



2015 ANNUAL REPORT

For the Year Ended 30 June 2015



CORPORATE DIRECTORY

Directors

Mr. Arthur Hood
Chairman

Mr. Wayne Penning
Non-Executive Director

Mr. Brett Fletcher
Non-Executive Director

Mr. Alexander Jason Elks
Managing Director & CEO

Company Secretary

Ms. Kate O'Donohue
Company Matters
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Share Registry

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Tax Advisors

Deloitte Tax Services Pty Ltd
225 George Street
Sydney, New South Wales, 2000
Australia

Website

www.moretonresources.com.au

Moreton Resources, is an Australian company seeking to enter the operating resources sector and as such through its Board and Management structures, offers well over 120 years of mining experience

At Moreton Resources we believe our people, our business associates, our communities and the environment are all critical and must be afforded the safest and healthiest conditions.

Safety is uncompromised in everything we do.

CORE VALUES & BELIEFS

- Commitment to safety, environment and communities
- Our people are our competitive advantage
- Continuing to create shareholder value
- Australian focused

We respect the traditions and cultures of Indigenous People including the unique relationship that they have with the land. Our focus is to work with the Indigenous People of the region and recognise this is an essential part of successful operations.

Building relationships based on trust and mutual advantage is the pinnacle of coexistence and is the basis for all of Morton Resources considerations and activities.

Moreton Resources recognises the scenic, ecological and economic value of the areas in which we operate and we take our environmental responsibilities seriously both currently and in the future.

The Board and Management clearly take full responsibility for the company's history, and since the new direction via strong and proven leadership entering the company in late 2013, our current and future commitment to operating within proven industries is unwavering and we commit to not only own but resolve the historical issues.

Environmental issues, past, current and potential future, are all taken extremely seriously by Moreton Resources and as such we actively promote sustainable mining through contemporary, highly legislated frameworks, in proven and safe mineral extraction technologies.

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MORETON RESOURCES LIMITED

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Dear Shareholders

As I write this Chairman's letter it is nineteen months since I was appointed Chairman and two years since I was first approached by a group of Moreton Resources Limited shareholders who were concerned about protecting their investment and wishing to avoid their company being sold for 0.1 cent a share. The contrast with the current status of the Company could not be more dramatic. Moreton Resources has substantial cash on hand, is debt free, in control of its own future and furthermore has significant opportunities to enhance shareholder value from its existing assets despite the current state of the resources industry.

Over the last twelve months we have:-

1. Completed a \$1 million exploration program at the Mackenzie Project
2. Dismantled prior infrastructure and substantially rehabilitated the site which is now awaiting the wet season for seeding
3. Submitted a further substantial R&D refund claim with the ATO which should be resolved in the near future
4. Established the potential of Kingaroy to economically supply thermal coal for power generation
5. Assessed various near term cash producing opportunities for investment

Against the backdrop of a depressed resources sector, we held our strategic planning sessions last year. This clearly recognised that the best options for increasing shareholder value was to advance the development of our existing assets with particular emphasis on the Tarong Basin Thermal Coal and Mackenzie Coal Projects. When the election approached in 2014, the potential privatisation of power generation assets meant that it was not clear how to advance Kingaroy so in the meantime considerable effort was expended on identifying a near term cash producing asset in any commodity sector to conserve or increase our cash reserves. Unfortunately, despite the effort expended by management we were unable to find a suitable asset at a price and risk level we were prepared to take on. Post the Queensland election and our most recent strategic planning session, we have reaffirmed our intention to prioritise the progress of the Tarong Basin Thermal Coal and Mackenzie Coal Projects while maintaining a watching brief for near term cash producing assets and any opportunity to add value to Wandoan.

We remain convinced that there is a compelling financial case for the development of the Tarong Basin Thermal Coal Project, (MDL 385), as a thermal coal asset, as announced in various market releases over the last eighteen months. Our preliminary investigations and Mine Concept Study have shown that we can mine good quality thermal coal at low strip ratios and high tonnages and this will now be progressed through to a Pre-Feasibility Study by external consultants. At Mackenzie, now the results of the current drilling program have been assessed we will determine the next steps in the exploration effort, which will likely include a seismic program.

As I observed 12 months ago the management, with the support of its major shareholders, have taken the actions to totally transform this company and we have now created the potential for a substantial increase in shareholder value through the development of both the Tarong Basin Thermal Coal (MDL 385) and Mackenzie (Bowen Basin EPC 1445 & MDL 503) Projects.



Arthur Hood

Chairman of the Board

31 August 2015



MANAGING DIRECTOR'S REPORT

Photo: Location of the Tarong Basin Thermal Coal Project

The past year has continued to be a foundation building year for the Company, and whilst the overall Resources Sector has struggled, Moreton Resources continues to build a very solid base. We continue to move forward delivering on plans to close out historical issues and build a future, based on our coal assets, with potential to expand outside of that portfolio, should the right opportunity arise. A great deal of work has been undertaken and whilst this may not be apparent to the market, I can assure the shareholders of Moreton Resources, that the Company is in far better shape than we were 12 months ago, and certainly 24 months ago.

Considerable achievement over the past year has gone into ensuring our current zero injury frequency rate and our zero environmental exceedances record. This has been against a back drop where significant works were undertaken and finalised in the decommissioning of the old infrastructure at MDL385. This has seen delivery in full, of our decommissioning and rehabilitation commitments made to the South Burnett Community. Our safety, environmental and social license to operate is clear, transparent and uncompromised in the way we operate the Company today and in our commitment moving forward.

We have through skilled staff been able to bring in a high level of rigor and accountability that has seen robust business key performance indicator's instigated, prudent financial management monitoring undertaken and a great deal of strategic planning unfold throughout the year. The Company through due diligence processes has reviewed over 100 projects, and whilst several were of interest to us, we are in no hurry to commit the organisation to an asset, in the current market that cannot pay its way within a short time frame. Quite often the toughest decisions made are to let opportunities pass by, and whilst we have not taken great joy at the declining market day by day, it has validated a great deal of those decision points to avoid unnecessary debt or impacts on our current configuration, just for the sake of making an acquisition.

We remain focused upon our coal assets at a time when there is no doubt, a considerable and concerted effort afoot to undermine the coal industry and the value and critical contribution it makes both nationally and internationally. In what often seems to be an ill-informed debate, proponents

seem keen to ignore the fact that the coal sector contributes globally to more than 40% of the world's current electricity generation supply. It is used to produce at least 68% of the world's steel output and is a critical component in products such as cement production. Rarely do we hear the informed debate of Australia possessing some of the world's best and cleanest coal solutions or the acknowledgement that there is no substitute or solution to ceasing coal production in the immediate future. The clear facts are coal will be a critical contributor to global energy supply for many decades to come.

Our corporate overview in the coming pages of this report speaks largely to the work that has been undertaken and the balance sheet outcomes in increased asset value, lower corporate costs and a recouping of historical claims to which Moreton Resources is entitled. On top of this the recent Mackenzie announcement of August 2015, which also included the benefit of a potential coking coal product to complement our low volatile PCI, has proven to be a sound investment by the Board to further increase our confidence in the longer term prospects for the Mackenzie Asset.

With clear signals to the market, that we are serious about advancing our projects, even in tough economic times, through the advancement to pre-feasibility of MDL 385, which if proven and developed into a mining operation, shows our commitment to being in a position to exploit the inevitable cycle turn around that will come. This is core to our commitment of sustainable mining, focusing on coexistence and community cooperation in development of beneficial projects to all. Over time we will be able to determine if we can achieve this and we will certainly keep our shareholders and the community of the South Burnett updated, as we believe we can make a considerable contribution to the region.

The development of a more suitable company structure that will support the individual aspects and attributes of each deposit are also seen as a key enabler for Moreton Resources. These recent announcements coupled with our asset updates should certainly start to give a clear picture to the market of where we are headed and the value we see in these deposits. Wandoan continues to be a very strategic asset, and we are now confident in the JORC statements and data supporting the merits of this asset.

We are positive on the outlook of coal and in particular the short to mid-term potential of the Tarong Basin Thermal Coal Project and Mackenzie Coal Project, this coupled with our strong company governance and internal establishment of sound operating processes and practices, lends for a very active year ahead.

Looking forward statement

Whilst the key performance indicator's and following information in this annual report largely talks to our achievements in the 2015 financial year in the areas of corporate review and also operational outcomes by asset, the Company has a positive view about the future of its core assets and the ability to build and develop a robust structure around those assets, with the singular intention of promoting shareholder value. The operation of three subsidiary companies will certainly allow our dealings and interactions to be solely focused on the qualities and benefits of each asset as stand-alone. Therefore moving forward the operations of subsidiaries MRV Tarong Basin Coal Pty Ltd, MRV Bowen Basin Coal Pty Ltd and MRV Surat Basin Coal Pty Ltd are all seen as strong strategic decisions in advancing each asset.

We will continue to focus on costs, through our corporate activities as we will also continue to assess ourselves against the raft of key performance indicators which make for robust and transparent management practices. These form the basis of the ability to move forward with a strong subsidiary presence and activities that are timely, specific and targeted at fast tracking advancement where we can. We have been fortunate to announce a key cooperation partner and continue to engage with other potential partners in moving these projects forward. This will greatly assist to build our momentum in advancing these projects and in continuing to fulfill our commitment to the environment and the community.

As we invest more into our assets, our environmental, community and safety focus will continue to be uncompromised as these three elements will provide us an ethical, robust and transparent social license to operate, given our forward-looking agenda. It is critical we build on and protect this ethos and operating style. We will continue to progressively rehabilitate, as we move through the advancement stages of each asset. Our activities in the South Burnett region during the financial year 2015 are a testament to Moreton Resources as an organisation making commitments and following them through in full and on time. Our decommissioning, rehabilitation and our community engagement are all an indication of how we will continue to operate.

What is interesting for Moreton Resources in this market, is that good assets be it coal or otherwise are hard to find. Many similar companies are suffering and likely to fall away. As demand for coal continues to increase, we are well

positioned with quality assets to contribute to the energy and steel making sectors, which are critical to global growth. More importantly we seek to get a clearer picture of the future of the Galilee Basin as there has been long held views that the Surat Basin is the most logical next mover to open coal supply to the global market. As our shareholders are aware, we hold a very large and strategic Asset in MDL 420, through our subsidiary MRV Surat Basin Coal at Wandoan, and are keen to see how this plays out in the next 1-3 years.

Very positive news however, more recently for our shareholders is the commitment to advance our MDL 385 through to formal pre-feasibility and we are determining the next steps with our Mackenzie Asset. Encouragingly within the Bowen Basin region in early 2014 several transactions took place and two of note where in the vicinity of \$50 and \$70 million respectively, for coal of similar quality and location to that of our Mackenzie site. More interestingly also is that in 2010, at the top of cycle that same asset being MDL 162, a close neighbour to our Mackenzie Asset, sold in the Bowen Basin for approximately \$350 million.

Resources and certainly coal, is a cyclical industry, as the world grows, so does demand, and whilst it is hard to pick when the next upward cycle in price is coming, it is encouraging knowing the sales value of quality assets in a depressed market still reach such figures, and hence we have a lot of faith in our ability to create value for our shareholders with our assets.

As outlined, next year will be busy. It will have a clearer focus through our subsidiaries in delivery of value from our current tenements and as a Company we will continue to seek to acquire bolt on assets where it is prudent to do so, but with a considered, and conservative approach given the state of the overall industry. We will continue to operate with a focus on limiting dilution to our current holders and as such in the last 24 months we have not sought to capital raise for operating costs, and subject to a merger and acquisition or significant advancements within this year, we also do not see the need in the 2016 financial year to raise capital either.

The Board and certainly I, have a very positive outlook for the future of Moreton Resources Limited.



Jason Elks
Managing Director & CEO
31 August 2015

KEY PERFORMANCE INDICATORS

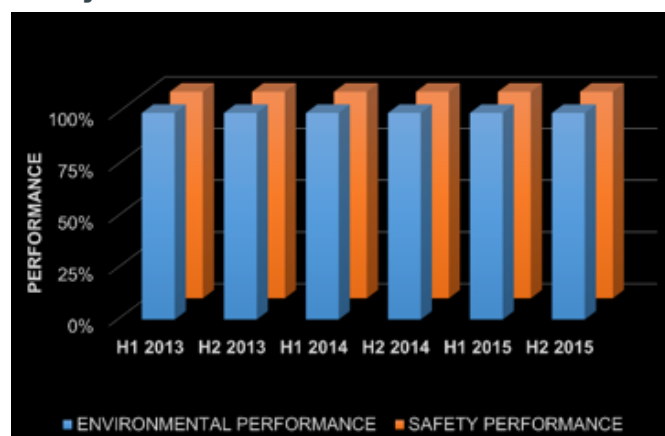
Summary

What is evident through these and other KPI's set by the Company, is that even in the most adverse of conditions the base fundamentals of the Company continue to strengthen which is encouraging. The clearance of adverse debt and the stability of our financial position was and is paramount, as all shareholders would appreciate. The ability now for the Company to move ahead unencumbered and with results such as having fully funded plans for 2016; Net Assets increasing 65% in 2015; our liabilities diminishing and a defined increase in the last 12 months in the level of confidence of two of our key assets is a clear sign the Company is advancing.

These key technical and corporate outcomes are what will allow Moreton Resources to progress in 2016 with a level of confidence in its dealings, and allow any business associates or investors to have a strong belief in the fundamentals that are in place.

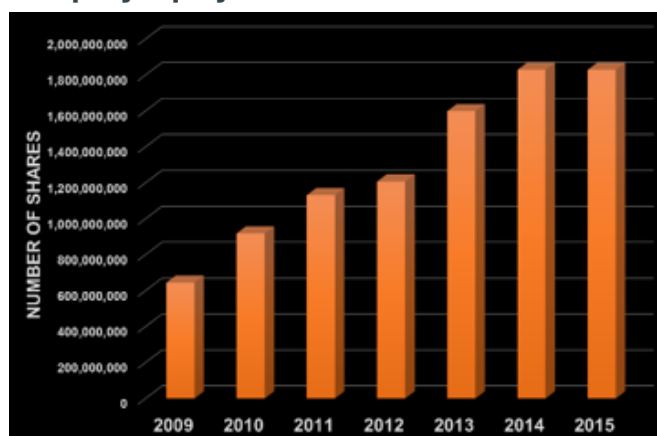
These are very strong achievements for a junior explorer in such trying economic times.

