

MORELLA CORPORATION LIMITED
ABN 39 093 391 774

**Notice of 2022 Annual General Meeting,
Explanatory Memorandum
and Proxy Form**

TIME: 11.00 am (AEST)

DATE: 25 November 2022

PLACE: The offices of PWC
480 Queen Street,
Brisbane QLD 4000

In accordance with section 110D(1) of the *Corporations Act 2001* (Cth), the Company will not be sending hard copies of the Notice of Meeting to Shareholders, unless a shareholder has requested a hard copy of the Notice of Meeting or made an election for the purposes of section 110E of the Corporations Act to receive documents from the Company in physical form. Instead, Shareholders can access a copy of the Notice at the following link:

<https://www.morellacorp.com/asx-announcements/>

This Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 0429 596 535.

Morella Corporation Limited

ABN 39 093 391 774

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Morella Corporation Limited (**Company**) will be held on 25 November 2022 commencing at 11.00 am (AEST) at the offices of PwC at 480 Queen Street, Brisbane QLD 4000.

Terms and abbreviations used in this Notice of Meeting, Explanatory Memorandum and Proxy Form are defined in the Glossary.

The purpose of the attached Explanatory Memorandum is to provide information to Shareholders to enable each Shareholder to make an informed decision regarding the Resolutions set out in this Notice of Annual General Meeting.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

The Explanatory Memorandum is to be read in conjunction with this Notice of Annual General Meeting. Capitalised words and expressions in this Notice of Annual General Meeting have the same meaning as in the Explanatory Memorandum and, where not defined in the Explanatory Memorandum, are defined in the attached Glossary.

A final copy of this Notice of Annual General Meeting and Explanatory Memorandum has been lodged with ASX. Neither ASX, nor any of its officers takes any responsibility for the contents of this document.

AGENDA

Reports and Accounts

To receive the consolidated annual financial report of the Company for the year ended 30 June 2022, together with the Directors' report and the Auditor's report.

Note: there is no requirement for Shareholders to approve these reports.

Resolution 1 – Adoption of Remuneration Report (Non-Binding Resolution)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the annual remuneration report as set out in the Directors' report for the financial year ended 30 June 2022."

Resolution 2 – Re-Election of Dennis (Dan) O'Neill as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Dennis O'Neill, being a Director of the Company, who retires in accordance with Listing Rule 14.4 and clause 13.2 of the Company's Constitution, and being eligible for re-election, be re-elected as a Director of the Company."

Resolution 3 – Approval of Additional 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Important note: The proposed allottees of any Equity Securities under the Additional 10% Placement Facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

Resolution 4 – Approval of Morella Executive Incentive Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.2, Exception 13, sections 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the employee incentive scheme for employees and Directors known as "Morella Executive Incentive Plan", a summary of which is included in Schedule 1, and the issue of up to 288,000,000 Equity Securities thereunder, until 25 November 2025, as an exception to Listing Rule 7.1."

Resolution 5 – Ratification of issue of the Canaccord Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of a total of 150,000,000 Options to Canaccord Genuity (Australia) Limited, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 6 – Ratification of issue of the Shares to Holcombe Ventures LLC

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 40,000,000 Shares to Holcombe Ventures LLC, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 7 – Ratification of issue of the Placement Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 500,000,000 Shares, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 8 – Ratification of issue of the Fish Lake Valley First Anniversary Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 7,050,000 Shares to Lithium Corporation, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 9 – Ratification of issue of the North Big Smoky Earn-in Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 7,050,000 Shares to Lithium Corporation, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 10 – Ratification of issue of Shares to various parties

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 111,241,800 Shares, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 11 – Approval of issue of Performance Rights to Beng Teik Kuan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolution 4 and for the purpose of Listing Rule 10.14 and 10.19 and section 195(4), 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 20,515,068 Performance Rights as Director incentive remuneration to Mr Beng Teik Kuan (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 12 – Approval of issue of Performance Rights to Allan Buckler

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolution 4 and for the purpose of Listing Rule 10.14 and 10.19 and section 195(4), 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 20,515,068 Performance Rights as Director incentive remuneration to Mr Allan Buckler (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 13 – Approval of issue of Performance Rights to Dennis (Dan) O’Neill

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolution 4 and for the purpose of Listing Rule 10.14 and 10.19 and section 195(4), 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 20,515,068 Performance Rights as Director incentive remuneration to Mr Dennis O’Neill (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 14 – Approval of issue of Performance Rights to James Brown

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolution 4 and for the purpose of Listing Rule 10.14 and 10.19 and section 195(4), 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 85,479,452 Performance Rights as Director incentive remuneration to Mr James Brown (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Resolution 15 – Approval of Replacement Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the meeting for identification purposes."

By order of the Board

JOHN LEWIS
Company Secretary
21 October 2022

VOTING EXCLUSION STATEMENTS

Resolution 1

Voting exclusion: The Company will disregard any votes cast on Resolution 1 by any member of the Key Management Personnel of the Company whose remuneration is included in the remuneration report, or a Closely Related Party of such member. However, the Company will not disregard any votes cast on Resolution 1 by such person if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a Closely Related Party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who is eligible to participate in the Morella Executive Incentive Plan, or any Associate of those persons. However, this does not apply to a vote cast in favour of Resolution 4 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A vote must not be cast on Resolution 4 by a Key Management Personnel or a Closely Related Party of a Key Management Personnel, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 4. However, the Company will not disregard any proxy votes cast on that resolution by a Key Management Personnel if the Key Management Personnel is the Chair acting as proxy and their appointment expressly authorised the proxy even though the Resolution is connected with the remuneration of the Key Management Personnel for the Company.

Resolution 5

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Canaccord Genuity (Australia) Limited, or any Associate of Canaccord Genuity (Australia) Limited. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Holcombe Ventures LLC, or any Associate of Holcombe Ventures LLC. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue, or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 8

The Company will disregard any votes cast in favour of this Resolution by or on behalf Lithium Corporation, or any Associate of Lithium Corporation. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 9

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Lithium Corporation, or any Associate of Lithium Corporation. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 10

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue, or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 11

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Morella Executive Incentive Plan, an officer of the entity or any of its child entities who is entitled to participate in a termination benefit or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A vote must not be cast on Resolution 11 by a Key Management Personnel or a Closely Related Party of a Key Management Personnel, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 11. However, the Company will not disregard any proxy votes cast on that resolution by a Key Management Personnel if the Key Management Personnel is the Chair acting as proxy and their appointment expressly authorised the proxy even though the Resolution is connected with the remuneration of the Key Management Personnel for the Company.

Resolution 12

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Morella Executive Incentive Plan, an officer of the entity or any of its child entities who is entitled to participate in a termination benefit or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A vote must not be cast on Resolution 12 by a Key Management Personnel or a Closely Related Party of a Key Management Personnel, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 12. However, the Company will not disregard any proxy votes cast on that resolution by a Key Management Personnel if the Key Management Personnel is the Chair acting as proxy and their appointment expressly authorised the proxy even though the Resolution is connected with the remuneration of the Key Management Personnel for the Company.

Resolution 13

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Morella Executive Incentive Plan, an officer of the entity or any of its child entities who is entitled to participate in a termination benefit or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A vote must not be cast on this Resolution by a Key Management Personnel or a Closely Related Party of a Key Management Personnel, acting as proxy if their appointment does not specify the way the proxy is to vote on the Resolution. However, the Company will not disregard any proxy votes cast on that resolution by a Key Management Personnel if the Key Management Personnel is the Chair acting as proxy and their appointment expressly authorised the proxy even though the Resolution is connected with the remuneration of the Key Management Personnel for the Company.

Resolution 14

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Morella Executive Incentive Plan, an officer of the entity or any of its child entities who is entitled to participate in a termination benefit or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

A vote must not be cast on this Resolution by a Key Management Personnel or a Closely Related Party of a Key Management Personnel, acting as proxy if their appointment does not specify the way the proxy is to vote on the Resolution. However, the Company will not disregard any proxy votes cast on that resolution by a Key Management Personnel if the Key Management Personnel is the Chair acting as proxy and their appointment expressly authorised the proxy even though the Resolution is connected with the remuneration of the Key Management Personnel for the Company.

NOTES

RIGHT TO VOTE

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders as at 5.00pm (AEST) on 23 November 2022.

VOTING BY PROXY

Proxy Forms should be returned to the Company's Share Registry, Link Market Services, in accordance with the instructions on the enclosed proxy form by 11.00 am (AEST) on 23 November 2022.

Proxy Forms received later than the time specified above will be invalid.

The following methods of delivery for proxies are specified:

By post: Morella Corporation Limited

C/- Link Market Services Limited

Locked Bag A14

Sydney South NSW 1235

Online: <https://investorcentre.linkgroup.com/Login.aspx/Login?issuer=1mc>, enter your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

By facsimile: (+61 2) 9287 0309

By delivery: Link Market Services Limited

Parramatta Square, Level 22, Tower 6,

10 Darcy Street, Parramatta NSW 2150

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of Morella Corporation Limited (**Company**) in connection with the business to be conducted at the Annual General Meeting to be held at the offices of PwC at 480 Queen Street, Brisbane QLD 4000 on 25 November 2022 commencing at 11.00am (AEST).

