) VOTING RIGHTS

The voting rights attaching to each class of equity securities of the Parent Entity is set out below.

i. Listed Fully Paid Ordinary Shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

ii. Unlisted Fully Paid Options
All classes of the Company's unlisted options have no voting rights.

(e) TENEMENTS

License Holder	License Number	Project Location	Acquisition/ Grant Date	Equity Interest (%)	
				2016	2015
Moreton Resources Limited	MDL 385	South Burnett	24-09-2009	-	100%
MRV Tarong Basin Coal Pty Ltd	MDL 385	South Burnett	18-12-2015	100%	-
MRV Tarong Basin Coal Pty Ltd	EPC 882	South Burnett	26-10-2015	100%	-
Moreton Resources Limited	MDL 420	Wandoan	26-11-2012	-	99%
MRV Surat Basin Coal Pty Ltd	MDL 420	Wandoan	22-12-2015	100%	1%
Moreton Resources Limited	EPC 1445	Mackenzie	29-06-2011	-	100%
MRV Bowen Basin Coal Pty Ltd	EPC 1445	Mackenzie	22-12-2015	100%	-
Moreton Resources Limited	MDL 503	Mackenzie	30-10-2014	-	100%
MRV Bowen Basin Coal Pty Ltd	MDL 503	Mackenzie	22-12-2015	100%	-
MRV Metals Pty Ltd	EPM 8854	Granite Belt	23-05-2016	100%	-
MRV Metals Pty Ltd	EPM 11455	Granite Belt	23-05-2016	100%	-
MRV Metals Pty Ltd	EPM 12858	Granite Belt	23-05-2016	100%	-
MRV Metals Pty Ltd	EPM 18950	Granite Belt	23-05-2016	100%	-

Legend:

MDL = Mineral Development Licence
EPC = Exploration Permit for Coal

EPMA = Exploration Permit for Mineral Application
MDLA = MDL Application

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.

In addition to these, the announcement also refers to information that relates to the following ASX announcements containing competent person statements in "MRV Metals Pty Ltd Confirms JORC Resource MT Gunyan 05.10.2016";"MRV Metals confirms significant resources in Twin Hills Mine 19.09.2016", "MRV Metals confirms Harrier Prospect Potential 18.07.2016", "MRV Metals confirms Significant Target at Hornet 19.07.2016" and "Hawker Prospect 18.07.2011". These announcements contain a separate Competent Person Statement and are available to view on the Company's website: www.moretonresources.com.au and the ASX website.

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.

WORK SAFE
HOME SAFE
MRV SAFE

Part of the Moreton Resources Group of Companies

Moreton Resources

MRV Metals

MRV Tarong Basin Coal

MRV Bowen Basin Coal

MRV Surat Basin Coal