Safety and Environment Performance



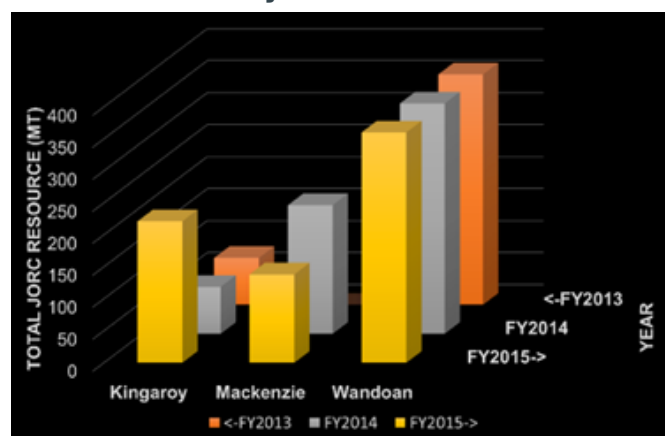
MRV has consistently had a nil Injury Frequency Rate and nil reportable Environmental Exceedances, and continues to focus on our environment and safety beliefs and obligations.

Company Equity



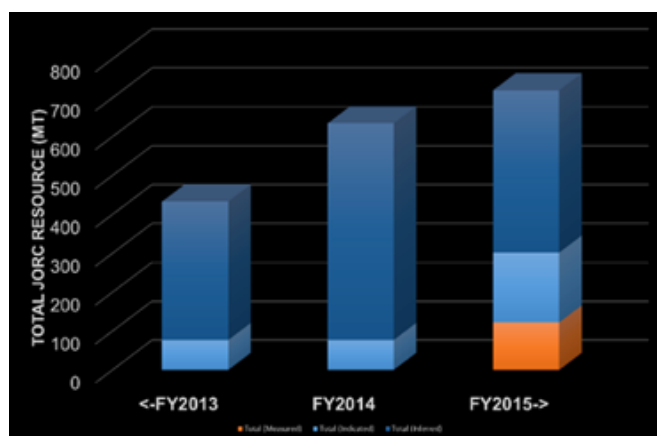
MRV has for the second year in a very tough market, undertaken value add activities with nil dilution to the share base from August 2013 to August 2015. Our current planned activities are fully funded from existing cash reserves for FY2016.

JORC Resources by Asset



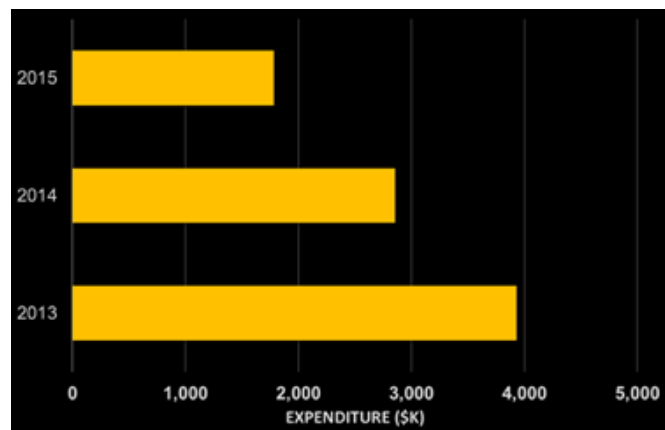
MRV's prime objective is to advance the levels of confidence in our Resources with the ultimate outcome of establishing Reserves that are suitable for mining purposes. We are progressing rapidly along that program. Note: refer to the Overview of Operations section of this report for a breakdown of total Resources in JORC confidence categories.

Total JORC Resources all Assets



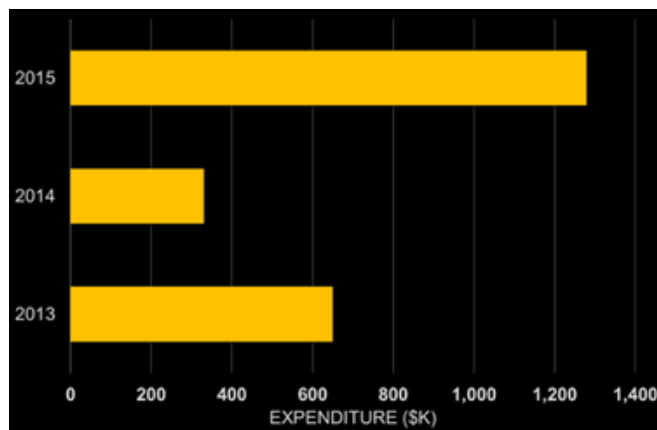
MRV total Resources for all Assets are outlined above. Whilst the overall tonnes identified has increased, the critical outcome and prime focus of MRV has been to increase the Resource classification confidence.

Investment in our Assets



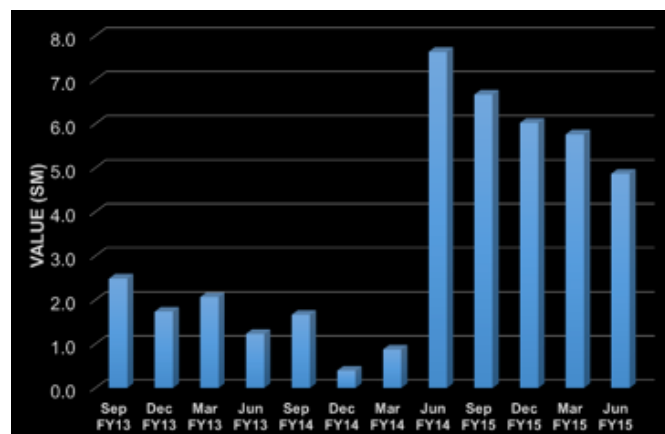
MRV has increased the Company's investment in value add activities, being focused on the resources we have and putting available funds into those assets, seeking to increase shareholder returns.

Corporate Costs



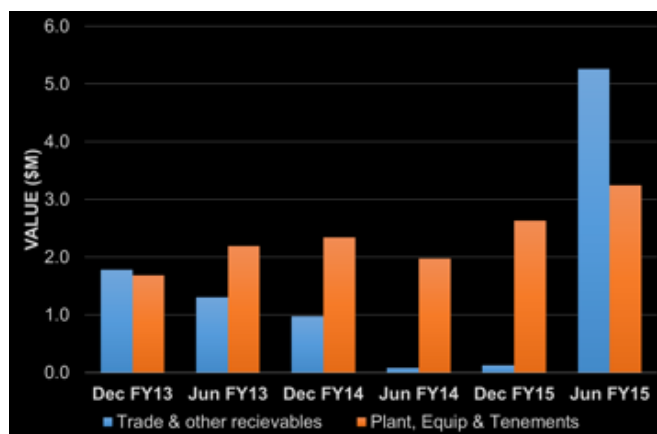
MRV has consistently reduced Corporate costs in the last two years with a key focus on carrying absolute minimum overheads to ensure the funds we have, are invested into the Assets.

Cash Position for MRV



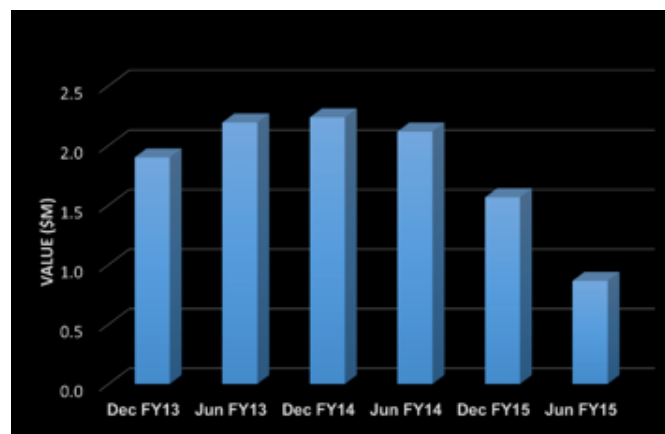
Since late 2013, the Company has worked hard to ensure we move from a potential insolvency situation to a strong balance sheet that allows the Company options to grow and survive through tough economic times.

Other Asset Value of MRV



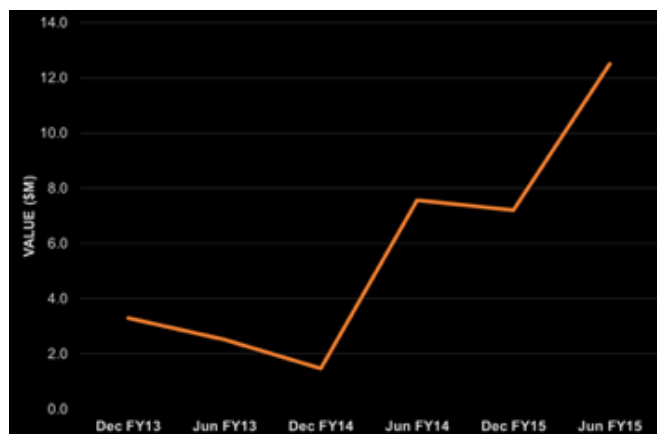
Increased spend on exploration is reflected in increased asset values of our tenements. Receivables reflects the outstanding Research and Development tax incentive payment due from the ATO.

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 nil debt and minimal operating liabilities.

Net Asset Value of 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.

OVERVIEW OF OPERATIONS

Photo: Location of the Tarong Basin Thermal Coal Project

TARONG BASIN PROJECTS



MRV Tarong Basin Coal Pty Ltd, manages two tenements MDL 385 and EPM 25992 (currently under application) that form the basis for our Tarong Basin Projects focusing on potential Coal and Mineral development. The area under tenement is located approximately 8 km from Kingaroy and 12 km from Nanango townships. The site is 150 km north-west of Brisbane and well serviced by major roads and regional infrastructure that supports the South Burnett region.

The area is located within proximity of power generation assets within the Tarong Coal Basin. This region is well known for supplying power generation and has been well supported for over 30 years with mining and power generation activities contributing significantly to the economic growth and sustainability of the South Burnett region.

The Company was pleased to advise in early financial year 2015 an updated JORC Coal Resource estimate with increased in-situ coal tonnage, associated coal quality and Resource classification categories in addition to a Mine Concept Study. These were all positive indicators to the potential advancement of this Project. During the year the Company also met the commitments made to the community to rehabilitate the prior operations on the site. Further information on this can be found in this report at the end of the Overview of Operations.

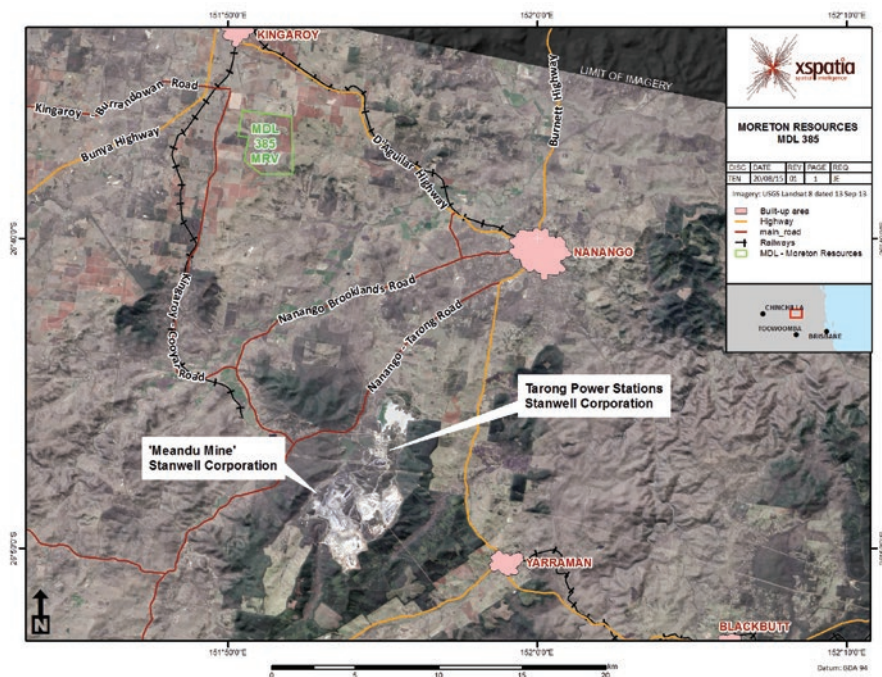
TARONG BASIN THERMAL COAL PROJECT		
Tenement	MDL 385	EPM 25992
Type	Mineral Development Licence	Exploration Permit Minerals other than Coal
Ownership	Moreton Resources Ltd. (100%)	
Expiry Date	28 February 2019	
Status	Granted	Application
Location	8 km SSE of Kingaroy township	
Area (Ha)	899.3	4,290.8
Mines in Region	Stanwell Meandu mine	Sibelco Goodger mine
Market Potential	Power generation	Building and construction
Basin	Tarong Basin	
Age	Upper Triassic	
Coal Measures	Tarong Beds	
Coal Type	Thermal	
Target Seam(s)	Glider, Kunioon, Swain and Goodger	
Proposed Mining Method	Open cut	Open cut
JORC Resource®	122.3 Mt Measured, 82.5 Mt Indicated and 16.4 Mt Inferred Coal Resource	

@Reported under the JORC Code (2012 Edition) by Mr Anthony Shellshear (Geological Data Design)



Photo: Location of the Tarong Basin Thermal Coal Project

Location map



Overview

MRV's Tarong Basin Projects are located in the South Burnett region approximately 150 km north-west of Brisbane and 20 km north-west of the Tarong power station and Meandu mine. Extending over an area of approximately 900 Ha, MDL 385 looks to develop a thermal coal asset within the Upper-Triassic aged Tarong Coal Measures. Overlaid with this is an opportunity to maximise mineral potential, with MRV recently applying for an Exploration Permit Minerals (EPM 25992). The EPM application covers 14 sub-blocks, considering other non-coal materials stratigraphically above the coal measures that may further benefit the region's economy.