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

REPORTS AND ACCOUNTS

The first item of the Notice of Meeting deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2022 together with the Directors' declaration and report in relation to that financial year and the Auditor's report on those financial statements. The 2022 Annual Report can be accessed on-line at <https://www.morellacorp.com> . Alternatively, a hard copy will be made available on request.

Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chair will also provide Shareholders a reasonable opportunity to ask the Company's Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to PKF Perth if the question is relevant to the content of the audit report or the conduct of its audit of Morella's financial report for the year ended 30 June 2022.

Relevant written questions for PKF Perth must be received no later than 5.00pm (AEST) on 23 November 2022. A list of those relevant questions will be made available to Shareholders attending the meeting. PKF Perth will either answer questions at the meeting or table written answers to them at the meeting. If written answers are to be tabled at the meeting, they will be announced on ASX no later than the start of the Meeting.

Please send any written questions for PKF Perth:

- (a) by post to, C/- Link Market Services Limited Locked Bag A14, Sydney South NSW 1235; or
- (b) by facsimile to the Company on facsimile number (+61 2) 9287 0309.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)

1.1 Background

Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 30 June 2022 (the **Remuneration Report**). The Remuneration Report is a distinct section of the annual directors' report (the **Directors' Report**) which deals with the remuneration of Directors, executives and senior managers of the Company. More particularly, the Remuneration Report can be found within the Directors' Report in the Annual Report. The Annual Report is available on the Company's website at <https://www.morellacorp.com> .

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out the remuneration details for each Director and executive officer named in the Remuneration Report for the financial year ended 30 June 2022.

The remuneration levels for Directors, executives and senior managers are competitively set to attract and retain appropriate Directors and Key Management Personnel.

The Chair of the Annual General Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

1.2 Regulatory Requirements

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors. However, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Annual General Meeting, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

In addition, sections 250U and 250V of the Corporations Act sets out a "two strikes" re-election process, pursuant to which:

- (a) if, at a subsequent annual general meeting (**Later Annual General Meeting**), at least 25% of the votes cast on a resolution that the remuneration report be adopted are against the adoption of that remuneration report;
- (b) at the immediately preceding annual general meeting (**Earlier Annual General Meeting**), at least 25% of the votes cast on a resolution that the remuneration report be adopted were against the adoption of that remuneration report; and
- (c) a resolution was not put to the vote at the Earlier Annual General Meeting under an earlier application of section 250V of the Corporations Act,

then the Company must put to vote at the Later Annual General Meeting a resolution, requiring Shareholders to vote on whether the Company must hold another general meeting (**Spill Meeting**) to consider the appointment of all of the Directors at the time the Directors Report was approved by the Board who must stand for re-appointment (other than the Managing Director) (**Spill Resolution**). The Spill Resolution may be passed as an ordinary resolution.

If the Spill Resolution is passed, the Spill Meeting must be held within 90 days after the Spill Resolution is passed. All of the Company's Directors who were Directors at the time when the resolution to make the Directors' Report was passed (excluding the Managing Director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office) cease to hold office immediately before the end the Spill Meeting and may stand for re-election at the Spill Meeting.

At the Company's 2021 AGM, less than 25% of the eligible votes cast in respect of the 2021 Remuneration Report were cast against the adoption of the 2021 Remuneration Report. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the 2022 Remuneration Report are against the adoption of the 2022 Remuneration Report.

1.3 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 – RE-ELECTION OF DENNIS (DAN) O’NEILL AS A DIRECTOR

2.1 Background

In accordance with Listing Rule 14.5 and clause 13.2 of the Company’s Constitution, at every annual general meeting an election of Directors must take place. Listing Rule 14.4 prevents a Director from holding office (without re-election) past the third annual general meeting following the Director’s appointment or 3 years, whichever is longer.

For this reason, Mr O’Neill retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr O’Neill has held positions with a number of Australian and multinational exploration companies and has managed exploration programs in a diverse range of environments and locations including Botswana, North America, South East Asia, North Africa and Australasia. During his 35 years’ experience, he has held executive management positions with ASX listed companies and has worked on a range of commodities including diamonds, gold, base metals, coal, oil and gas.

Further details about Mr O’Neill are set out in the Annual Report which is available at <https://www.morellacorp.com> .

2.2 Board recommendation

The Board (excluding Mr O’Neill) unanimously recommends that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

3.1 Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12-month period following the entity’s annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company’s 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity’s annual general meeting. The Company is an eligible entity as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 3 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility. The effect of Resolution 3 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period set out below.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(d) of this Notice of Annual General Meeting below).

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to a combined 25% limit under Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities under Listing Rule 7.1A without shareholder approval and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

3.2 Regulatory Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

(a) **Issue Period**

If Shareholders approve Resolution 3, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- (i) the date that is 12 months after the date of the Annual General Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue and allot Equity Securities during the Additional 10% Placement Period.

(b) **Minimum Issue Price**

Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue one class of quoted Equity Securities being Shares.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the Equity Securities are issued; or
- (ii) the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 10 trading days.

(c) **Purpose of Issues**

The Company may seek to issue the Equity Securities to raise funds in connection with an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and / or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.3.

(d) **Dilution**

As at the date of this Notice of Annual General Meeting, the Company has 5,801,555,786 Equity Securities. The Company will have the capacity to issue approximately 580,155,579 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

(A x D) – E

A = the number of fully paid ordinary securities on issue at the commencement of the relevant period,

- (i) plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (ii) plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - (a) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (b) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4,
- (iii) plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - (a) the agreement was entered into before the commencement of the relevant period; or
 - (b) the agreement or issue was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4
- (iv) plus the number of any other fully paid ordinary securities issued in the relevant period within approval under Listing Rule 7.1 or Listing Rule 7.4
- (v) plus the number of partly paid ordinary securities that became fully paid in the relevant period; and
- (vi) less the number of fully paid ordinary securities cancelled in the relevant period.

Note that Variable "A" is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D = 10%

E = is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by holders of its ordinary securities under Listing Rule 7.4.

"relevant period" is the 12 months immediately preceding the date of the issue or agreement.

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for

variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of Annual General Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.011 50% decrease in Issue Price	\$0.021 Issue Price	\$0.032 50% increase in Issue Price
Current Variable A 5,801,555,786 Shares	Shares issued (10% Voting Dilution)	580,155,579 New Shares	580,155,579 New Shares	580,155,579 New Shares
	Funds raised	\$6,381,711.37	\$12,183,267.2	\$18,564,978.5
50% increase in current Variable A 8,702,333,679 Shares	Shares issued (10% Voting Dilution)	870,233,367 New Shares	870,233,367 New Shares	870,233,367 New Shares
	Funds raised	\$9,572,567.04	\$18,274,900.70	\$27,847,467.70
100% increase in current Variable A 11,603,111,572 Shares	Shares issued (10% Voting Dilution)	1,160,311,157 New Shares	1,160,311,157 New Shares	1,160,311,157 New Shares
	Funds raised	\$12,763,422.70	\$24,366,534.30	\$37,129,957.00

The table has been prepared on the following assumptions:

1. Variable A is 5,801,555,786 being the number of ordinary securities on issue at the date of this Notice of Meeting.
2. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
3. The Company has issued 500,000,000 Equity Securities using its placement capacity under Listing Rule 7.1A in the 12 months preceding this Notice of Meeting. This issue is described in Schedule 9.
4. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

5. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
7. The issue of Equity Securities under the Additional 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
8. The issue price is \$0.021 per share, being the price paid by investors for the recent capital raising announced to the ASX on 30 September 2022, being the last capital raising before the date of this Notice of Annual General Meeting.

(e) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the persons to which the Company will issue the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The persons to whom the Company will issue Equity Securities under the Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and / or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resource assets or investments, it is likely that the persons to whom the Company will issue Equity Securities under the 10% Placement Facility will be the vendors of the new resource assets or investments.

(f) **Previous issues of Equity Securities under Listing Rule 7.1A**

The Company issued 500,000,000 Equity Securities under Listing Rule 7.1A in the 12 months preceding the date of the Annual General Meeting.

This issue is detailed in Schedule 9.

(g) **Voting exclusion statement**

A voting exclusion statement is included in this Notice. At the date of the Notice Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed persons to whom any Equity Securities may be issued to under the 10% Placement Facility are not as yet known or identified.

In these circumstances (and in accordance with guidance in ASX Guidance Note 21 relating to Listing Rule 7.1A), ASX considers a material benefit to be one that is likely to induce the recipient of the benefit to vote in favour of the transaction regardless on its impact on ordinary security holders. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the 10% Placement Facility), Shareholders must consider

the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholders' votes will therefore be excluded from voting on Resolution 3.

3.3 Board recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 3.

4. RESOLUTION 4 – APPROVAL OF MORELLA EXECUTIVE INCENTIVE PLAN

4.1 Background

The Company updated its incentive plan in 2021 under which employees had the opportunity to be granted Options. The principal feature of the incentive plan was that the Options have a vesting period of 36 months after their issue and a maximum term of five years.

The Listing Rules require the Company to seek shareholder re-approval of the employee incentive scheme every three years. However, in the current extremely competitive market for employees the Board has decided to update its incentive plan so that the plan better meets the Company's objectives.

In addition, the Board has decided to update its incentive plan to reflect recent changes to employee share schemes in the Corporations Act as amended by the *Treasury Laws Amendment (Costs of Living Support and Other Measures) Act 2022 (ESS Act)*, which took effect on 1 October 2022. The ESS Act introduced a new Division 1A into Part 7.12 of the Corporations Act which, among other things, makes it easier for companies to offer interests in an employee share scheme for no monetary consideration. The ESS Act is intended to replacing ASIC's existing regulatory relief for employee incentive schemes in Class Order [CO 14/1000] *Employee incentive scheme: Listed bodies* and Class Order [CO 14/1001] *Employee incentive scheme: Unlisted bodies*. Please see Schedule 1 for a summary of the terms of the Plan.

The new employee incentive scheme called the "Morella Executive Incentive Plan" (**Plan**) provides a means of attracting quality employees, recognising their efforts, and providing incentive to these employees. The grant of employee securities to eligible persons (as those terms are defined in the Plan) under the Plan are designed to provide meaningful incentives to those persons to pursue the optimal performance of the Company.

If Equity Securities granted pursuant to the Plan are exercised, the effect would be to increase the Company's cash reserves and dilute the shareholding of existing Shareholders.

If Resolution 4 is passed, the Company will be able to issue Equity Securities up to the maximum permitted under the Plan without affecting the Company's ability to issue Equity Securities under the Company's placement capacity without Shareholder approval.

If Resolution 4 is not passed, the Company will not be able to issue Equity Securities under the Plan without affecting the Company's ability to issue Equity Securities under the Company's placement capacity without Shareholder approval.

4.2 Regulatory Requirements – Listing Rule 7.2

The following information is provided to Shareholders for the purpose of Listing Rule 7.2 Exception 13:

- (a) a summary of the terms of the Plan is set out in Schedule 1;

- (b) The Company has not issued any Equity Securities under the Plan since the date of the last approval. However, 111,241,800 Performance Rights were issued to employees of the Company outside of the Plan pursuant to Listing Rule 7.1; and
- (c) the maximum number of Equity Securities proposed to be issued under the Plan from the date of the passing of this Resolution 4 until 25 November 2025 is 288,000,000 Equity Securities, excluding issues of Equity Securities approved by Shareholders under Listing Rule 10.14 or Listing Rule 10.11. This number is not intended to be a prediction of the actual number of Equity Securities to be issued by the Company, simply a ceiling for the purposes of Listing Rule 7.2 (Exception 13(b)); and
- (d) a voting exclusion statement for Resolution 4 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

4.3 Regulatory Requirements – Corporations Act

The Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by Shareholders under Section 200E or an exemption applies.

The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Plan.

If Shareholder approval is given under this Resolution the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

Details of Termination Benefit

The Board possesses the discretion to determine, where a participant ceases employment before the vesting or exercise of their securities, that some or all of the securities do not lapse.

The exercise of this discretion may constitute a “benefit” for the purposes of Section 200B of the Corporations Act.

In addition, a participant may become entitled to accelerated vesting or automatic vesting of securities if there is a change of control of the Company. This accelerated or automatic vesting of securities may constitute a “benefit” for the purposes of Section 200B of the Corporations Act.

The Company is therefore seeking Shareholder approval for the exercise of the Board’s discretions and for the provision of such accelerated or automatic vesting rights in respect of any current or future participant in the Plan who holds:

- (a) a managerial or executive office in the Company (or any of its related body corporate) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) securities under the Plan at the time of their leaving.

The Board’s current intention is to only exercise the above discretion:

- (a) where the employee leaves employment without fault on their part; and
- (b) so as only to preserve that number of unvested securities as are pro-rated to the date of leaving.

Provided Shareholder approval is given, the value of these benefits may be disregarded when applying Section 200F(2)(b) or Section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

Value of the Termination Benefits

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of securities that vest.

The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the portion of vesting periods at the time they cease employment;
- (b) the status of the performance hurdles attaching to the Equity Securities at the time the participant's employment ceases; and
- (c) the number of unvested securities that the participant holds at the time they cease employment or at the time the change of control occurs (as applicable).

4.4 Board recommendation

Each of the Directors have an interest in the outcome of Resolution 4 and accordingly do not make a voting recommendation to Shareholders.

5. RESOLUTION 5 – RATIFICATION OF THE ISSUE OF THE CANACCORD OPTIONS

5.1 Background

The purpose of Resolution 5 is for Shareholders to approve the issue of 150,000,000 Options to Canaccord Genuity (Australia) Limited (**Canaccord**) to acquire Shares in the Company pursuant to the Mandate agreed by Canaccord and the Company on 11 October 2021.

The terms of the Mandate are that Canaccord will provide ongoing corporate advisory services to the Company, and Morella will remunerate Canaccord through the issue of three tranches of Options consisting of:

- (a) 50,000,000 Options with an exercise price of \$0.006 per Option and an expiry date of 3 years from the date of issue;
- (b) 50,000,000 Options with an exercise price of \$0.007 per Option and an expiry date of 3 years from the date of issue; and
- (c) 50,000,000 Options with an exercise price of \$0.008 per Option and an expiry date of 3 years from the date of issue.

5.2 Regulatory Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Options does not fit within any of the exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Shareholders under Listing Rule 7.1 and as the issue has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under the Listing Rules for the 12 month period following the date of the issue of the Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to maintain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 5 seeks shareholder approval of the issue of the Options issued in accordance with Listing Rule 7.1 under and for the purposes of Listing Rule 7.4.

If Resolution 5 is passed, the issue of the Options will be excluded in calculating Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the date of the issue of the Options.

If Resolution 5 is not passed, the issue of the Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the date of the issue of the Options.

The Options issued, for which approval and ratification is sought under Resolution 5, if converted to Shares, would comprise 2.59% of the Company's share capital (based on the number of Equity Securities on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(a) **The names of the persons to whom the entity issued**

The Options were issued to Canaccord.

Canaccord are not a related party of the Company or a material investor.¹

(b) **Number of Securities issued**

Under Resolution 5, the Company seeks from Shareholders ratification of the issue of 150,000,000 Options.

(c) **Material terms of the securities**

The Options are convertible to Shares upon their exercise by paying to the Company the exercise price in full.

A summary of the material terms of the options are set out in Schedule 2.

(d) **Date of issue**

The Options were issued on 31 January 2022.

(e) **Issue price or other consideration**

The issue price of the Options is \$nil.

However the exercise price of the Options is as follows:

- (i) 50,000,000 Options with an exercise price of \$0.006 per Option;
- (ii) 50,000,000 Options with an exercise price of \$0.007 per Option; and
- (iii) 50,000,000 Options with an exercise price of \$0.008 per Option.

(f) **Purpose of the issue, including the intended use of the funds raised**

The Options were issued for the provision of ongoing corporate advisory services to the Company and in accordance with the Mandate.

(g) **Relevant agreement**

The Options were issued pursuant to the Mandate.

A summary of the material terms of the Mandate are set out in Schedule 3.

¹ ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

5.3 Board recommendation

The Board believes that the ratification of the issue is beneficial for the Company and recommends Shareholders vote in favour of Resolution 5. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

6. RESOLUTION 6 – RATIFICATION OF THE ISSUE OF CORPORATE ADVISOR SHARES

6.1 Background

The Company entered into an agreement with US based Holcombe Ventures LLC (**Holcombe**) and its principal Mr Mark Holcombe in January 2022 (**Advisor Agreement**).

The focus of the Advisor Agreement is the provision of strategic market and management advisory services including project generation. Holcombe has an extensive global network, with a particular focus on the battery materials sector.

The Advisor Agreement provided for a fee payable in Shares, therefore as a result, the Board issued 40,000,000 Shares (**Advisor Shares**) to Holcombe for the provision of the services under the Advisor Agreement.

6.2 Regulatory Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Advisor Shares does not fit within any of the exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Shareholders under Listing Rule 7.1 and as the issue has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under the Listing Rules for the 12 month period following the date of the issue of the Advisor Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to maintain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 6 seeks shareholder approval of the issue of the Advisor Shares issued in accordance with Listing Rule 7.1 under and for the purposes of Listing Rule 7.4.

If Resolution 6 is passed, the issue of the Advisor Shares will be excluded in calculating Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the date of the issue of the Advisor Shares.

If Resolution 6 is not passed, the issue of the Advisor Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the date of the issue of the Advisor Shares.