Strategy and development

Based on earlier concept level studies the Company is looking to evaluate a number of mining options that may enable access to additional coal supplies within the South Burnett region for purposes of power generation. Our strategy in developing the project involves undertaking a pre-feasibility study (PFS) over the next 12 months. In recent times, MRV has sought assistance from industry leading mining consultants and contractors to further develop mining options for the project with up-to date costing models and practical mining solutions. MRV view the Tarong Basin Thermal Coal Project as a key to not only the Company, but also the potential to secure for the South Burnett Region an additional 20 plus years of economic coal supply, that would be a significant win/win for all stakeholders.

JORC coal resource estimate

The Company reported in July 2014 under the minimum standards set for public reporting by the JORC Code a total in-situ Coal Resource of 221.2 Mt (122.3 Mt Measured, 82.5 Mt Indicated and 16.4 Mt Inferred) on an in-situ moisture basis estimated at 10%.

JORC Resource Classification (all seams)	Tonnes (Mt)	Ash (%ad)	Total Sulphur (%ad)	Gross Calorific Value (kcal ad)
Measured	122.3	36.4	0.29	4613
Indicated	82.5			
Inferred	16.4			
TOTAL	221.2			

Reported under the JORC Code (2012 Edition) by Mr Anthony Shellshear (Geological Data Design)



Photo: Example of castor upper seam coal from the Mackenzie Coal Project

MACKENZIE COAL PROJECT



MRV Bowen Basin Coal Pty Ltd, manages the Mackenzie Coal Project, comprised of MDL 503 and EPC 1445. The tenements are located in the Bowen Basin (central Queensland) near the town of Blackwater, 120 km to the 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 the railway line to Gladstone is located 40 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.

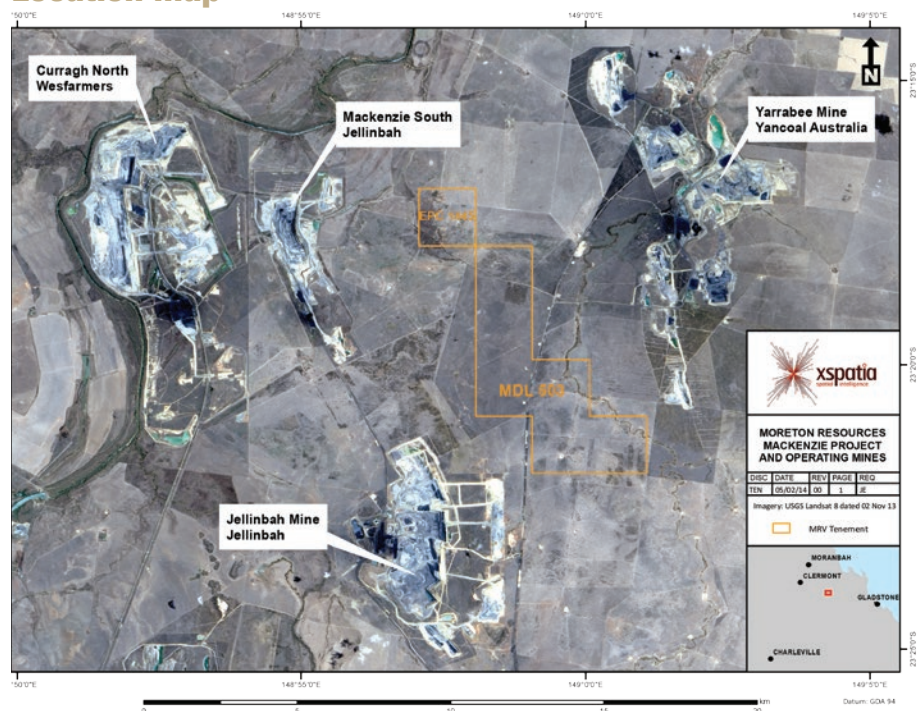
Exploration work had been carried out near to the tenements by Bow Energy Ltd in 2010. Following this, a further exploration program was undertaken which included in Phase 1, 6 holes which were drilled within the tenements in 2013. Moreton Resources commenced Phase 2 drilling in mid-2014, completing this drilling program in May 2015 with results being released to the market in September of 2015.

The Mackenzie Coal Project boasts coal intersects which include four coal seams, from the late Permian Rangel Coal Measures to the early Permian Freitag Formation. The shallowest coal seam in the project area is the Aries seam and it occurs at depths of approximately 250 m, while the deepest coal seam intersected in the recent exploration is the Pisces seam at a depth range of around 360 m.

MACKENZIE COAL PROJECT		
Tenement	EPM 1445	MDL 503
Type	Exploration Permit Coal	Mineral Development Licence
Ownership	Moreton Resources Ltd. (100%)	
Expiry Date	28 June 2017	31 October 2019
Status	Granted	
Location	27 km NNE of Blackwater township	
Area (Ha)	314.7	1,872.5
Mines in Region	Jellinbah, Curragh and Yarrabee mines	
Market Potential	Power generation and steel manufacturing	
Basin	Bowen Basin	
Age	Late Permian	
Coal Measures	Rangel Coal Measures	
Coal Type	Thermal, PCI and semi-soft coking	
Target Seam(s)	Aries, Pollux and Pisces	
Proposed Mining Method	Underground	
JORC Resource*	65.1 Mt Indicated and 73.0 Mt Inferred total insitu Coal Resource	

*Reported under the JORC Code (2012 Edition) by Mr Craig Williams (HDR Salva)

Location map



Overview

MRV's Mackenzie Project is located 27 km north north-east of the township of Blackwater, proximal to the Jellinbah, Yarrabee and Curragh Mines, in central Queensland's Bowen Basin. Covering 7 sub-blocks which extends over an area of approximately 2,200 ha, MDL 503 and EPC 1445 look to develop thermal, PCI and semi-soft coking coal within the late Permian aged Rangal Coal Measures.



Photo: Mackenzie 2014 Drill Campaign

Strategy and development

Following a recent program of drilling costing approximately \$1 million Moreton Resources released an updated JORC Coal Resource estimate. Focusing upon this additional data has allowed MRV to narrow its focus at the Mackenzie Coal Project. This led to a reduction in the previously released Coal Resource estimate; however, the latest estimate published has a higher level of confidence given the increase in Resource classification categories and the specific exclusions. The overall program increased inventories by a considerable percent, which are not reportable to market. Based upon the outcomes MRV is of the opinion that this is a valuable asset warranting further investment. With this in mind over the next 12 months, planned drilling is limited, with a greater emphasis assigned to obtaining 2-dimensional seismic profiles across select areas to understand the deposit further and to enable MRV to better assess viable mining methods for the project.

JORC coal resource estimate

The Company engaged HDR Salva in mid-2014 to manage and undertake further exploratory drilling within MDL 503 with the intent of increasing Resource classification confidence in the previous Inferred Coal Resource estimate of 201 Mt prepared by Xenith Consulting in 2013 under the minimum standards set for public reporting by the JORC Code. The Company can now report as consequence of a work program completed by HDR Salva, which included drilling a further 21 boreholes (16 cored), associated coal quality analysis, geological modelling, Resource estimation and classification an updated in-situ Coal Resource of 138.1 Mt (65.1 Mt Indicated and 73.0 Mt Inferred).

JORC Resource Classification (all seams)	Tonnes (Mt)	Average thickness (m)	RD on insitu moisture basis (g/cc)	Raw Ash (%ad)	Yield % (clean coal composite)
Indicated	65.1	2.0	1.5	18.4	61.0
Inferred	73.0	2.0	1.5	18.9	59.1
TOTAL	138.1				

*Reported under the JORC Code (2012 Edition) by Mr Craig Williams (HDR Salva)



Photo:2008 drilling program at Wandoan

WANDOAN COAL PROJECT



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.

THE WANDOAN COAL PROJECT	
Tenement	MDL 420
Type	Mineral Development Licence
Ownership	Moreton Resources Ltd. (100%)
Expiry Date	30 November 2017
Status	Granted
Location	33 km NNW of Miles township
Area (Ha)	7,384
Mines in Region	
Market Potential	Power generation
Basin	Surat
Age	Middle Jurassic
Coal Measures	Walloon Coal Measures
Coal Type	Thermal
Target Seam(s)	Macalister seams
Proposed Mining Method	Open cut
JORC Resource [#]	32.3 Mt Indicated and 328.3 Mt Inferred total insitu Coal Resource

[#]Reported under the JORC Code (2004 Edition) by Mr Garry Leblang (Coalsearch Consultants)

Overview

The Wandoan Coal Project is located approximately 30 km north north-west of the township of Miles, straddling the Leichardt Highway in central Queensland's Surat Basin. Comprising 24 sub-blocks over an area of approximately 7,380 ha, MRV look to develop thermal coal within the middle Jurassic aged Walloon Coal Measures (Macalister 1, 2 and 3 seams).

Strategy and development

Given the recent publication of updated guidance criteria for the estimation of Coal Resources MRV's new Board of Directors sought to apply greater rigour around corporate governance in addition to a review of the minimum standards that are applied in the public reporting of Coal Resources. This led MRV to the belief that the Wandoan asset should be reassessed.

An audit determined the decrease in Coal Resources results reported by Xenith Consulting in 2013 for Cougar Energy in relation to the Wandoan Asset did not comply with the minimum standards of the JORC Code (2012 Edition) and therefore MRV has withdrawn this estimate and relies upon the previous estimate made (tabled below). Coalsearch Consultants prepared this earlier Coal Resource estimate in 2012 (under the 2004 edition of the JORC Code).

MRV's plans over the next 12 months to further consolidate and review presently collated data over the tenement area and surrounding region with the view of presenting a more robust and defensible Resource statement that clearly demonstrates the guiding principles of the JORC Code (2012 edition). Additional collection of data through drilling may be required during this period.

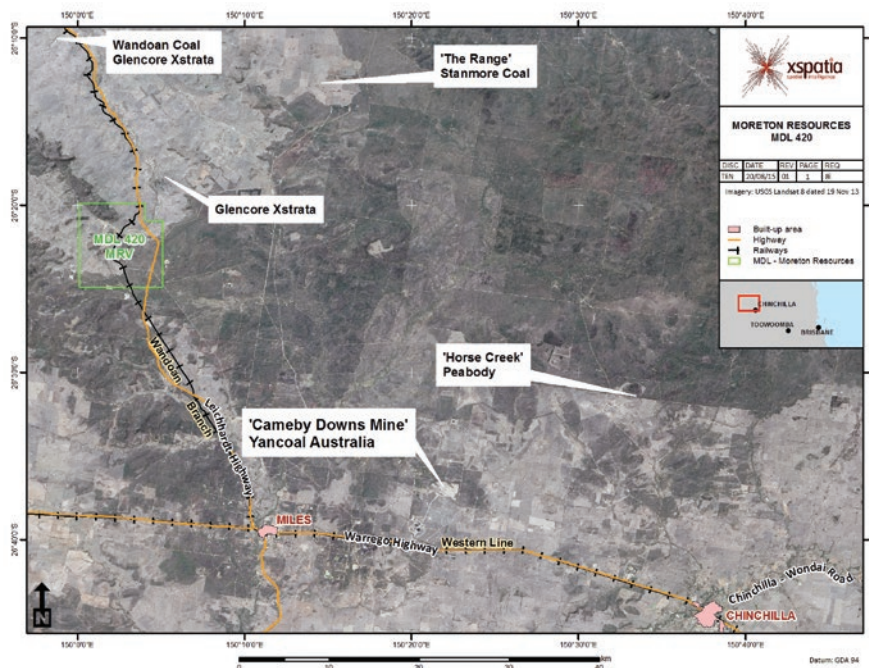
JORC coal resource estimate

The Company reported in March 2012 under the minimum standards set for public reporting by the JORC Code (2004 edition) a total in-situ Coal Resource of 360.6 Mt (32.3 Mt Indicated and 328.3 Mt Inferred).

JORC Resource Classification	Average Area (Mm2)	Average Thickness (m)	Average in-situ density (g/cc)	Tonnes (Mt)	Raw Ash (%ad)		
					Min	Max	Ave
Indicated Subtotal	2.62	2.91	1.51	32.3	19.2	38	29.9
Inferred Subtotal	25.95	3.17	1.50	328.3	19	38	29.6
TOTAL		2.94	1.50	360.6			29.7

*Reported under the JORC Code (2004 Edition) by Mr Gary Leblang (Coalsearch Consultants)

Location map





Photos: Site is rehabilitated

KINGARROY REHABILITATION PROJECT

Moreton Resources as the holder of MDL 385, through historical activities undertook multiple programs of work that impacted upon the environment be it the construction of above ground infrastructure, below ground infrastructure or the day to day activities of any operation that have interaction with the environment.

Despite the obligations on Moreton Resources for major rehabilitation works not being required until relinquishment of the block, in late 2013, a basic ethos of progressive rehabilitation and a social license to operate was brought about to focus on the early and rapid rehabilitation of this site where possible. This is a key cultural behaviour that is fundamental to Moreton Resources operating and the overall belief in how we do business. On that basis, we have worked hard with the Department of Environment and Heritage Protection, to ensure the Company continues with its progressive rehabilitation plan that will ensure appropriate restoration of the site.

On that basis the Company committed to remove the above ground infrastructure as a matter of priority and therefore outlined that before December 2014, all above ground infrastructure would be removed if no longer required (office complex and shed remain). This was undertaken and delivered and not only did the Company deliver on its commitment of removing the infrastructure, it was able to support a variety of local groups through the award of works contracts through to the donation of certain items to charitable groups in the South Burnett region.

Following this, the Company then sort to rehabilitate the above ground and below ground infrastructure footprint and therefore began Phase 2 of this project, on the basis that the Company had made it clear to the community about our progressive rehabilitation intent and aim to move to conventional mining technologies and operations in the future.

A local South Burnett operator won the tender process and commenced Phase 2 rehabilitation work in second quarter 2015. Through commitments to land holders and community groups, the target for completion of this was mid-2015 with the entire works program completed in the second week of June 2015 (reseeding will take place in Sept 2015 onward in the traditional warmer and wetter months).