The Advisor Shares issued, for which approval and ratification is sought under Resolution 6, comprise 0.69% of the Company's share capital (based on the number of Equity Securities on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

- (a) **The names of the persons to whom the entity issued or the basis on which those persons will be identified or selected**
The Advisor Shares were issued to Holcombe.
- (b) **Number of Securities issued or agreed to be issued**
Under Resolution 6, the Company seeks from Shareholders ratification of the issue of 40,000,000 Shares.
- (c) **Material terms of the securities**
The Advisor Shares are fully paid ordinary Shares in the capital of the Company.
- (d) **Date of issue**
The Advisor Shares were issued on 25 January 2022.
- (e) **Issue price or other consideration**
The issue price of the Shares is \$nil.
The Advisor Shares were issued as part of consideration for Holcombe providing advisor services to the Company.
- (f) **Purpose of the issue, including the intended use of the funds raised**
The Advisor Shares were issued for the provision of strategic and management advisory services including project generation.
- (g) **Relevant agreement**
The Advisor Shares were issued pursuant to an agreement between the Company and Holcombe and its principal Mr Mark Holcombe.
A summary of the Advisor Agreement is attached at Schedule 4.
- (h) **Voting exclusion statement**
A voting exclusion statement for Resolution 6 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

6.3 Board recommendation

The Board believes that the ratification of the issue is beneficial for the Company and recommends Shareholders vote in favour of Resolution 6. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

7. RESOLUTION 7 – RATIFICATION OF ISSUE OF THE PLACEMENT SHARES

7.1 Background

In July 2022 the Company received firm commitments for a placement of 500,000,000 Shares (**July Placement Shares**) to new and existing institutional and sophisticated investors in Australia and internationally at an issue price of \$0.015 to raise \$7,500,000 (**July Placement**).

Waratah Capital Advisors (**Waratah**), through its subsidiary, Waratah Electrification and Decarbonization Fund (**Waratah E&D Fund**) provided a corner stone investment in the July

Placement for \$3,000,000. Waratah is the sponsor and general partner of Waratah E&D Fund and Lithium Royalty Corp. (**LRC**), a North American royalty corporation.

The July Placement process was managed by Canaccord and Jett Capital Advisors acting as Joint Lead Managers.

The July Placement Shares were issued in two tranches:

- (a) 450,000,000 Shares on 2 August 2022, pursuant to the Company's capacity under Listing 7.1A (**July Tranche 1 Placement Shares**); and
- (b) 50,000,000 Shares on 11 August 2022, pursuant to the Company's capacity under Listing Rule 7.1A (**July Tranche 2 Placement Shares**),

together the **July Placement Shares**.

7.2 Regulatory Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A however an eligible entity can seek approval from its shareholders by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained this approval at its annual general meeting on 30 November 2021.

The issue of the July Placement Shares does not fit within any of the exceptions under Listing Rule 7.1 or 7.1A, and as the issue has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rule 7.1 and 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under the Listing Rules for the 12 month period following the date of the issue of the July Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under Listing Rules 7.1 and 7.1A.

The Company wishes to maintain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 7 seeks shareholder approval of the issue of the July Placement Shares issued in accordance with Listing Rule 7.1 under and for the purposes of Listing Rule 7.4.

If Resolution 7 is passed, the issue of the July Placement Shares will be excluded in calculating Company's 15% limit in Listing Rule 7.1 and the Company's 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the issue of the July Placement Shares.

If Resolution 7 is not passed, the issue of the July Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1 and the Company's 10% limit in Listing Rule 7.1A, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the issue of the July Placement Shares.

The securities issued, for which ratification is sought under Resolution 7, comprise 8.62% of the Company's share capital assuming implementation of all the Resolutions and exercise of all the Shares granted pursuant to the Resolutions (based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

- (a) **The names of the persons to whom the entity issued or the basis on which those persons were identified and selected**

The Shares were issued to professional and sophisticated investors who participated in the July Placement.

The sophisticated and professional investors were identified by the Company directly. None of the sophisticated and professional investors are a related party of the Company or material investor.²

(b) **Number of securities to be issued or agreed to be issued**

Under Resolution 7, the Company seeks from Shareholders ratification of the issue of 500,000,000 Shares.

(c) **Terms of the securities**

The Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company has applied to ASX for official quotation of the Shares.

(d) **Date of issue**

The Shares were issued in two tranches:

- (i) 450,000,000 on 2 August 2022; and
- (ii) 50,000,000 on 11 August 2022.

(e) **Issue price**

The issue price was \$0.015 per Share.

(f) **Purpose of the issue, including the intended use of the funds raised**

The funds raised will be used for exploration to determine drilling targets at the FLV Project, advancing the development of future drilling targets in Western Australia and general working capital.

(g) **Relevant agreement**

The Shares were not issued pursuant to any agreement.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 7 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

7.3 Board recommendation

The Board believes that the ratification of the issue is beneficial for the Company and recommends Shareholders vote in favour of Resolution 7. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

² ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

8. RESOLUTION 8 – RATIFICATION OF ISSUE OF FISH LAKE VALLEY 1ST ANNIVERSARY SHARES

8.1 Background

On 3 May 2021, Altura (Morella prior to changing their name) executed a letter of intent to enter into an Earn-In Option Agreement (**EiOA**) for 60% project equity in Lithium Corporation's FLV Project.

The FLV Project is located in Esmeralda County, 30 kilometres from the Californian border, and is located 35 kilometres west northwest from Albemarle's producing and currently expanding Silver Peak lithium brine operation. Geologically the FLV Project shares both structural and stratigraphic affinities with Silver Peak, which is currently the only operation of its kind in North America.

The Company executed the EiOA on 14 October 2021. Included under the terms of the EiOA, Morella was required, on the 1st Anniversary of the 17 August 2021, to pay US\$100,000 plus issue the equivalent of US\$100,000 equivalent in Shares.

Both the minimum expenditure and the 1st Anniversary milestones have been achieved and as a result Morella issued 7,050,000 Shares to Lithium Corporation on 24 August 2022 (**1st Anniversary Shares**).

8.2 Regulatory Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the 1st Anniversary Shares does not fit within any of the exceptions under Listing Rule 7.1, and as the issue has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under the Listing Rules for the 12 month period following the date of the issue of the 1st Anniversary Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to maintain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 8 seeks shareholder approval of the issue of the 1st Anniversary Shares issued in accordance with Listing Rule 7.1 under and for the purposes of Listing Rule 7.4.

If Resolution 8 is passed, the issue of the 1st Anniversary Shares will be excluded in calculating Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the issue of the 1st Anniversary Shares.

If Resolution 8 is not passed, the issue of the 1st Anniversary Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the issue of the 1st Anniversary Shares.

The securities, for which ratification is sought under Resolution 8, comprise 0.12% of the Company's share capital assuming implementation of all the Resolutions and exercise of all the Shares granted pursuant to the Resolutions (based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(a) **The names of the persons to whom the entity issued or the basis on which those persons were identified and selected**

The Shares were issued to Lithium Corporation.

Lithium Corporation are not a related party of the Company or material investor.³

(b) **Number of securities to be issued**

Under Resolution 8, the Company seeks from Shareholder's ratification of the issue of 7,050,000 Shares.

(c) **Terms of the securities**

The Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company has applied to ASX for official quotation of the Shares.

(d) **Date of issue**

The Shares were issued on 24 August 2022.

(e) **Issue price**

The deemed issue price was \$0.02 per Share.

(f) **Purpose of the issue, including the intended use of the funds raised**

The purpose of the issue was to meet the obligation of the Company to issue shares to Lithium Corporation pursuant to the EiOA signed on 14 October 2021.

(g) **Relevant agreement**

The Shares were issued pursuant to the EiOA.

A summary of the material terms of the EiOA are included at Schedule 5 of this Notice of Annual General Meeting.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 8 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

8.3 Board recommendation

The Board believes that the ratification of the issue is beneficial for the Company and recommends Shareholders vote in favour of Resolution 8. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

9. RESOLUTION 9 – RATIFICATION OF ISSUE OF NORTH BIG SMOKY EARN-IN CONSIDERATION SHARES

9.1 Background

As announced on 17 May 2022, Morella executed a letter of intent to enter into an Earn-In Option Agreement (**EiOA2**) for 60% project equity in Lithium Corporation's North Big Smoky Project (**NBS Project**) located in central-west Nevada, USA.

³ ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

The NBS Project is located in Nye County, 110 kilometres to the north of the regional centre of Tonopah and 240km south-east of the major centre of Reno. The NBS Project area consists of 178 claims and covers approximately 3,400 acres (1,376 hectares) in area. The NBS Project is in a well-known, highly prospective lithium region of the USA.

As announced on 11 October 2022, the Company has now formally executed the EiOA2.

The key terms of the EiOA2 are summarised in Schedule 6 to this Notice of Annual General Meeting.

As part of the EiOA2 the Company issued to Lithium Corporation 7,050,000 Shares on 24 August 2022 (**North Big Smokey Earn-In Shares**).

9.2 Regulatory Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the North Big Smokey Earn-In Shares does not fit within any of the exceptions under Listing Rule 7.1, and as the issue has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under the Listing Rules for the 12 month period following the date of the issue of the North Big Smokey Earn-In Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to maintain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 9 seeks shareholder approval of the ratification of the issue of the North Big Smokey Earn-In Shares issued in accordance with Listing Rule 7.1 under and for the purposes of Listing Rule 7.4.

If Resolution 9 is passed, the issue of the North Big Smokey Earn-In Shares will be excluded in calculating Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the issue of the North Big Smokey Earn-In Shares.

If Resolution 9 is not passed, the issue of the issue of the North Big Smokey Earn-In Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12-month period following the date of the issue of the North Big Smokey Earn-In Shares.

The securities, for which ratification is sought under Resolution 9, comprise 0.12% of the Company's share capital assuming implementation of all the Resolutions and exercise of all the Shares granted pursuant to the Resolutions (based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(a) **The names of the persons to whom the entity issued or the basis on which those persons were identified and selected**

The Shares were issued to Lithium Corporation.

Lithium Corporation are not a related party of the Company or material investor.⁴

⁴ ASX consider the following to be material investors:
(i). a related party of the entity;

- (b) **Number of securities issued**
Under Resolution 9, the Company seeks from Shareholders ratification of the issue of 7,050,000 Shares.
- (c) **Terms of the securities**
The Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
The Company has applied to ASX for official quotation of the Shares.
- (d) **Date of issue**
The Shares were issued on 24 August 2022.
- (e) **Issue price or other consideration**
The deemed issue price will be \$0.02 per Share.
- (f) **Purpose of the issue, including the intended use of the funds raised**
The purpose of the issue is to meet the obligation of the Company to issue shares to Lithium Corporation pursuant to the EiOA2 signed on 11 August 2022.
- (g) **Relevant agreement**
The Shares were issued pursuant to the EiOA2.
A summary of the material terms of the EiOA2 are included at Schedule 6 of this Notice of Annual General Meeting.
- (h) **Voting exclusion statement**
A voting exclusion statement for Resolution 9 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

9.3 Board recommendation

The Board believes that the ratification of the issue is beneficial for the Company and recommends Shareholders vote in favour of Resolution 9. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

10. BACKGROUND TO RESOLUTIONS 10 TO 14 - ISSUE OF PERFORMANCE RIGHTS

The Board has approved an incentive package to reward the Directors and executive management for their efforts during the 2022 Financial Year which was initially focussed on restructuring the Company and satisfying the requirements of the ASX for re-quoting on the Official List. Following the successful re-quotation in December 2021 there has been significant progress made on all of Morella's projects both in Australia and North America.

Issuing equity incentives is an important part of a company's attraction and retention plan in what is an extremely competitive workforce market. Key targets (both short term and long term) to be met were put in place for the participants aimed at delivering a positive shareholder return in order to underwrite the long-term future value of Morella.

As part of the relisting of the Company on ASX in late 2021, the Company set a number of objectives to be achieved by the Board and Executive Management by 30 June 2022.

(ii). a member of the entity's Key Management Personnel;
 (iii). a substantial holder in the entity;
 (iv). an adviser to the entity; or
 (v). an associate of any of the above,
 where such person or entity is being issued more than 1% of the entity's current issued capital.

These objectives are summarised below:

- completion of the financial restructure of the Company;
- successful re-listing of the Company on ASX including completion of a capital raise to support re-listing by the targeted date of 31 December 2021;
- achieving market capitalisation post listing of at least \$100,000,000 for a period of 30 consecutive trading days;
- execution of formal earn-in agreements for Mallina and Fish Lake Valley;
- execution of drilling contracts and commencement of drilling at Mallina;
- completion of seismic program at Fish Lake Valley and generation of drill targets prior to 30 June 2022; and
- identification and progression of additional lithium project opportunities beyond Mallina and Fish Lake Valley (including additional Sayona earn-in tenements).

Given the achievement of the above objectives (as well as delivering into ongoing management work) the Company is of the view that it is appropriate to reward the Board and executive management by way of the issue of equity incentives. This will allow the Company to focus its financial resources on the continued development of its projects, assist in the retention of key staff and further align the interest of the Board and executive management with that of Shareholders.

Accordingly, the Company has issued / proposes to issue Performance Rights to two specific groups based on a differing approval process.

The initial issue of Performance Rights were to executives that did not require Shareholder approval and was issued pursuant to the Company's current placement capacity under Listing Rule 7.1.

The second issue of Performance Rights will be issued to Directors and will require Shareholder approval.

The two issues are as per below:

- the initial issue: to the Officers and Key Management Personnel 111,241,800 Performance Rights, exercisable prior to 31 December 2022; and
- the second issue: to Directors 147,024,658 Performance Rights exercisable up to 6 months post shareholder approval.

Director	Performance Rights
James Brown	85,479,452
Allan Buckler	20,515,068
Beng Teik Kuan	20,515,068
Dennis (Dan) O'Neill	20,515,068
Total	147,024,658

The Performance Rights will immediately vest upon issue and will be exercisable by the holder on or before 31 December 2022 for executives and up to 6 months after Shareholder approval for the Performance Rights issued to Directors.

Each Performance Right is convertible into one Share.

The issue of the Performance Rights to Officers and Key Management Personnel has taken place and the Performance Rights have already vested. As such, the approval under

Resolution 10 is to ratify the shares issued to those parties.

The Performance Rights to be issued to Directors require Shareholder approval. As such, the approvals under Resolutions 11 to 14 are to approve the issue of the Performance Rights to those Directors.

The terms of the Performance Rights are summarised in the schedule to this Explanatory Memorandum (Schedule 7).

11. RESOLUTION 10 – RATIFICATION OF ISSUE OF SHARES

11.1 Background

As set out in section 10 of this Explanatory Memorandum the Company issued 111,241,800 Performance Rights to officers and Key Management Personnel of the Company as part of its attraction and retention plan.

The Performance Rights were issued pursuant to the Company's Listing Rule 7.1 capacity. The Performance Rights have subsequently vested.

The Performance Rights converted into fully paid ordinary shares on a one for one basis.

11.2 Regulatory Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Shares does not fit within any of the exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Shareholders under Listing Rule 7.1. and as the issue has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under the Listing Rules for the 12 month period following the date of the issue of the Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to maintain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain shareholder approval under Listing Rule 7.1.

To this end, Resolution 10 seeks shareholder approval to ratify the issue of the Shares issued in accordance with Listing Rule 7.1 under and for the purposes of Listing Rule 7.4.

If Resolution 10 is passed, the issue of the Shares will be excluded in calculating Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the date of the issue of the Shares.

If Resolution 10 is not passed, the issue of the issue of the Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the date of the issue of the Shares.

The securities issued, for which ratification is sought under Resolution 10, comprise 1.92% of the Company's share capital assuming implementation of all the Resolutions and exercise of all the Shares granted pursuant to the Resolutions (based on the number of Shares and Options on issue as at the date of this Notice of Annual General Meeting).

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information:

(a) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be identified or selected**

The Shares were issued to Officers and Key Management Personnel of the Company.

None of the Officers and Key Management Personnel are related parties of the Company or material investors.⁵

(b) **Number of securities issued**

The number of Shares issued is 111,241,800.

(c) **Material terms of the securities**

The Shares are fully paid ordinary shares in the capital of the Company.

(d) **Date of issue**

The Shares were issued on 12 August 2022.

(e) **Issue price or other consideration**

The issue price was \$nil.

(f) **Purpose of the issue, including the intended use of the funds raised**

The purpose of the issue is assist the Company to recruit and retain key staff in an extremely competitive market.

(g) **Relevant agreement**

The Shares were not issued pursuant to an agreement.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 10 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

11.3 Board recommendation

The Board believes that the ratification of the issue is beneficial for the Company and recommends Shareholders vote in favour of Resolution 10. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

12. RESOLUTIONS 11 TO 14 – APPROVAL OF THE ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS

12.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue Performance Rights to Beng Teik Kuan, Allan Buckler, Dennis (Dan) O'Neill and James Brown on the terms and conditions set out below.

Accordingly, Shareholders are being asked to approve:

- (a) Resolution 11 to allow 20,515,068 Performance Rights to be issued to Mr Kuan;
- (b) Resolution 12 to allow 20,515,068 Performance Rights to be issued to Mr Buckler;
- (c) Resolution 13 to allow 20,515,068 Performance Rights to be issued to Mr O'Neill; and

⁵ ASX consider the following to be material investors:

- (i). a related party of the entity;
- (ii). a member of the entity's Key Management Personnel;
- (iii). a substantial holder in the entity;
- (iv). an adviser to the entity; or
- (v). an associate of any of the above,

where such person or entity is being issued more than 1% of the entity's current issued capital.