Again, the Moreton Resources Board and Management were able to show, in our daily operations and dealings that we operate in an open and transparent manner, we respect our social license to operate and we believe in co-existence with the environment and communities. This therefore led to the progressive rehabilitation and delivery of our commitments as just a part of the way we operate.



Photos: Works being undertaken



CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Moreton Resources 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 is committed to operating its business ethically and with high standards of corporate governance. The Board has taken the opportunity to disclose its 2015 Corporate Governance Statement in the Corporate Governance section of the Company's website (moretonresources.com.au).

A photograph of a wet, muddy landscape. In the foreground, there is a large, shallow puddle reflecting the sky. The ground is dark and muddy with some small patches of green grass. In the background, there is a line of trees and a fence. The sky is overcast and grey.

DIRECTORS' REPORT

**Arthur Hood** | Chairman

Mr Hood has worked in civil engineering, coal and gold mining in the UK, Australia, PNG, South-East Asia and East & West Africa during his 40 year career. Mr Hood was CEO and Managing Director of Lihir Gold Limited (LGL) between 2005 and 2010. Prior to LGL, Mr Hood had an 18 year career with Placer Dome where he headed up Business Development for the Asia Pacific region which culminated in his appointments to Managing Director of Placer Nuigini and Managing Director of Placer Dome Tanzania.

**Alexander Jason Elks** | Managing Director & CEO

Mr Elks' most recent role was as Vice President 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.

**Wayne Penning** | Non-Executive Director

Mr Penning is the Managing Principal of Delphi Partners, Brisbane and leads the firms Energy and Resource Groups. He has worked for leading international law firms in Sydney, Brisbane and Hong Kong. He was admitted to practice in 1998 and has been a partner since 2005. Mr Penning advises on capital markets, mergers & acquisitions, corporate and commercial matters. He acts for various publicly-listed resource and industrial companies and has significant experience in corporate and regulatory areas. Mr. Penning is a founding member and Director of the Liz Ellis Foundation and until recently was the Deputy Chairman of Bravehearts.

**Brett Fletcher** | Non-Executive Director

Mr Fletcher holds qualifications in Mining Engineering from the University of NSW and has 27 years' experience in mining and metals, predominantly along the east coast of Australia as well as PNG, Indonesia and Laos. He has held the senior executive management positions of Executive General Manager with Newcrest Mining Ltd, Chief Operating Officer with Minerals and Metals Group (MMG) and also Chief Operating Officer with OZ Minerals / Zinifex. Mr Fletcher will be Melbourne based and has a strong network of industry contacts and associations, along with a proven history of development and delivery of significant projects. Mr Fletcher is also the Chairman and non-executive Director of Red River Resources Ltd.

Key leadership personnel

**Rod Lovelady** | General Manager, Finance and Corporate Services

Mr Lovelady holds a qualification in Accountancy from the University of Central Queensland and is a Certified Practising Accountant (CPA). He has 25 years' experience in the commercial, operational and financial functions of small and large mining companies. While working at Mount Isa Mines and then later at Zinifex/MMG Ltd, Mr Lovelady held roles including Group Manager Operations and General Manager Business Excellence respectively. Mr Lovelady later worked at Newcrest Mining Ltd where roles held included Commercial Director at PT Nusa Halmahera Minerals. He most recently worked at Northern Irons' Sydvaranger Gruve where he held the position of General Manager – Commercial and Technical Services. His commodity experience includes coal, iron ore, copper, zinc, lead and gold.

**David Arnott** | Geological Lead (B.App.Sc (Geo), MAusIMM, CP (Geol))

Mr Arnott's experience in the minerals industry spans over 25 years covering a range of commodities and geographic locations. He is a specialist in geological modelling and Resource estimation to which he is a Competent Person reporting under the major international Mineral Resource reporting codes. Mr Arnott regularly prepares Exploration Reports and Mineral Resource statements in addition to undertaking independent technical audits and due diligence studies of third party statements. His experience in the coal industry includes both thermal and metallurgical products, with exposure to green, brownfield and operational sites in Australasia, the African subcontinent and the European Union.

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 2015, 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 2015 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
Arthur Hood BSc, Civil Engineering	62	Appointed 28 November 2013 and Elected at the 2014 AGM. Mr Hood has worked in civil engineering, coal and gold mining in the UK, Australia, PNG, South-East Asia and East & West Africa during his 40 year career. Mr Hood was CEO and Managing Director of Lihir Gold Limited (LGL) between 2005 and 2010. Prior to LGL, Mr Hood had an 18 year career with Placer Dome where he headed up Business Development for the Asia Pacific region which culminated in his appointments to Managing Director of Placer Nuigini and Managing Director of Placer Dome Tanzania.	Chairman of Prospect Group.	Chairman of the Board Chairman of the Remuneration Committee	8,000,000 ordinary shares 13,600,000 options
Wayne Penning BEc LLB.	44	Appointed 12 August 2014 and Elected at the 2014 AGM. Mr. Penning is Managing Director of Delphi Partners. He leads the firm's Capital Markets and Energy & Resources groups. He has worked for leading international law firms in Sydney, Brisbane and Hong Kong. Mr Penning advises on capital markets, corporate and commercial matters. He acts for various public listed resource and industrial companies and has significant experience in corporate and regulatory areas. Mr Penning is Deputy Chairman of Bravehearts and founding member and Director of The Liz Ellis Foundation.	Deputy Chairman of Bravehearts Inc.	Non-Executive Director Member of the Remuneration Committee Member of the Audit Committee	3,200,000 options
Brett Fletcher Mining Engineer	51	Appointed 28 April 2015 resolution before Shareholders to be Elected at the 2015 AGM. Mr Fletcher holds qualifications in Mining Engineering from the University of NSW and has 27 years' experience in mining and metals, predominantly along the east coast of Australia as well as PNG, Indonesia and Laos. He has held the senior executive management positions of Executive General Manager with Newcrest Mining Ltd, Chief Operating Officer with Minerals and Metals Group (MMG) and also Chief Operating Officer with OZ Minerals / Zinifex. Mr Fletcher will be Melbourne based and has a strong network of industry contacts and associations, along with a proven history of development and delivery of significant projects. Mr Fletcher is also the Chairman and non-executive Director of Red River Resources Ltd.	Chairman of Red River Resources Ltd	Non-Executive Director Chairman of the Audit Committee	5,000,000 ordinary shares (Held by Julie Fletcher)

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	41	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 Director Chief Executive Officer	173,556,687 ordinary shares 19,381,500 options
Bret Leisemann B.App.Sc, MAusIMM, MGSA, GAICD (Resigned 13 March 2015)	47	Appointed 12 August 2014, Elected at the 2014 AGM. Mr. Leisemann has over 25 years of resources experience in exploration, mining and engineering geology, as well as mine planning, production scheduling, mining approvals and executive management. Mr. Leisemann has been an executive director and founding shareholder of several non-listed companies since 1995 and his business development and planning skills and hands-on mining experience have been instrumental in the development of those private companies.	None	Non-Executive Director Chairman of the Audit Committee	3,300,000 ordinary shares (at time of resignation) (Held by Longcove Pty Ltd)
(Robert) James Canning-Ure B Comm. (Resigned 19 Sept 2014)	56	Appointed 28 November 2013. Mr Canning-Ure has over 30 years' experience in corporate advisory, specialising in the resources, e-commerce and property developing sectors. He spent many years as President and Executive Director / CFO of Macarthur Minerals, a TSX listed iron ore exploration company, as well as Managing Director of Global Approach, an ASX listed e-commerce company.	ICS Global Ltd (ASX:ICS) from August 2010 to present. Orion Metals Ltd (ASX: ORM) from March 2010 to April 2011.	Non-Executive Director Chairman of the Audit Committee Member of the Remuneration Committee	Nil
John Charles Thomas (Resigned 19 Sept 2014)	72	Appointed 28 November 2013. Mr Thomas has over 45 years' international business experience. He has worked in Europe, West Indies, Middle East, China and Asia on various projects, which included industrial and commercial contracting in mechanical, electrical engineering and steel fabrication.	None	Non-Executive Director Member of the Audit Committee	10,310,000 ordinary shares (at time of resignation) (Held by Todstead Superannuation Pty Ltd)

COMPANY SECRETARY

Ms Caroline Edwards (CSA (Cert), Adv Dip. Bus.) was appointed to the role of Acting Company Secretary from 30 April to 6 November 2014.

Ms Kate O'Donohue (Fellow GIA, Fellow ICSA) was appointed to the role of Company Secretary on 6 November 2014.

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 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
19 September 2014	30 December 2015	\$0.002	36,181,500
			<u>36,181,500</u>

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 2015 as detailed:

	Full Board (7 meetings held in total)		Audit & Risk Committee (2 meetings held in total)		Remuneration Committee (1 meetings held in total)	
Director's Name	Eligible	Attended	Eligible	Attended	Eligible	Attended
Arthur Hood	7	7			1	1
Wayne Penning ⁽¹⁾	6	6	1	1	1	1
Brett Fletcher ⁽²⁾	1	1	-	-	-	-
Alexander Jason Elks	7	7	-	-	-	-
Former Board						
Robert James Canning-Ure ⁽³⁾	2	2	1	1	-	-
John Thomas ⁽³⁾	2	2	1	1	-	-
Bret Leisemann ^{(1) (4)}	6	6	1	1	-	-

[1] Appointed 19 September 2014

[2] Appointed 28 April 2015

[3] Resigned 19 September 2014

[3] Resigned 13 March 2015

PRINCIPAL ACTIVITIES

The Company's principal activities were advancing its existing coal assets within Queensland, Australia, and seeking to expand the Company through acquisition, as outlined in the Managing Director's Report section of this Annual Report.

REVIEW OF OPERATIONS

A. Operating Results and Financial position

The Group made a \$4,897,002 profit after tax in the 2015 year. This result included a \$498,248 tax benefit received for its 2012 (amended) Research and Development Tax Incentive Claim and \$5,160,515 tax benefit booked for its 2013 (amended) and 2014 Research and Development Tax Incentive Claims. The Group result in the prior year was a profit of \$4,385,425.

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

The result for the year also includes \$778,231 write back of the Kingaroy rehabilitation provision.

Following a refocus of the Group's activities and transforming its operating structure, the overhead costs of the business have continued to be reduced.

At year-end, the Group's net assets totalled \$12,506,932 (2014: \$7,576,209) which included cash assets of \$4,869,433 and tax benefit receivable of \$5,160,515. Exploration tenements remain in place and the capitalised book value is \$3,173,974. Following extensive rehabilitation works carried out during 2015 the rehabilitation provision for the previous operations at the Kingaroy site has been reduced to \$100,000 (2014: \$1,226,511).

The Directors believe the Company's financial position is stable and allows it to proceed with its coal projects.

B. Operations

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

(i) Company 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

During 2015, the Company was granted MDL 503. A further exploration program was carried out on this MDL during the year 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 insitu 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 360.6 Mt (32.3 Mt Indicated and 328.3 Mt inferred) reported in accordance with the JORC Code (2004 edition). The Company will seek to advance its understanding of the total potential of this asset in 2016.

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. Having a Coal Resource estimate of 221.2Mt, (122.3 Mt Measured, 82.5 Mt Indicated and 16.4 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.

(ii) Business strategies and prospects

The strategy for 2015-2016 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 2015-2016, other than the risks inherent in the coal exploration industry.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A total of 78,763,000 options were issued in the year, of which 42,581,500 have lapsed and 36,181,500 remain on issue.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Nil

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 2015. 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. During the year the Board reviewed and approved both the Short-term Incentive Program (STIP) for employees and Long-term Incentive Program (LTIP) for the Company's Executives. The LTIP will be presented to shareholders at the 2015 AGM for approval.

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. In 2014, a fee of \$10,000 was paid to McDonald-Aon Hewitt for the review. The Board is satisfied 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 equity interest as collateral for a financial transaction.

REMUNERATION REPORT (AUDITED) (CONT'D)

(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. Rod Lovelady, General Manager - Finance and Corporate Services

Mr. Lovelady commenced employment with the Company on 7 July 2014.

There have been no changes to key management personnel subsequent to year's end.

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.

Table of Benefits and Payments for the Year Ended 30 June 2015

Name	Short-Term Employee Benefits	Non Monetary Benefits	Post- Employment Benefits	Share-Based Remuneration	Relative Proportion of:		
	Cash Salary and Fees	Parking/ Vehicle/Other	Superannuation (#)	Management Options ⁽⁴⁾	Total Remuneration	Fixed Remuneration	Performance Related Remuneration
	\$	\$	\$	\$	\$	%	%
Current Directors 2015							
Arthur Hood	52,784	-	32,411	13,580	98,775	86%	14%
Wayne Penning	33,333	-	-	788	34,121	98%	2%
Brett Fletcher	6,667	-	-	-	6,667	100%	-
Alexander Jason Elks	280,089	-	31,327	19,353	330,769	94%	6%
Former Directors							
Bret Liesemann ⁽¹⁾	20,151	-	-	-	20,151	100%	-
James Canning-Ure ⁽²⁾	8,766	-	-	-	8,766	100%	-
John Thomas ⁽²⁾	8,766	-	-	-	8,766	100%	-
Executives							
Rod Lovelady ⁽³⁾	185,984	-	29,166	-	215,150	100%	-
Remuneration totals	596,540		92,904	33,721	723,165		

NOTES

(#) The Company pays superannuation at the specified rate. Amounts shown are inclusive of salary sacrifice arrangements by the employee.

(1) Mr Liesemann resigned effective 13 March 2015.

(2) Mr Canning – Ure and Mr Thomas did not stand for election to continue as Directors at the AGM on 19 September 2014.

(3) Mr Lovelady commenced employment on 7 July 2014.

(4) 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)

Name	Short-Term Employee Benefits	Termination Payments	Non Monetary Benefits	Post- Employment Benefits	Share-Based Remuneration	Relative Proportion of:		
	Cash Salary and Fees	Cash	Parking/ Vehicle/ Other	Superannuation (#)	Management Options	Total Remuneration	Fixed Remuneration	Performance Related Remuneration
	\$	\$	\$	\$	\$	\$	%	%
2014								
Arthur Hood	24,584	-	-	20,801	-	45,385	100%	-
James Canning-Ure	25,666	-	-	-	-	25,666	100%	-
John Thomas	25,666	-	-	-	-	25,666	100%	-
Alexander Jason Elks	112,294	-	-	10,386	-	122,680	100%	-
Former Directors								
R Neill ⁽¹⁾	133,448	22,878	-	14,460	(6,008)	164,778	96%	4%
A Matheson ⁽²⁾	31,250	-	-	2,890	-	34,140	100%	-
A Purcell ⁽²⁾	22,916	-	-	2,119	-	25,035	100%	-
E Armila Djauhari ⁽²⁾	11,453	-	-	-	-	11,453	100%	-
Former Executive								
R Chandra ⁽³⁾	95,507	5,619	-	9,354	-	110,480	100%	-
B Glynne ⁽³⁾	106,776	6,113	-	10,495	-	123,384	100%	-
V Melik ⁽⁴⁾	137,812	17,206	-	14,339	-	169,357	100%	-
Remuneration totals	727,372	51,816	-	84,844	(6,008)	858,024		

NOTES

(#) The Company pays superannuation at the specified rate. Amounts shown are inclusive of salary sacrifice arrangements by the employee.

(1) Mr Neill resigned on 10 September 2013 with a termination date of 10 December 2013.

(2) Resigned on 28 November 2013 with immediate effect.

(3) Employment contract was terminated on 03 January 2014

(4) Ceased employment on 31 March 2014.

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

The terms and conditions relating to options and bonuses granted as remuneration during the year to key management personnel are as follows:

Cash Bonuses, Performance-related Bonuses and Share-based Payments

Name of Personnel	Remuneration Type	Grant Date	Grant Value \$	Reason for Grant (Note 1)	Percentage Vested/Paid during Year % (Note 2)	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments
Arthur Hood	Option	19-09-2014	10,230	Incentive	0	100	0	30-12-2014	n/a
	Option	19-09-2014	5,508	Incentive	0	0	100	30-12-2015	n/a
James Canning - Ure	Option	19-09-2014	2,407	Incentive	0	100	0	30-12-2014	n/a
John Thomas	Option	19-09-2014	2,407	Incentive	0	100	0	30-12-2014	n/a
Jason Elks	Option	19-09-2014	14,579	Incentive	0	100	0	30-12-2014	n/a
	Option	19-09-2014	7,850	Incentive	0	0	100	30-12-2015	n/a
Wayne Penning	Option	19-09-2014	1,296	Incentive	0	0	100	30-12-2015	n/a
Brett Liesemann	Option	19-09-2014	1,296	Incentive	0	100	0	30-12-2015	n/a

Note 1 The options have been granted subject to the completion of continued employment with the Moreton Resources Limited and subject to the individual meeting predetermined performance criteria. Should the performance criteria not be met for a particular year, the portion of the options which were available for vesting for that year shall be considered forfeited.

Note 2 The dollar value of the percentage vested/paid during the period has been reflected in the Table of Benefits and Payments.

REMUNERATION REPORT (AUDITED) (CONT'D)

(B) Details of Remuneration (Cont'd)

Options and Rights Granted as Remuneration

	Balance at Beginning of Year No.	Grant Details			Exercised		Lapsed		Balance at End of Year No.
		Issue Date	No.	Value \$ (Note 1)	No.	Value \$	No.	Value \$ (Note 2)	
Group KMP									
Arthur Hood	-	19/09/2014	27,200,000	15,739	-	-	13,600,000	10,230	13,600,000
James Canning-Ure	-	19/09/2014	3,200,000	2,407	-	-	3,200,000	2,407	-
John Thomas	-	19/09/2014	3,200,000	2,407	-	-	3,200,000	2,407	-
Jason Elks	-	19/09/2014	38,763,000	22,429	-	-	19,381,500	14,579	19,381,500
Wayne Penning	-	19/09/2014	3,200,000	1,296	-	-	-	-	3,200,000
Bret Liesemann	-	19/09/2014	3,200,000	1,296	-	-	3,200,000	1,296	-
	-		78,763,000	45,574	-	-	42,581,500	30,919	36,181,500

	Balance at End of Year No.	Vested			Unvested Total at End of Year No.
		Exercisable No.	Unexercisable No.	Total at End of Year No.	
Group KMP					
Arthur Hood	13,600,000	-	-	-	13,600,000
James Canning-Ure	-	-	-	-	-
John Thomas	-	-	-	-	-
Jason Elks	19,381,500	-	-	-	19,381,500
Wayne Penning	3,200,000	-	-	-	3,200,000
Bret Liesemann	-	-	-	-	-
	36,181,500	-	-	-	36,181,500

Note:

- (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.
- (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.

REMUNERATION REPORT (AUDITED) (CONT'D)

(B) Details of Remuneration (Cont'd)

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 (\$)
19/09/2014	Moreton Resources Limited	1:1 Ordinary Shares in Moreton	30/12/2014	0.002	0.0008	0.00
19/09/2014	Moreton Resources Limited	1:1 Ordinary Shares in Moreton	30/12/2015	0.002	0.0004	0.00

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

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	Acquired during the year	Options Exercised during the year	Received as Compensation during the year	Disposed during the year	Other Changes during the year	Balance at the end of the year*
Arthur Hood	-	8,000,000	-	-	-	-	8,000,000
Brett Fletcher **	-	5,000,000	-	-	-	-	5,000,000
Wayne Penning	-	-	-	-	-	-	-
Jason Elks	161,855,823	11,700,864	-	-	-	-	173,556,687
Previous Directors							
Robert James Canning-Ure*	-	-	-	-	-	-	-
John Thomas*	10,310,000	-	-	-	-	-	10,310,000
Bret Leisemann*	-	3,300,000	-	-	-	-	3,300,000
Key Personnel							
Rod Lovelady***	3,400,000	13,489,669	-	-	-	-	16,889,669
Total number	175,565,823	41,490,533	-	-	-	-	217,056,356
2014							
Current Directors							
Arthur Hood	-	-	-	-	-	-	-
Robert James Canning-Ure	-	-	-	-	-	-	-
John Thomas**	10,310,000	-	-	-	-	-	10,310,000
Jason Elks**	102,455,823	59,400,000	-	-	-	-	161,855,823
Previous Directors							
Andrew Matheson*	2,000,000	14,974,693	-	-	-	-	16,974,693
Andrew Purcell*	1,000,000	-	-	-	-	-	1,000,000
Rob Neill*	1,000,000	-	-	-	-	-	1,000,000
Previous Key Personnel							
Rajeev Chandra*	206,000	-	-	-	-	-	206,000
Valeri Melik*	41,786	-	-	-	-	-	41,786
Total number	117,013,609	74,374,693	-	-	-	-	191,388,302

* Balance at end of year or at resignation

** Indirect holdings

*** Balance at commencement of employment

REMUNERATION REPORT (AUDITED) (CONT'D)

(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.

	Position Held as at 30 June 2015	Contract Details (Duration and Termination)	Annual Base Salary including superannuation \$	Other Benefits
Group KMP				
Current Directors				
Arthur Hood	Non-Executive Director and Chairman of the Board Remuneration Committee	Refer to Note (4) for duration and term. (Elected 19 September 2014)	85,000	STI ⁽³⁾ MTI ⁽³⁾
Wayne Penning	Non-Executive Director Chair Remuneration Committee Audit and Risk Committee	Refer to Note (4) for duration and term. (Elected 19 September 2014)	40,000	STI ⁽³⁾ MTI ⁽³⁾
Brett Fletcher	Non-Executive Director Chair Audit and Risk Committee	Refer to Note (4) for duration and term. (Appointed 28 April 2015)	40,000	STI ⁽³⁾ MTI ⁽³⁾
Alexander Jason Elks	Managing Director and Chief Executive Officer	Permanent contract. Started 1 July 2014. 3 months' notice to terminate.	323,025	15% STI ⁽¹⁾ 15% MTI ⁽¹⁾
Rodney Lovelady	General Manager - Finance and Corporate Services	Permanent contract. Started 7 July 2014. 3 months' notice to terminate.	219,000	15% STI ⁽²⁾ 10% LTI ⁽²⁾
Former Directors				
Bret Leisemann	Nil	Refer to Note (4) for duration and term. (Resigned 13 Mar 2015)	40,000	
James Canning-Ure	Nil	Refer to Note (4) for duration and term. (Resigned 19 Sept 2014)	40,000	
John Thomas	Nil	Refer to Note (4) for duration and term. (Resigned 19 Sept 2014)	40,000	

- (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. Mr Elks was not offered by the Board to participate in the short or mid-term incentive programs in 2015. 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. These options were approved by shareholders at the Company's 2014 Annual General Meeting.
- (2) Under Mr Lovelady's employment contract, he is eligible to participate in short and long-term incentive schemes as determined by the Company from time to time.
- (3) Mr Arthur Hood and Mr Wayne Penning were 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 19 September 2014. 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.
- (4) 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)

(C) Service Agreements (Cont'd)

The employment terms and conditions of all KMP are formalised in contracts of employment.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of 3 months' notice prior to termination of contract. A termination payments equivalent to three months salary is only payable when this notice period is not provided. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 3 months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non-Executive Directors have contractual service agreements stipulating Board services to Moreton Resources on usual commercial terms and conditions. The maximum total amount of fees paid to Directors is set by shareholders.

(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. Mr Elks as Chief Executive Officer will transition to the employee plan in the coming months.

(E) Share-Based Remuneration

Employee Share Scheme

The Company does not have an employee share scheme.

Management Share Options

During the 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

There were no loans to Directors or key management personnel of the Company during the year.

There were no other transactions conducted between the Group and key management personnel or their related parties, other than those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

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

AUDITOR

Hayes Knight Audit (QLD) 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

7 September 2015
Brisbane



Hayes Knight
Accountants, Advisors & Auditors

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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 2015 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.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 7 September 2015

	Notes	30 June 2015 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	10	4,869,433	7,636,779
Trade and other receivables	11	5,253,056	73,255
Other financial assets	12	2,500	4,438
Total Current Assets		10,124,989	7,714,472
Non-Current Assets			
Exploration and evaluation assets	13	3,173,974	1,894,542
Property, plant and equipment	14	73,505	84,005
Intangible assets	15	-	-
Total Non-Current Assets		3,247,479	1,978,547
TOTAL ASSETS		13,372,468	9,693,019
LIABILITIES			
Current Liabilities			
Trade and other payables	17	730,615	881,583
Provisions	18	134,921	1,235,227
Total Current Liabilities		865,536	2,116,810
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		865,536	2,116,810
NET ASSETS		12,506,932	7,576,209
EQUITY			
Contributed equity	19	74,092,375	74,092,375
Reserves		8,911	-
Accumulated losses		(61,594,354)	(66,516,166)
TOTAL EQUITY		12,506,932	7,576,209

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2015

		Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
	Notes		
REVENUE	5	240,404	136,239
EXPENSES			
Communication costs		57,704	104,157
Depreciation and amortisation	7	51,747	150,030
Employee benefits expense		916,434	1,103,451
Finance costs		-	36,357
Insurance expenses		51,565	75,083
Impairment of non-current assets	7	-	352,314
Kingaroy Rehabilitation Provision Write Back	18	(778,231)	-
Business Development Costs		155,389	-
Professional fees and Contractors		315,308	590,364
Infringements and penalties		-	115,103
Securities quotation fees		50,117	119,217
Other Corporate Costs		161,995	152,818
Travel costs		20,137	56,664
Total Expenses	7	1,002,165	2,855,558
LOSS BEFORE INCOME TAX		(761,761)	(2,719,319)
Income Tax Benefit	8	5,658,763	7,104,744
TOTAL PROFIT AFTER INCOME TAX FOR THE YEAR		4,897,002	4,385,425
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX			
<i>Items that may be subsequently reclassified to profit & loss</i>			
Movement in exchange in the translation of foreign operations		-	(35,197)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	(35,197)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,897,002	4,350,228
Profit for the year is attributable to:			
Owners of Moreton Resources Limited		4,897,002	4,385,425
		4,897,002	4,385,425
Total comprehensive income for the year is attributable to:			
Owners of Moreton Resources Limited		4,897,002	4,350,228
		4,897,002	4,350,228
		Cents	Cents
Basic earnings per share	23	0.3	0.2
Diluted earnings per share	23	0.3	0.2

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 2015

Consolidated	Contributed Equity \$	Share Based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 01-07-2014	74,092,375	-	(66,516,166)	7,576,209
<u>Comprehensive Income Transactions</u>				
Profit after tax for the period	-	-	4,897,002	4,897,002
Other comprehensive income	-	-	-	-
Total Comprehensive Income	-	-	4,897,002	4,897,002
<u>Transactions with Owners in their Capacity as Owners</u>				
(a) Contributions by Owners				
New ordinary share issues	-	-	-	-
Ordinary share issue costs	-	-	-	-
Transfer of Reserves to retained earnings	-	(24,810)	24,810	-
Share-based payments	-	33,721	-	33,721
(b) Distributions to Owners				
Dividends paid	-	-	-	-
Total Transactions with Owners	-	8,911	24,810	33,721
Balance at 30-06-2015	74,092,375	8,911	(61,594,354)	12,506,932