(d) Resolution 14 to allow 85,479,452 Performance Rights to be issued to Mr Brown.

Resolutions 11-14 are conditional on the passing of Resolution 4, so that Resolutions 11-14 will not have any effect unless Resolution 4 is passed.

12.2 Rationale

The primary purpose of the issue of the Performance Rights under Resolutions 11 to 14 is to:

- (a) recognise the outstanding achievements realised by the Directors to date, including in relation to the restructure and requote of the Company on the ASX main board; and
- (b) provide a performance linked incentive component in the remuneration package for the Directors to motivate and reward the performance of the Directors in their roles as Directors.

The Board has determined that the grant of Performance Rights to Directors will align the interests of the Directors with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to the Directors. The Directors will have a greater involvement with, and share in, any future growth and profitability of the Company.

The grant of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors.

It is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed.

12.3 Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

If Shareholder approval is given under Listing Rule 10.14, then the Company is not required to seek approval under Listing Rule 7.1.

If Resolution 4 and any of Resolutions 11 to 14 are passed, the Company will be able to proceed with the issue of the Performance Rights pursuant to the Resolution that is passed.

The Performance Rights to be issued under Resolutions 11 to 14 will be in addition to the number of Equity Securities that may be issued under the Plan pursuant to Resolution 4 and not be included in the limit otherwise set out in Resolution 4.

If Resolution 4 and any of Resolutions 11 to 14 are not passed, the Company will not be able to proceed with the issue of the Performance Rights under the relevant Resolution that fails to pass. If any of the Resolutions fail to pass, the Company will consider alternative options to appropriately remunerate Mr Beng Teik Kuan, Mr Buckler, Mr O'Neill and Mr Brown (as applicable). This may include paying in cash the value of the Performance Rights that were proposed to be issued under Resolutions 11 to 14 that would have vested on that vesting date if Shareholders had approved the issue of those Performance Rights at the Meeting and the Directors has exercised all of those Performance Rights on that vesting date.

The payment of any cash in lieu of issuing securities to the Directors will reduce the cash available to the Company to pursue its goals and may necessitate a further capital raising that would potentially dilute the holdings of all current shareholders.

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Rights to the Directors:

(a) **Name of the person**

The Performance Rights to be issued under Resolution 11 are proposed to be issued to Mr Beng Teik Kuan.

The Performance Rights to be issued under Resolution 12 are proposed to be issued to Mr Buckler.

The Performance Rights to be issued under Resolution 13 are proposed to be issued to Mr O'Neill.

The Performance Rights to be issued under Resolution 14 are proposed to be issued to Mr Brown.

(b) **Nature of relationship between person to receive securities and the Company**

Mr Beng Teik Kuan is a Director and is, as such, a person who falls within Listing Rule 10.14.1.

Mr Allan Buckler is a Director and is, as such, a person who falls within Listing Rule 10.14.1.

Mr Dennis (Dan) O'Neill is a Director and is, as such, a person who falls within Listing Rule 10.14.1.

Mr James Brown is a Director and is, as such, a person who falls within Listing Rule 10.14.1.

(c) **Number and class of securities that may be issued pursuant to Resolutions 11 to 14**

The maximum number of Performance Rights to be issued to Mr Kuan is 20,515,068 Performance Rights.

The maximum number of Performance Rights to be issued to Mr Buckler is 20,515,068 Performance Rights.

The maximum number of Performance Rights to be issued to Mr O'Neill is 20,515,068 Performance Rights.

The maximum number of Performance Rights to be issued to Mr Brown is 85,479,452 Performance Rights.

(d) **Remuneration**

The remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Parties	2023 Financial Year ¹ (\$)	2022 Financial Year ^{1, 2} (\$)
Allan Buckler	236,121	78,000
James Brown	1,129,550	357,558
Dennis (Dan) O'Neill	243,681	85,800
Beng Teik Kuan	243,681	85,800

Notes

¹ Includes salary & fees, superannuation and equity based payments.

² The increase in the remuneration of the Directors for the 2023 Financial Year is largely due to the inclusion of the equity-based payments (being valued at

\$164,121 in the case of Allan Buckler, Beng Teik Kuan and Dennis O'Neill and \$683,836 the case of James Brown).

(e) **Previous issues under the Plan**

The Company has not issued any Equity Securities under the Plan since the Plan was last approved at the Company's 2021 AGM.

The 111,241,800 Performance Rights previously issued to Officers and Key Management Personnel of the Company were issued pursuant to the Company's Listing Rule 7.1 capacity. Those Performance Rights were issued to Alex Cheeseman (59,131,800), Noel Young (19,710,000), Eric Kiely (16,200,000) and John Lewis (16,200,000).

The Performance Rights to be issued under Resolutions 11 to 14 will be in addition to the maximum number of Equity Securities to be issued under the Plan and not be included in the limit otherwise set out under Resolution 4.

(f) **Terms of the securities**

The Performance Rights will be issued fully vested and otherwise on the terms set in Schedule 7.

The Board has determined that the grant of Performance Rights under the Plan to the Directors are an appropriate form of incentive in the current circumstances as they will align the interests of Beng Teik Kuan, Allan Buckler, Dennis (Dan) O'Neill and James Brown with those of Shareholders, creating a greater link between performance, resulting in increased Shareholder value, whilst at the same time rewarding the Directors for the performance already rendered.

The value which the Company attributes to the Performance Rights and its basis is set out in Schedule 8.

(g) **Issue date**

The Performance Rights will be issued to the Directors no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date.

(h) **Issue price**

The Performance Rights will be in consideration of the past and future performance of the Directors.

No funds will be raised from the issue of the Performance Rights.

(i) **Material terms of the Plan**

A summary of the terms of the Plan is set out in Schedule 1.

(j) **Loan in connection with acquisition of securities under the Plan**

No loans have or will be made by the Company in connection with the relevant Performance Rights.

(k) **Additional disclosure**

Details of any securities issued under the Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after Resolutions 11 to 14 are approved and who were not named in this Notice of Meeting will not participate until approval is obtained under that Listing Rule.

(l) **Voting exclusion statement**

A Voting Exclusion Statement has been provided for Resolutions 11 to 14 in the Agenda Section of this Notice of Meeting.

12.4 Section 195(4) Corporations Act

All of the Company's four directors have a material personal interest in the outcome of Resolutions 11 to 14 (as applicable to each Director) in this Notice of Annual General Meeting by virtue of the fact that Resolutions 11 to 14 are concerned with the issue of Performance Rights to those Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions. The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

12.5 Section 208 Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

It is the view of the Directors that the proposed issue of Performance Rights pursuant to Resolutions 11 to 14 falls within the "reasonable remuneration" exception under section 211 of the Corporations Act given the circumstances of the Company and the positions held by the Directors.

Accordingly, the Directors have determined not to seek Shareholder approval for the purposes of section 208 of the Corporations Act for the issue of Performance Rights to Mr Kuan, Mr Buckler, Mr O'Neill and Mr Brown.

The Company has nevertheless determined to include the information requirements of section 219 of the Corporations Act below for the benefit of Shareholders, even though the Company is not seeking Shareholder approval for the purposes of section 208 of the Corporations Act. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolutions 11 to 14.

- (a) The Performance Rights are proposed to be issued to Mr Beng Teik Kuan, Mr Allan Buckler, Mr Dennis (Dan) O'Neill and Mr James Brown, each a related party to the Company by virtue of being a Director;
- (b) Resolutions 11 to 14 seek approval from Shareholders to allow the Company to issue the Performance Rights to Mr Kuan, Mr Buckler, Mr O'Neill and Mr Brown as set out in section 12.1 above for nil consideration. The terms of the Performance Rights are set out in Schedule 7;
- (c) The value of the Performance Rights the subject of Resolutions 11 to 14 and the pricing methodology is set out in Schedule 8;
- (d) The trading history of the Shares on ASX since the date of re-quotation on the main Board of the ASX on 12 December 2021 is set out below:

	Price	Date
Highest	2.9 cents	15 August and 12 September 2022
Lowest	1.6 cents	1 August 2022
Last	2.1 cents	30 September 2022

- (e) If the maximum number of Performance Rights are issued:
- (i) under Resolution 11, a total of 20,515,068 Performance Rights would be issued. Upon the vesting of these Performance Rights (based on the number of Shares and Options on issue as at the date of this Notice of Meeting and assuming that no Options are exercised and no other Shares are issued) the shareholding of existing Shareholders would be diluted by an aggregate of 0.35%;
 - (ii) Resolution 12, a total of 20,515,068 Performance Rights would be issued. Upon the vesting of these Performance Rights (based on the number of Shares and Options on issue as at the date of this Notice of Meeting and assuming that no Options are exercised and no other Shares are issued) the shareholding of existing Shareholders would be diluted by an aggregate of 0.35%;
 - (iii) under Resolution 13, a total of 20,515,068 Performance Rights would be issued. Upon the vesting and conversion to Shares of these Performance Rights (based on the number of Shares and Options on issue as at the date of this Notice of Meeting and assuming that no Options are exercised and no other Shares are issued) the shareholding of existing Shareholders would be diluted by an aggregate of 0.35%; and
 - (iv) under Resolution 14, a total of 85,479,452 Performance Rights would be issued. Upon the vesting of these Performance Rights (based on the number of Shares and Options on issue as at the date of this Notice of Meeting and assuming that no Options are exercised and no other Shares are issued) the shareholding of existing Shareholders would be diluted by an aggregate of 1.47%.
- (f) The relevant interests of the Directors in securities of the Company as at the date of this Notice of Meeting are set out below:

Related Parties	Shares	Performance Rights	Options
Allan Buckler	811,848,897	Nil	Nil
James Brown	59,153,791	Nil	Nil
Dennis (Dan) O'Neill	28,920,004	Nil	Nil
Beng Teik Kuan	36,570,786	Nil	Nil

12.6 Section 200B and 200E Corporations Act

The Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Plan including the discretion to determine the accelerated vesting or automatic vesting of Performance Rights in certain circumstances.