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

MORETON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Consolidated	Contributed Equity \$	Share Based Payments Reserve \$	Foreign Currency Translations Reserve ("FCTR") \$	Accumulated Losses \$	Equity Attributable to Equity Holders of the Parent \$	Non- Controlling Interests in Group Entities \$	Total Equity \$
Balance at 01-07-2013	73,454,623	6,008	(35,197)	(70,866,394)	2,559,040	(29,936)	2,529,104
<u>Comprehensive Income Transactions</u>							
Profit after tax for the period	-	-	-	4,385,425	4,385,425	-	4,385,425
Other comprehensive income							
Movement in the FCTR	-	-	35,197	(35,197)	-	-	-
Total Comprehensive Income	-	-	35,197	4,350,228	4,385,425	-	4,385,425
<u>Transactions with Owners in their Capacity as Owners</u>							
(a) Contributions by Owners							
New ordinary share issues	689,674	-	-	-	689,674	-	689,674
Ordinary share issue costs	(51,922)	-	-	-	(51,922)	-	(51,922)
Transfer of Reserves							
Share-based payments	-	(6,008)	-	-	(6,008)	-	(6,008)
(b) Distributions to Owners							
Dividends paid	-	-	-	-	-	-	-
(c) Changes in Ownership Interests in Group Entities							
Accumulated losses adjustment due to ownership interest change	-	-	-	-	-	29,936	29,936
Total Transactions with Owners	637,752	(6,008)	-	-	631,744	29,936	661,680
Balance at 30-06-2014	74,092,375	-	-	(66,516,166)	7,576,209	-	7,576,209

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

MORETON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

		Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,461,743)	(2,245,103)
Interest received		207,314	136,239
Finance costs		-	(36,357)
Income tax – R&D tax offset received		498,248	7,104,744
Net cash inflow/(outflow) from operating activities	21	(1,756,181)	4,959,523
CASH FLOWS FROM INVESTING ACTIVITIES			
Refund of security deposits on long-term tenancies		1,936	1,147,500
Payments for property, plant and equipment		(75,466)	(7,772)
Payments for exploration and evaluation assets		(984,788)	(330,942)
Proceeds from sales of property, plant and equipment		47,153	-
Net cash inflow/(outflow) from investing activities		(1,011,165)	808,786
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from ordinary shares issued		-	689,674
Proceeds from shareholder loan		-	400,000
Repayments of shareholder loan		-	(400,000)
Payments for share issue transaction costs		-	(51,922)
Net cash inflow/(outflow) from financing activities		-	637,752
Net increase/(decrease) in cash and cash equivalents		(2,767,346)	6,406,061
Cash and cash equivalents at the beginning of the financial year		7,636,779	1,230,718
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	4,869,433	7,636,779

The above consolidated statement of cashflows 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 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:

Suite 8, Level 2, 113 Wickham Terrace
Spring Hill, Queensland, 4000, Australia

The Company's principal activities were identification and development of conventional coal 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 2015 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, as appropriate for profit oriented entities. 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. 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 (x).

(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 (including any structured entities). 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.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. The policy as specifically applicable in relation to impairment for exploration assets is discussed at Note 2(o).

(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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (cont)

(ii) 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.

Impairment

At the end of each reporting period, the Group assess 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) Foreign Currency Translation

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the yearend exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income otherwise the exchange difference is recognised in profit or loss.

(g) 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.

(h) 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Revenue Recognition

Interest revenue is recognised using the effective interest method.

(j) Comparative Figures

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(k) 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.

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 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.

(l) 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Issued Capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(n) 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 and the Professional Standards of the Institute of Chartered Accountants.

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 service conditions are fulfilled, ending on the date on which the relevant holders become fully entitled to the award (the 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.

(o) 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.

(p) Intangible assets other than goodwill

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.

The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. If the expected useful life of the asset is different from the previous estimates, the amortisation shall be changed accordingly. Such changes are accounted for as changes in accounting estimates.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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 UCG 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 remeasured 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.

(r) 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.

(s) Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less selling costs, except for those assets that are specifically exempted from this requirement.

(t) 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. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(u) 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 remeasurement 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) 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.

(w) 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.

(x) 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:

Share-Based Payment Transactions (note 25)

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using options pricing models taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

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.

Intangible Assets (note 15)

The Company has previously capitalised (recognised as an intangible asset) the licence fees paid to Ergo Exergy Technologies, Inc. which grants the Company access to the technology partnership arrangements. The Company is of the view that this is a general licence and not site specific. However as the Company has moved its focus from UCG projects it has impaired the book value of the licence.

Useful lives of assets (note 14)

The Company has made estimates of the useful lives of the plant and equipment and other assets based on assumptions of ongoing projects or transferability to other projects. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or when technically obsolete or non-strategic assets are abandoned at which time they will be written down to recoverable value.

Research and Development Tax Incentive receivable (note 11)

The Company has lodged claims in respect of Research and Development Tax Incentives for prior years, the payment of which is dependent on successful processing of these claims by the relevant authorities. Subsequent to balance date the Company received notice that AusIndustry had formed an opinion that the activities registered in these claims were not fitting with the requirement to yet enable payment of the claims. (see note 29)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Accounting Estimates and Judgments (Cont'd)

Provision for Restoration – Estimate and Classification (Kingaroy Site) (note 18)

The Company has in previous reporting periods provided for in the financial statements and classified as a long term liability provision its estimate of the rehabilitation of the surface at Kingaroy as part of the licence conditions at Kingaroy. These works progressed during the 2015 financial year with all underground infrastructure (with the exception of 7 monitoring wells still in use) and all surface infrastructure related to prior operating activities now removed from site and the area where this plant was has been rehabilitated in accordance with the draft rehabilitation plan submitted to the Department of Environment and Heritage Protection [DEHP].

The Company remains in discussion with the DEHP as to the approval of the rehabilitation plan submitted, including the standard to which these works are to be carried out. The rehabilitation works carried out during the 2015 year were of a very high standard and the Company believes these will meet the Departments rehabilitation requirements, once they are determined.

The Company has made a provision for the costs of the remaining works yet to be carried out. The final costs of these works will not be known until after the discussions with DEHP have concluded. The Company has a bond lodged in favour of the Queensland Government for the satisfactory completion of the works.

The Company lists all of the provision as a current liability, although at this time it is uncertain how much of the remaining works will be required to be completed and the timing of such works as a result of the amended Environmental Authority issued by DERM.

(y) 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 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.

(z) Application of new and revised Accounting Standards

(i) Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end:

- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'.

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the Group's consolidated financial statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Application of new and revised Accounting Standards (Cont'd)

- AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

The Annual Improvements 2010-2012 has made a number of amendments to various AASBs, which are summarised below.

- The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition', which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for sharebased payment transactions for which the grant date is on or after 1 July 2014.
 - The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.
 - The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
 - The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.
 - The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
 - The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.
- AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations.

Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

(ii) Standards and Interpretations in issue not yet adopted

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Application of new and revised Accounting Standards (Cont'd)

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective. Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

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 (*) in Controlled Entities as at:	
				30 June 2015 %	30 June 2014 %
MRV Surat Basin Coal Pty Ltd	27-03-2003	Australia	Ord shares	100.00%	100.00%
Cougar Energy Mongolia LLC	03-08-2011	Mongolia	Ord shares	0% **	100.00%
MRV Bowen Basin Coal Pty Ltd	09-02-2012	Australia	Ord shares	100.00%	100.00%
Cougar Energy Asia Ltd	29-02-2012	Hong Kong	Ord shares	0% **	100.00%
Cougar Energy Singapore Pte Ltd	16-07-2012	Singapore	Ord shares	0% **	100.00%
MRV Tarong Basin Coal Pty Ltd	05-10-2012	Australia	Ord Shares	100.00%	100.00%

(*) = The proportion of ownership interest is equal to the proportion of voting power held.

(**) = Foreign Subsidiary that has now been de-registered

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 Company's activities expose it to a variety of financial risks: market risk (including currency risk, 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, foreign exchange, 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 Groups financial instruments consists mainly of deposits with banks, short term investments, accounts receivable, accounts payable and leases.

NOTE 4: FINANCIAL RISK MANAGEMENT (CONT'D)

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

		Consolidated Group	
		2015	2014
	Notes	\$	\$
Financial Assets			
Cash and cash equivalents	10	4,869,433	7,636,779
Trade and other receivables	11	5,253,056	73,255
Other financial assets	12	2,500	4,438
Total Financial Assets		10,124,989	7,714,472
Financial Liabilities			
Trade and other payables	17	730,615	881,583
Total Financial Liabilities		730,615	881,583
Net Financial Assets		9,394,374	6,832,889

(a) Market Risk

(i) Foreign Currency Risk

Currency risk involves the risk that the fair value or future cash flows of a financial instrument (asset or liability) will fluctuate because of changes in foreign exchange rates. Currency risk is minimal to the Company as any overseas activities are discontinued. Any movements in exchange rates are not material.

(ii) 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 fair value interest rate risk is minimal. As at the reporting date, the Group therefore had the following variable rate cash balances.

		Consolidated Group	
		2015	2014
	Notes	\$	\$
Financial Assets			
Cash and cash equivalents	10	4,869,433	7,636,779
Total Financial Assets		4,869,433	7,636,779
Financial Liabilities			
Total Financial Liabilities		-	-
Net Financial Assets Exposed to Cash Flow Interest Rate Risk		4,869,433	7,636,779

Sensitivity Analysis

Effect on Profit after Income Tax – Higher/(Lower)

1% increase in interest rates	48,694	76,368
1% decrease in interest rates	(48,694)	(76,368)

Effect on Equity – Higher/(Lower)

1% increase in interest rates	48,694	76,368
1% decrease in interest rates	(48,694)	(76,368)

NOTE 4: FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market Risk (Cont'd)

The equity account affected by the above movement in interest rates is accumulated losses.

The Group constantly analyses its interest rate opportunity and exposure, taking into account its existing positions and alternative deposit strategies using a combination of fixed and variable interests rates.

(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 Group also faces credit risk in relation to the financial guarantees it has given to certain parties. All guarantees are secured by letters of set-off over term deposits pledged as security to potentially meet any of these guarantees. The guarantees will only become payable if the Group fails to fulfil its obligations to those third parties to whom they have been given.

The Parent Entity has previously made loans to certain controlled entities to fund project development and are considered not recoverable. No interest is charged on these loans. 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.

(i) Financing Arrangements

The Company does not have any undrawn borrowing facilities at the end of each financial year.

(ii) Maturities of Financial Instruments

All of the Group's financial assets and liabilities have a maturity profile of less than 12 months.

(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.

NOTE 5: REVENUE

Revenue from Continuing Operations

	Notes	Consolidated Group	
		2015	2014
		\$	\$
Interest received		206,272	58,714
Interest received - ATO		13,426	77,525
Profit on Sale of Plant and Equipment		20,706	-
Revenue		240,404	136,239

NOTE 6: INVESTMENTS IN NON CONTROLLED ENTITIES

There are no such items in the 2015 and 2014 financial years.

	Consolidated Group	
	2015	2014
Notes	\$	\$
<u>NOTE 7: EXPENSES</u>		
<u>(a) Result before Income Tax includes the following specific expenses:</u>		
Depreciation of property, plant and equipment	51,747	68,985
Amortisation of licence fee	-	81,045
	51,747	150,030
<u>Impairment of non current assets</u>		
Impairment of intangibles	-	352,314
Employee expenses - Share-based Payments	33,721	(6,008)
<u>Rental expense relating to operating leases</u>		
Minimum lease payments	44,958	33,450
Plant and equipment disposal losses and write-offs	-	50,084
Net foreign exchange gain/loss	-	138
Exploration expenditure expensed	-	381,472
<u>NOTE 8: INCOME TAX EXPENSE</u>		
<u>(a) Income Tax Benefit (Expense)</u>		
Current income tax **	5,658,763	7,104,744
Deferred income tax expense	-	-
Income Tax Benefit	5,658,763	7,104,744
<u>(b) Numerical Reconciliation of Income Tax Benefit to Prima Facie Tax Payable</u>		
Loss from continuing operations	(761,761)	(2,719,319)
Total loss before income tax for the year	(761,761)	(2,719,319)
Tax at the Australian tax rate of 30% (2014: 30%)	(228,528)	(815,795)
Add/(less) the tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Write downs on intangible assets	-	130,008
Other non-deductible costs (legals, fines etc)	13,652	76,966
Exploration expenditure capitalised	(383,829)	(99,283)
Share issue costs recognised directly in equity	-	(31,147)
Other deductible expenses	(327,911)	(22,429)
Deferred tax assets not brought to account	926,616	761,680
	-	-
R&D tax offset received / receivable **	5,658,763	7,104,744
Total income tax benefit	5,658,763	7,104,744
The weighted average effective tax rates (before R&D tax offset) are nil due to tax losses.	0%	0%

	Notes	Consolidated Group	
		2015	2014
		\$	\$
NOTE 8: INCOME TAX EXPENSE (CONT'D)			
<u>(c) Unused Tax Losses Not Recognised as a Deferred Tax Asset</u>			
Taxable value of unused tax losses for which no deferred tax asset has been recognised:			
Tax losses on capital account		496,157	516,863
Tax losses on revenue account *		19,357,739	16,248,310
Total unrecognised tax losses carried forward		19,853,896	16,765,173
Potential tax benefit of losses @ 30% (2014: 30%)		5,956,169	5,029,552

The Group has substantial 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.

* Unused tax losses on revenue account reflect the impact of the amended Research and Development Tax Incentive claims lodged in 2015 that related to prior financial years.

** Current Income Tax for 2015 includes \$498,248 received for Research and Development Tax Incentive payments plus an amount receivable for Research and Development Tax Incentive payments of \$5,160,515 (Refer Note 11 for more information)

(d) Australian tax consolidation legislation

The Parent Entity and its Australian controlled entities have been consolidated for income tax purposes. The entities involved in this consolidation have not entered into any tax funding arrangements. There were no tax-consolidated contributions by (or distributions to) equity participants within the tax consolidated group during the financial year.

NOTE 9: PARENT ENTITY INFORMATION

As at and throughout the financial year ended 30 June 2015 the Parent Company of the Group was Moreton Resources Limited. The financial position and result of the Parent Entity is detailed below.

	2015	2014
	\$	\$
Information relating to Moreton Resources Limited:		
Total current assets	10,124,990	7,714,472
Total assets	13,372,468	9,693,019
Total current liabilities	865,536	2,116,810
Total liabilities	865,536	2,116,810
Equity		
- Issued capital	74,092,375	74,092,375
- Reserves	8,911	-
- Accumulated losses	(61,594,354)	(66,516,166)
Total equity	12,506,932	7,576,209
Total comprehensive income	4,897,002	4,350,228

Parent Entity Contingencies and Commitments

The Parent Entity contingent liabilities are consistent with Note 28.