Under the Plan, a participant may become entitled to accelerated vesting or automatic vesting of Performance Rights if there is a change of control of the Company or if the Board exercises its discretion upon cessation of employment.

Accordingly, Shareholder approval is sought for the Directors to be given any such benefit in connection with his retirement from office or employment with the Company if that occurs within 3 years of the date of this Meeting.

If Shareholder approval is given under Resolutions 11 to 14, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

The value of the benefit will depend on the number of Performance Rights that may vest and the market value of the Shares at the time of cessation of employment.

12.7 Listing Rule 10.19

Listing Rule 10.19 provides that without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The Company is also seeking Shareholder approval for the purposes of Listing Rule 10.19. As noted in Section 12.6 of this Notice, it is at the discretion of the Board that Performance Rights issued to Directors (or their nominees) for past performance may not be forfeited by virtue of their resignation.

It is possible that the provision of the benefit associated with the vesting and exercise of Performance Rights in the future may exceed 5% of the equity interests of the Company at the relevant time, although it is unlikely.

12.8 Board recommendations

Mr Kuan declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Performance Rights should Resolution 11 be passed.

Mr Brown, Mr Buckler and Mr O'Neill recommend that Shareholders vote in favour of this Resolution 11 for the reasons stated in section 12.2 above.

Mr Buckler declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Performance Rights should Resolution 12 be passed.

Mr Brown, Mr Kuan and Mr O'Neill recommend that Shareholders vote in favour of this Resolution 12 for the reasons stated in section 12.2 above.

Mr O'Neill declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Performance Rights should Resolution 13 be passed.

Mr Brown, Mr Buckler and Mr Kuan recommend that Shareholders vote in favour of this Resolution 13 for the reasons stated in section 12.2 above.

Mr Brown declines to make a recommendation to Shareholders in relation to Resolution 14 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Performance Rights should Resolution 14 be passed.

Mr Kuan, Mr Buckler and Mr O'Neill recommend that Shareholders vote in favour of this Resolution 14 for the reasons stated in section 12.2 above.

In forming their recommendations, each Director considered the experience of the related party, the existing and proposed contribution of the related party to the Company and the current market practices when determining the number of Performance Rights to be granted.

13. RESOLUTION 15 – REPLACEMENT OF CONSTITUTION

13.1 Background

A company may modify or repeal its Constitution or a provision of its Constitution by special resolution of Shareholders.

Resolution 15 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new Constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by Shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

The Directors believe that it is more efficient in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The proposed changes are aimed at addressing certain changes to the Corporations Act, which permit companies to hold physical, virtual or hybrid general meetings. Recent changes to the Corporations Act require companies that seek to hold virtual general meetings to expressly provide for this in their constitutions. The Company seeks to update the Constitution to incorporate this change to the Corporations Act to permit it to hold virtual general meetings if necessary in the future.

The proposed changes address other changes to the Corporations Act with respect to the electronic provision of documents to members and voting requirements of listed companies. The Corporations Act now permits companies to send meeting-related documents to members by sending the member sufficient information in electronic form to allow the member to access the document electronically. Separately, other changes to the Corporations Act require certain resolutions put to a vote at general meeting to be decided on a poll. The Company seeks to update the Constitution to incorporate these changes to the Corporations Act.

The proposed changes also address proposed changes to the ASX CHESS System which is due to be replaced (**CHESS Replacement**). As part of the CHESS Replacement, the new system will permit companies to register up to four joint holders per share, whereas currently the system only permits up to three joint holders. Despite this systematic change, ASX has not proposed any change to the ASX Settlement Operating Rules (**ASXSOR**) in this regard. Pursuant to the ASXSOR, a participant must not establish a joint holding with more than three holders unless permitted by an issuer's constitution. The Company seeks to update the Constitution to permit up to four joint holders per share to avoid the practical challenge of monitoring compliance with the Constitution once the CHESS Replacement has occurred.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.morellacorp.com) and at the office of the Company.

A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (cosec@morellacorp.com).

Shareholders are invited to contact the Company if they have any queries or concerns.

13.2 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 15.

If this Resolution is approved, the Proposed Constitution will be adopted with effect from the close of the Meeting.

GLOSSARY

1st Anniversary Shares has the meaning given that term in section 8.1 of the Explanatory Memorandum.

2021 AGM means the Annual General Meeting of the Company held in 2021.

Additional 10% Placement Period has the meaning given that term in section 3.2(a) of the Explanatory Memorandum.

Additional 10% Placement Facility has the meaning given that term in section 3.1 of the Explanatory Memorandum.

Advisor Agreement has the meaning given to that term in section 6.1 of the Explanatory Memorandum.

Advisor Shares has the meaning given to that term in section 6.1 of the Explanatory Memorandum.

AEST means Australian Eastern Standard Time.

Annual General Meeting or **Meeting** means the annual general meeting convened by the Notice.

Annual Report mean the 2022 Annual Financial Report available at <https://Morellacorp.com/category/asx-announcements/>.

AUD\$, \$ and dollars means Australian dollars, unless otherwise stated.

Associate has the meaning given to that term in the Listing Rules.

ASX means ASX Limited (ABN 98 008 624 691).

Auditor means PKF Perth.

Associate has the meaning given to that term in the Listing Rules.

Board means the current board of directors of the Company.

Canaccord means Canaccord Genuity (Australia) Limited.

Chair means the Chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Morella** means Morella Corporation Limited (ACN 093 391 774).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the current directors of the Company.

Directors' Report has the meaning given to that term in section 1.1 of the Explanatory Memorandum.

Earlier Annual General Meeting has the meaning given to that term in Section 1.2 of the Explanatory Memorandum.

EiOA means the Earn-In Option Agreement between Morella Minerals (US) Corp (E17724752021-2), the Company and Lithium Corporation, in relation to the FLV Project dated 12 October 2021.

EiOA2 means the Earn-In Option Agreement between Morella Minerals (US) Corp (E17724752021-2), the Company and Lithium Corporation, in relation to the North Big Smoky Project dated 9 August 2022.

ESS Act means the *Treasury Laws Amendment (Costs of Living Support and Other Measures) Act 2022*.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice.

FLV Project means Lithium Corporation's Fish Lake Valley Project located in Esmeralda County, Nevada, USA.

Holcombe means Holcombe Ventures LLC.

July Placement has the meaning given to that term in Section 7.1 of the Explanatory Memorandum.

July Tranche 1 Placement Shares has the meaning given to that term in Section 7.1 of the Explanatory Memorandum.

July Tranche 2 Placement Shares has the meaning given to that term in Section 7.1 of the Explanatory Memorandum.

July Placement Shares means the July Tranche 1 Placement Shares and the July Tranche 2 Placement Shares.

Key Management Personnel has the meaning given to it in section 9 of the Corporations Act.

Later Annual General Meeting has the meaning given to that term in Section 1.2 of the Explanatory Memorandum.

Listing Rules means the listing rules of the ASX.

Lithium Corporation means Lithium Corporation (EIN 98-0530295).

NBS Project means Lithium Corporation's North Big Smoky Project located in Nye County, Nevada, USA.

North Big Smoky Earn-in Shares has the meaning given to that term in Section 9.1 of the Explanatory Memorandum.

Notice or **Notice of Annual General Meeting** or **Notice of Meeting** means this Notice of Annual General Meeting including the Explanatory Memorandum and the Proxy Form.

Mandate means the mandate between the Company and Canaccord, dated 11 November 2021.

Option means an option to purchase a Share on the terms and conditions set out in Schedule 2.

Performance Rights means a performance right to acquire Shares under the terms of the Plan if the applicable performance conditions are satisfied or waived.

Plan means the Morella Executive Incentive Plan.

Proposed Constitution has the meaning given to that term in section 13.1 of the Explanatory Memorandum.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report has the meaning given to that term in section 1.1 of the Explanatory Memorandum.