Expenditure Commitments

The Parent Entity expenditure commitments are consistent with the commitments disclosed in Note 27.

Parent Entity Guarantees in respect of Debt of its Subsidiaries

The Parent Entity has no guarantees in respect of its subsidiaries.

	Notes	Consolidated Group	
		2015	2014
		\$	\$
NOTE 10: CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		4,120,127	6,887,473
Term deposits securing bank guarantees given	(a)	749,306	749,306
Total cash and cash equivalents		4,869,433	7,636,779

(a) Term deposits securing Bank Guarantees

The Company has provided bank guarantees for various operating activities equal in value to the amount shown in term deposits and recorded as current assets above. These guarantees are secured by letters of set-off over the term deposits shown in the statements as current assets. The term deposits have been split in order of liquidity (being defined as ease of convertibility to cash):

- (i) The term deposits totalling \$749,306 (2014: \$749,306) being included as part of cash and cash equivalents in the Statement of Cash Flows.

NOTE 11: TRADE AND OTHER RECEIVABLES

Other receivables *	5,160,515	30,695
Interest receivable	12,623	239
Prepayments	19,442	22,163
Goods and Services Tax (GST) recoverable	60,476	20,158
Total trade and other receivables	5,253,056	73,255

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.

* Other receivable of \$5,160,515 (2015) relates to Research and Development Tax Incentive Payments due from the Australian Taxation Office arising out of the 2014 Income Tax Return and an amendment to 2013's Income Tax Return.

NOTE 12: OTHER FINANCIAL ASSETS

Current Assets

Security/rental tenancy deposits	2,500	4,438
Total other financial assets	2,500	4,438

	Notes	Consolidated Group	
		2015	2014
		\$	\$
NOTE 13: EXPLORATION AND EVALUATION ASSETS			
<u>Tarong Basin Thermal Coal Project (Qld)</u>			
Balance at the start of the financial year		58,291	-
Additional expenditure		232,637	58,291
Balance at the end of the financial year		290,928	58,291
<u>Wandoan Coal Project (Qld)</u>			
Balance at the start of the financial year		1,049,852	948,498
Additional expenditure		47,240	101,354
Balance at the end of the financial year		1,097,092	1,049,852
<u>Mackenzie Coal Project (Qld)</u>			
Balance at the start of the financial year		786,399	615,102
Additional expenditure		999,555	171,297
Balance at the end of the financial year		1,785,954	786,399
Total exploration and evaluation assets		3,173,974	1,894,542

The Company's focus is now on its coal 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.

Tenements

Licence Holder	Licence Number	Projects Location	Grant Date	Equity Interest (%)	
				2015	2014
Moreton Resources Limited	MDL 385	South Burnett	24-09-2009	100%	100%
Moreton Resources Limited	MDL 420	Wandoan	26-11-2012	99%	99%
MRV Surat Basin Coal Pty Ltd	MDL 420	Wandoan	26-11-2012	1%	1%
Moreton Resources Limited	EPC 1445	Mackenzie	29-06-2011	100%	100%
Moreton Resources Limited	MDL 503	Mackenzie	30-10-2014	100%	100%

Legend:

EPC = Exploration Permit for Coal MDL = Mineral Development Licence

Tarong Basin Thermal Coal Project, Queensland, Australia

On 12 December 2014, an application for the renewal of MDL 385 was approved subject to the mineral "f" being removed from the MDL. The mineral "f" had been required previously to permit the Company to carry out its trial UCG pilot burn. As approved, MDL 385 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 MDL 1118.

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 the 27 March 2014, this EPC was renewed by the Department of Natural Resources and Mines, until 29 June 2017. EPC 1445 was effectively reduced to 1 standard sub-block following the granting of MDL 503 over the other 6 standard sub-blocks.

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.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Office Equipment & Furniture \$	Plant & Equipment \$	Total Depreciable Assets \$
2015 FINANCIAL YEAR			
Balance at the start of the year	10,076	73,929	84,005
Additions	32,996	34,698	67,694
Disposals	-	(26,447)	(26,447)
Depreciation expense	(10,068)	(41,679)	(51,747)
Balance at the end of the year	33,004	40,501	73,505

2014 FINANCIAL YEAR

Balance at the start of the year	52,744	138,734	191,478
Additions	7,772	-	7,772
Disposals	-	-	-
Depreciation expense	(19,206)	(49,779)	(68,985)
Assets written off	(31,234)	(15,026)	(46,260)
Balance at the end of the year	10,076	73,929	84,005

Summary totals:

	Notes	Consolidated Group 2015 \$	2014 \$
Plant and equipment – at cost		199,105	579,945
Accumulated depreciation and impairment		(125,600)	(495,940)
		73,505	84,005

NOTE 15: INTANGIBLE ASSETS

	Notes	Consolidated Group 2015 \$	2014 \$
<u>(a) UCG Technology General Licence</u>			
Cost at the start of the year		750,000	750,000
Additions		-	-
Cost at the end of the year		750,000	750,000
<u>Accumulated Amortisation</u>			
Amortisation at the start of the year		(397,686)	(316,641)
Charge for the year		-	(81,045)
Impairment charge at the start of the year		(352,314)	-
Impairment charge for the period		-	(352,314)
Amortisation at the end of the year		(750,000)	(750,000)
Net book value at the end of the year		-	-
Total net book value of all intangible assets		-	-

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.

		Consolidated Group	
		2015	2014
	Notes	\$	\$

NOTE 16: RELATED PARTY DISCLOSURE

a) Investments in Controlled Entities

Unlisted shares in controlled entities

Less provision for impairment

(i)	-	-
(ii)	-	-
	-	-

(i) Movement in Investment in controlled entities

Balance the start of the financial year

Deconsolidation of subsidiaries

- 6,052,761

- (6,052,761)

- -

(ii) Movement in the Impairment Allowance

Balance at the start of the financial year

Deconsolidation of subsidiaries

- (6,052,761)

- 6,052,761

- -

Balance at the end of the financial year

b) Other Transactions and Balances with Key Management Personnel

Other than disclosed in Note 24, there were no other related party transactions with Key Management Personnel in 2015.

During the 2014 year, the Company entered into secured short term funding from its two largest shareholders, Mr Philip Feitelson and Mr Jason Elks.

Security for the loan was a charge over the Company's assets and an interest rate of 10% pa applied.

The loans were repaid in May 2014.

Funding provided by:
Mr Feitelson \$250,000
Mr Elks \$150,000

Interest paid to:
Mr Feitelson \$10,493
Mr Elks \$7,973

See also note 24 for key management personnel disclosures of remuneration and equity interests.

NOTE 17: TRADE AND OTHER PAYABLES

Trade payables and accruals

Unmarketable parcel share sales*

Total Trade and Other Payables

681,278 534,372

49,337 347,211

730,615 881,583

*Represents amounts collected in 2014 on sale of unmarketable parcels of shares, amounts are payable to the shareholders.

	Notes	Consolidated Group	
		2015	2014
		\$	\$

NOTE 18: PROVISIONS

(a) Current Liabilities

Provision for employee benefits (annual leave)	34,921	8,716
Provision for restoration Kingaroy Pilot Plant (*)	100,000	1,226,511
Total Current Provisions	134,921	1,235,227

(*)Provision for restoration Kingaroy Pilot Plant

Provision at the start of the year	1,226,511	1,226,511
Write – back of excess provision	(778,231)	-
Rehabilitation costs incurred	(348,280)	-
Total Kingaroy Pilot Plant Provisions	100,000	1,226,511

(*) The provision for restoration costs is in relation to the former Pilot Plant at Kingaroy Site pursuant to s.190 of the Mineral Resources Act 1989 (Queensland) and the Environmental Protection Act 1994 (Queensland). The amount of \$589,306 is provided by a bank guarantee with the State of Queensland from the National Australia Bank.

The Company has decreased the provision for restoration of the Kingaroy Pilot Plant as the extensive demolition and rehabilitation works carried out during 2015 has resulted in a vastly reduced list of activities now required to meet the rehabilitation guidelines submitted to the Queensland Government for review and approval.

The assessment of the provision was based on current knowledge and external third party advice. Refer to the Accounting Policies and critical accounting estimates and judgements section and Note 2 (x)(vi).

NOTE 19: EQUITY- CONTRIBUTED

	Consolidated Group				
	Issue Price \$	Securities Issued 2015 Number	Gross Proceeds 2015 \$	Securities Issued 2014 Number	Gross Proceeds 2014 \$
(a) Movements in Fully Paid Ordinary Shares					
Contributed equity at the start of the financial year		1,829,167,072	74,092,375	1,599,275,714	73,454,623
Proceeds received from:					
New shares issued – share placement	0.003	-	-	214,916,665	644,750
New shares issued – share placement	0.003	-	-	14,974,693	44,924
Less share issue transaction costs		-	-	-	(51,922)
Contributed equity from ordinary shares		1,829,167,072	74,092,375	1,829,167,072	74,092,375
Total Contributed equity		1,829,167,072	74,092,375	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.

Call Options Over Unissued Shares

All listed and unlisted 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.

NOTE 19: EQUITY- CONTRIBUTED (CONT'D)

(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. Use of debt is minimal.

NOTE 20: EQUITY –OPTIONS

	Securities Issued 2015 Number	Fair Value 2015 \$	Securities Issued 2014 Number	Fair Value 2014 \$
<u>Movements in the Unlisted Management Options Reserve</u>				
Reserve balance at the start of the financial year	-	-	3,000,000	6,008
Write-back for forfeited options	(42,581,500)	(24,810)	(3,000,000)	(6,008)
Issued in the year	78,763,000	33,721	-	-
Reserve balance at the end of the financial year	36,181,500	8,911	-	-

* The share-based payment reserve above records the fair value of equity benefits provided as part of agreements entered into by the Company. Notes 24, 25 and the remuneration section of the Directors' Report provides further details about these options, including their respective exercise prices and expiry dates.

NOTE 21: RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated Group 2015 \$	2014 \$
Profit/(loss) after income tax for the year attributable to equity holders of the Parent Entity	4,897,002	4,385,425
<u>Non-cash revenue</u>		
Profit on sale of fixed assets	(20,706)	-
<u>Non-cash expenditure</u>		
Amortisation and depreciation expense	51,747	150,030
Impairment of intangible assets	-	352,314
Write off of fixed assets	-	50,084
Share-based payments & reserves	33,721	(6,008)
Kingaroy rehabilitation provision write back	(778,231)	-
<u>Change in net operating assets and liabilities</u>		
Decrease/(Increase) in receivables and other assets	(5,179,801)	(77,471)
Increase/(Decrease) in trade and other payables	(437,838)	167,337
Increase/(Decrease) in provisions	(322,075)	(62,188)
Net Cash from operating activities	(1,756,181)	4,959,523

NOTE 22: 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.

NOTE 23: EARNINGS PER SHARE

	Notes	Consolidated Group 2015 \$	2014 \$
(a) Reconciliations of the Earnings/(Loss) Used In Calculating Earnings/(Loss) Per Share			
<u>Basic and Diluted Earnings/(loss) Per Share</u>			
Total profit/(loss) after income tax from continuing operations		4,897,002	4,385,425
Earnings used in calculation of earnings per share		4,897,002	4,385,425
(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		1,829,167,072	1,764,318,448
Weighted average number of dilutive options outstanding		-	-
Weighted average number of ordinary shares outstanding used in calculating dilutive earnings per share		1,829,167,072	1,764,318,448

(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.

78,763,000 unlisted options were granted to Directors in September 2014. 42,581,500 of these unlisted options subsequently lapsed. The remaining options are not considered to be dilutive as the vesting of these options is conditional on meeting performance conditions that have not yet been met. These options have therefore not been included in the calculation of diluted earnings per share.

There were no options on issue at 30 June 2014.

NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

Short-term employee benefits	596,540	727,372
Post-employment benefits	92,904	84,844
Termination benefits	-	51,816
Share-based payments	33,721	(6,008)
Total compensation	723,165	858,024

Detailed remuneration disclosures are provided in the remuneration report, contained within the Directors' Report, which forms part of this Annual Report.

NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT'D)

(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 25.

(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 Key Management Personnel

No loans were made to the Directors of Moreton Resources Limited, nor to any of the Company's other key management personnel during either of the 2015 or 2014 financial years.

NOTE 25: 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.

Options issued in the 2015 financial year were approved by shareholders at the Annual General Meeting in September 2014 :

(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
2015								
19-09-2014	30-12-2014	\$0.002	-	39,381,500	-	(39,381,500)	-	-
19-09-2014	30-12-2015	\$0.002	-	39,381,500	-	(3,200,000)	36,181,500	-
Total Number			-	78,763,000	-	(42,581,500)	36,181,500	-
Weighted average exercise price			-	\$0.002	-	\$0.002	\$0.002	-
2014								
22-11-2013	06-08-2015	\$0.02	1,000,000	-	-	(1,000,000)	-	-
22-11-2013	06-08-2015	\$0.04	1,000,000	-	-	(1,000,000)	-	-
22-11-2013	06-08-2015	\$0.08	1,000,000	-	-	(1,000,000)	-	-
Total Number			3,000,000	-	-	(3,000,000)	-	-
Weighted average exercise price			\$0.05	-	-	-	-	-

NOTE 25: SHARE-BASED PAYMENT PLANS (CONT'D)

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

The fair value of options granted during the period was calculated using an option valuation model applying the following inputs:

	Tranche 1	Tranche 2
Weighted average exercise price	\$0.002	\$0.002
Weighted average life of the option	0.4 years	1.4 years
Expected share price volatility	133.54 %	133.54 %
Risk-free interest rate	2.6 %	2.6 %
Fair value of option	\$0.0008	\$0.0004
	2015	2014
<u>(ii) Weighted average remaining contractual life of those options on issue at the end of each year</u>	6 months	-
<u>(iii) Weighted average fair value of options granted during the year</u>	\$0.00058	-

(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	
	Notes	2015	2014
		\$	\$
Options	20		
- Existing options		-	(6,008)
- New options granted during the year		33,721	-
Total share-based payment expense		33,721	(6,008)

NOTE 26: AUDITOR'S REMUNERATION

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

Audit of financial reports – current auditor	25,500	23,000
Audit and review of financial reports – previous auditor	-	12,000
Other non-audit services	-	-
Total auditor's remuneration	25,500	35,000

NOTE 27: 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

Within one year	612,883	1,235,329
Later than one year, but not later than five years	104,904	1,785,687
Later than five years	-	27,790
Total exploration and evaluation expenditure commitments	717,787	3,048,806
Total capital commitments	717,787	3,048,806

NOTE 27: COMMITMENTS (CONT'D)

(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.

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

Within one year

40,000 -

Later than one year, but not later than five years

50,000 -

Total non-cancellable operating lease commitments

90,000 -

NOTE 28: CONTINGENT LIABILITIES

As at 30 June 2015, the Company, including the Parent Entity, had the following contingent liabilities:

(a) Employee Claim

The Company had received a claim from a former employee for outstanding remuneration totalling \$31,000. The new Board of Moreton Resources determined to contest the matter as it was our belief that the prior Chairman and the CFO of the time, were not entitled to reconstruct the CFO's termination provisions to be more favourable, the day before the AGM and the gazetted last day of employment of the Chairman. The Industrial Court of Melbourne disagreed and ruled in favour of the former employee. This matter has now been settled.

NOTE 29: EVENTS OCCURRING AFTER BALANCE DATE

The following table sets out in chronological order the material events that have occurred since 30 June 2015, involving the Parent Entity and/or its controlled entities. Where possible, the financial impact of each event has also been quantified.

Effective Date	Transaction Details and Financial Impact:
25 August 2015	As advised to the market on 25 August 2015, in relation to the Company's outstanding \$5.1 million Research and Development Tax Incentive (see note 11), AusIndustry have reviewed the activities registered by the Company in its AusIndustry Application and are of the opinion that the activities registered are not fitting with the "Core Activities" definitions for the scheme. As advised to the market this finding is reviewable and Moreton Resources intends exercising its rights to seek reconsideration of the decision within 28 days of receiving the notice. Moreton has taken specialist advice, disagrees with the decision, and is working with one of the four largest global firms on the matter to assist in the lodgement of that review and any subsequent process matters in an effort to secure a positive outcome.

NOTE 30: 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 due to their short term nature (level 2 hierarchy, observable inputs, income approach).

NOTE 31: RESERVES

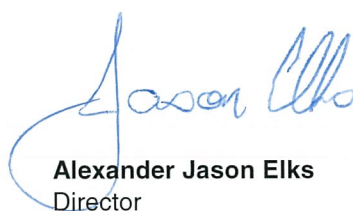
Share-based payment reserve: records amounts recognised as expenses on valuation of employee options – \$33,721 of other comprehensive income apply to the reserve.

Foreign currency translation reserve: records exchange difference on translation of foreign controlled subsidiaries – 2015 Nil (2014 \$35,197 debit) other comprehensive income amounts apply to the reserve.

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 33-61, and the remuneration disclosures that are contained within the remuneration report within the Directors' Report, set out on pages 17-31 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 2015 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 Chief Financial Officer.

This declaration is made in accordance with a resolution of the Directors.



Alexander Jason Elks
Director

7 September 2015
Brisbane



Hayes Knight
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd
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Registered Audit Company 299289
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORETON RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Moreton Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at year's end or from time to time during the financial year.

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 is free from material misstatement, whether due to fraud or error. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been provided to the directors of Moreton Resources Limited as attached to the directors' report, has not changed as at the date of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MORETON RESOURCES LIMITED (CONTINUED)**

Auditor's Opinion

In our opinion:

- a) the financial report of Moreton Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

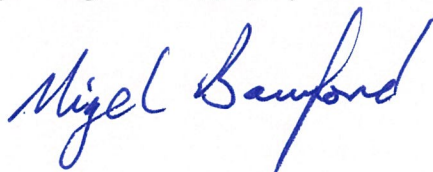
We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Moreton Resources Limited for the year ended 30 June 2015 complies with s 300A of the *Corporations Act 2001*.



Hayes Knight Audit (Qld) Pty Ltd



N D Bamford
Director

Level 23, 10 Eagle Street,
Brisbane, QLD, 4000

Date: 7 September 2015

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

Information is as at 31 August 2015.

(a) DISTRIBUTION OF EQUITY SECURITIES

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

Security Holding Range:			Number of Shareholders	Unlisted Management Options	Unlisted Project Financier Options
1	-	1,000	88	-	-
1,001	-	5,000	76	-	-
5,001	-	10,000	161	-	-
10,001	-	50,000	454	-	-
50,001		100,000	266		
100,001		Over	1,517	-	-
Totals			2,562	-	-
Number of securities in a marketable parcel of \$500			125,000	-	-
Number of security holders with less than a marketable parcel			1,346	-	-

(b) EQUITY SECURITY HOLDERS

(i) Twenty largest quoted equity security holdings.

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

Name of Equity Holder		Number Held	Percentage of Issued Capital (#)
1	MR PHILIP ANTHONY FEITELSON	304,739,909	16.66
2	MR ALEXANDER JASON ELKS	173,556,687	9.49
3	THE PROMENADE COFFS HARBOUR PTY LTD	61,000,000	3.33
4	MR PHILIP ANTHONY FEITELSON	33,333,333	1.82
5	LIMITLESS INTERNATIONAL HOLDINGS PTY LTD	28,571,429	1.56
6	MR ALISTER DESMOND COLLINGS & MRS SHIRLEY MARGARET JANE COLLINGS	16,966,666	0.93
7	MR RODNEY IAN LOVELADY	16,889,669	0.92
8	SUPERFOS PTY LTD <FOSTER FAMILY SUPERFUND A/C>	15,000,000	0.82
9	BELROSE CONSULTING PTY LTD	14,650,000	0.80
10	AARAN GROUP (WA) PTY LTD <HARKRISH SUPERFUND A/C>	13,550,000	0.74
11	MR JASON WORLEY	13,225,000	0.72
12	MR COLIN GEOFFREY ANDREWS	13,000,000	0.71
13	NEWBETT PTY LTD	12,500,000	0.68
14	MR AARON ORYA	12,365,600	0.68
15	MR ALEXANDER CAMPBELL SMITH	12,008,698	0.66
16	MR DONALD LANSBURY DILLON & MS KATHRYN MARY LAMBERT	11,001,215	0.60
17	MR HOWARD SCOTT SCHMIDT & MRS KATHRYN ALISON SCHMIDT	10,750,000	0.59
18	MR DENIS NOVAKOVIC	10,000,000	0.55
18	MR NEIL CAGANOFF	10,000,000	0.55
18	CJK HOLDINGS PTY LTD <CONOR KERSH SUPER FUND A/C>	10,000,000	0.55
18	MR HARSH MAKADIA & MRS KRISHNA MAKADIA <HARKRISH FAMILY A/C>	10,000,000	0.55
18	MR LINDSAY GEORGE DUDFIELD & MRS YVONNE SHEILA DOLING DUDFIELD	10,000,000	0.55
18	MR GIUSEPPE TRUGLIO	10,000,000	0.55
19	MR JOHN NIELSEN	9,005,388	0.49
20	MR SHANE WILLIAM MUNT	8,672,328	0.47
		840,785,922	45.97
		988,381,150	54.03
		1,829,167,072	100.00

Individual percentages vary due to rounding

(b) EQUITY SECURITY HOLDERS (CONT'D)

(ii) Unquoted Equity Securities

All previously issued options have been forfeited.

(c) SUBSTANTIAL EQUITY HOLDERS

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

Name of Equity Holder	Listed Fully Paid Ordinary Shares		Unlisted Options *	
	Number Held	Percentage of Issued Capital	Number Held	Percentage of Issued Capital
Feitelson Group (Mr PA Feitelson, The Promenade Coffs Harbour Pty Ltd)	399,073,242	21.81%		
Mr Alexander Jason Elks	173,556,687	9.49%		

* = 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

Licence Holder	Licence Number	Projects Location	Grant Date	Equity Interest (%)	
				2015	2014
Moreton Resources Limited	MDL 385	South Burnett	24-09-2009	100%	100%
Moreton Resources Limited	EPMA 25992	South Burnett		100%	-
Moreton Resources Limited	MDL 420	Wandoan	26-11-2012	99%	99%
MRV Surat Basin Coal Pty Ltd	MDL 420	Wandoan	26-11-2012	1%	1%
Moreton Resources Limited	EPC 1445 / MDLA 503	Mackenzie	29-06-2011	N/A*	100%
Moreton Resources Limited	EPC 1445	Mackenzie	29-06-2011	100%	N/A*
Moreton Resources Limited	MDL 503	Mackenzie	30-10-2014	100%	N/A*

Legend:

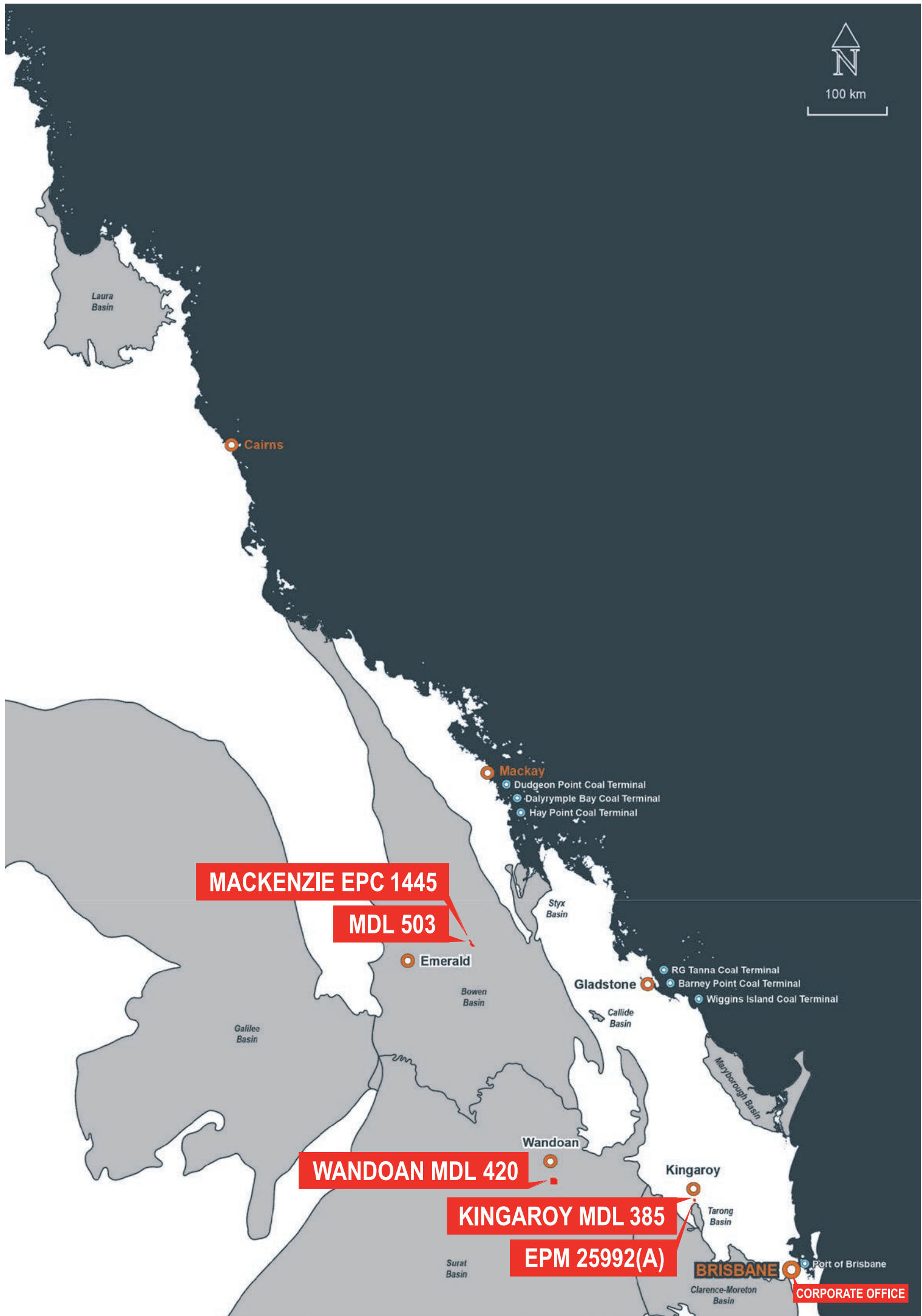
MDL = Mineral Development Licence EPMA = Exploration Permit for Mineral Application
 EPC = Exploration Permit for Coal MDLA = MDL Application

* = MDLA 503 was granted during 2015 and is now reflected as MDL 503

The information pertaining to the reported Coal Resource in relation to the Tarong Basin Coal Project is based on information compiled by Mr. Anthony Shellshear who is a full-time employee of Geological Data Design. Tony is a qualified Geologist and Member of the Australasian Institute of Mining and Metallurgy (AusIMM) with over 40 years experience in the areas of exploration, resource development, and Resource and Reserve estimation. Tony possesses the necessary qualifications, professional membership and sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in reporting the tabled Coal Resources included in this report as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information pertaining to the reported Coal Resource in relation to the Wandoan Project is based on information compiled by Mr. Garry Leblang who is a full-time employee of Coalsearch Consultants. Garry is a qualified Geologist and Fellow of the AusIMM. He possesses the necessary qualifications, professional membership and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in reporting the tabled Coal Resources included in this report as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Garry consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information pertaining to the reported Coal Resource in relation to the Mackenzie Project is based on information compiled by Mr. Craig Williams who is a full-time employee of HDR Salva. Craig is a qualified Geologist and Member of the AusIMM. He possesses the necessary qualifications, professional membership and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person in reporting the tabled Coal Resources included in this report as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".



MACKENZIE EPC 1445

MDL 503

WANDOAN MDL 420

KINGAROY MDL 385

EPM 25992(A)

CORPORATE OFFICE