Resolution means the resolution set out in the Notice of Annual General Meeting.

Schedule means a Schedule to this Notice of Annual General Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Link Market Services.

Shareholder means a holder of a Share.

Spill Meeting has the meaning given to that term in Section 1.2 of the Explanatory Memorandum.

Spill Resolution has the meaning given to that term in Section 1.2 of the Explanatory Memorandum.

US\$ means US dollars.

VWAP means volume weighted average price.

Waratah means Waratah Capital Advisors.

Waratah E&D Fund means Waratah Electrification and Decarbonization Fund.

SCHEDULE 1 – SUMMARY OF MATERIAL TERMS OF PLAN

The Board has adopted an incentive plan (**Plan**), to enable eligible persons to be granted Options, Performance Rights and/or Shares (**Awards**), the principal terms of which are summarised below:

- (a) (**Eligibility**) The Board may, in its absolute discretion, invite an "Eligible Person" to participate in the Plan. An "Eligible Person" means a person that is an "primary participant" (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an Associated Body Corporate and has been determined by the Board to be eligible to participate in the Plan from time to time.
- (b) (**Issue Cap**) Unless the Company is unlisted or the Company constitution provides otherwise, the Company must not make an offer of Awards for monetary consideration under the Plan, where the total number of Shares to be issued under the Plan (**Plan Shares**) (or that will be issued upon conversion of convertible securities to be issued), when aggregated with the number of Plan Shares that may be issued as a result of offers made under the Plan, at any time during the previous 3 year period, would exceed 5% of the total number of Shares on issue at the date of the offer.
- (c) (**Disclosure**) All offers of Awards for no monetary consideration are made pursuant to Division 1A of Part 7.12 of the Corporations Act and accordingly the Company will not issue a disclosure document for such an offer.

If the Company makes an offer to issue Awards for monetary consideration, the Company will comply with the disclosure requirements in Division 1A of Part 7.12 of the Corporations Act.

- (d) (**Nature of Awards**) Each Option or Performance Right entitles the participant holding the Option or Performance Right, to subscribe for, or be transferred, one Share. Any Share acquired pursuant to the exercise of an Award or otherwise under the Plan will rank equally with all existing Shares from the date of acquisition.
- (e) (**Vesting**) Awards may be subject to exercise conditions, performance hurdles or vesting conditions (**Conditions**). These Conditions must be specified in the Offer Letter to Eligible Persons. In the event that a takeover bid for the Company is declared unconditional, there is a change of control in the Company, or if a merger by way of a scheme of arrangement has been approved by a court, then the Board may determine that:
 - (i) all or a percentage of unvested options will vest and become exercisable;
 - (ii) all or a percentage of Performance Rights will be automatically exercised; and
 - (iii) any Shares issued or transferred to a participant under the Plan that have restrictions (on their disposal, the granting of any security interests in or over, or otherwise on dealing with), will be free from any restrictions on disposal.
- (f) (**Exercise Period**) The period during which a vested Award may be exercised will commence when all Conditions have been satisfied, waived by the Board, or are deemed to have been satisfied under the rules of the Plan and the Company has issued a Vesting Notification to the participant, and ends on the Expiry Date (as defined at (i)(iv) below).
- (g) (**Disposal restrictions**) Awards granted under the Plan may not be assigned, transferred, novated, encumbered with a security interest (such as a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature) over them, or otherwise disposed of by a participant, other than to a nominated party (such as an immediate family member, trustee of a trust or company) in accordance with the Plan, unless:
 - (i) the prior consent of the Board is obtained; or
 - (ii) such assignment or transfer occurs by force of law upon the death of a participant to the participant's legal personal representative.
- (h) (**Cashless exercise**) Participants may, at their election, elect to pay the exercise price for an Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise of the Option (**Cashless Exercise Facility**). By using the

Cashless Exercise Facility, the participant will receive Shares to the value of the surplus after the exercise price has been set off.

If a participant elects to use the Cashless Exercise Facility, the participant will only be issued that number of Shares (rounded down to the nearest whole number) as are equal to the value to the difference between the exercise price otherwise payable for the Options and the then market value of the Shares at the time of exercise (determined by reference to the 5 day volume weighted price of Shares before the date of exercise).

- (i) **(Lapse)** Unvested Awards will generally lapse on the earlier of:
- (i) the cessation of employment, engagement or office of a relevant person;
 - (ii) the day the Board makes a determination that all unvested Awards and vested options of the relevant person will lapse because, in the opinion of the Board a relevant person has acted fraudulently or dishonestly, or is in material breach of his or her duties or obligations to the Company;
 - (iii) if any applicable Conditions are not achieved by the relevant time;
 - (iv) if the Board determines that any applicable Conditions have not been met and cannot be met prior to the date that is 5 years from the grant date of an Award or any other date determined by the Board and as specified in the Offer (**Expiry Date**); or
 - (v) the Expiry Date.

Where a participant ceases to be employed or engaged by the Company and is not a "Bad Leaver" (as that term is defined in the Plan), and the Awards have vested, they will remain exercisable until the Awards lapse in accordance with the Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's Awards will be deemed to have vested and exercisable.

Where a participant becomes a "Bad Leaver" (as that term is defined in the Plan), all Awards, unvested or vested, will lapse on the date of the cessation of employment, engagement or office of that participant.

SCHEDULE 2 – SUMMARY OF MATERIAL TERMS OF OPTIONS

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Exercise Price):** The amount payable upon the exercise of each Option (**Exercise Price**) will be as follows:
 - (A) Tranche 1 - 50,000,000 Options at an exercise price of AUD\$0.006 per Option;
 - (B) Tranche 2 - 50,000,000 Options at an exercise price of AUD\$0.007 per Option;
 - (C) Tranche 3 - 50,000,000 Options at an exercise price of AUD\$0.008 per Option.
- (c) **(Expiry Date):** The Expiry Date of each Option will be three (3) years from the date of issue.
- (d) **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date (**Exercise Period**).
- (e) **(Notice of Exercise):** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. A Notice of Exercise must be for a minimum of 5,000,000 Options (**Minimum Exercise Number**) unless the number of Options outstanding as at the date of the Notice of Exercise is less than the Minimum Exercise Number, in which case the holder may exercise all (but not some) of the outstanding Options.
- (f) **(Exercise Date):** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **(Timing of issue of Shares on exercise):** Within 10 Business Days after the Exercise Date, the Company will:
 - (A) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (B) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (C) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph (B) above for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 business days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (h) **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.

SCHEDULE 3 – SUMMARY OF MANDATE

On 11 October 2021, the Company entered into a corporate advisory mandate (**Mandate**) with Canaccord, who has agreed to provide corporate advisory services to the Company in connection with its ongoing capital markets strategy requirements.

The material terms of the Mandate are summarised below:

- (a) **(Term)** The Mandate commenced on 11 October 2021 and continues for an initial 12-month term and may thereafter be terminated in accordance with its terms.
- (b) **(Remuneration)** The Company will issue to Canaccord an option fee (**Option Fee**) in three tranches as follows:
 - (A) Tranche 1 – 50,000,000 Options with an exercise price of AUD\$0.006 per Option;
 - (B) Tranche 2 – 50,000,000 Options with an exercise price of AUD\$0.007 per Option; and
 - (C) Tranche 3 – 50,000,000 Options with an exercise price of AUD\$0.008 per Option, each expiring 3 years from the date of issue.

The Options are otherwise on the terms set out in Schedule 2.

- (c) **(Timing of Option Fee)** The Company is to issue the Option Fee to Canaccord immediately following the execution of the Mandate or immediately following shareholder approval to issue the Option Fee granted at an Annual General Meeting of the Company.
- (d) **(Reorganisation of Capital)** If the Company undertakes a reorganisation of capital by a split or consolidation of its securities, it will adjust the Option Fee to reflect the conversion ratio used for the split or consolidation of its securities.
- (e) **(Takeover)** If the Company is the subject of a takeover (by merger or otherwise), all Options under the Option Fee will immediately be issued to Canaccord (if not already done so).
- (f) **(Costs and Expenses)** The Company agrees to reimburse Canaccord (within 5 business days) for all reasonable out-of-pocket expenses incurred by Canaccord, with individual items (excluding legal fees) over AUD\$1,000 only being reimbursed if approval is given in writing by the Company prior to Canaccord incurring that expense, such approval not to be unreasonably withheld.
- (g) **(Capital Raises)** If the Company undertakes a capital raising during the term of the Mandate, it will offer Canaccord the opportunity to act as lead manager and bookrunner to the capital raising, including during a period of 30 days from the date of any lawful termination of the Mandate.
- (h) **(Takeover Defence Adviser)** If the Company decides to engage a takeover defence adviser, it will first offer Canaccord the opportunity to act as takeover defence adviser, including during a period of 30 days from the date of any lawful termination of the Mandate.
- (i) **(Additional Engagements)** Any additional engagements to be undertaken by Canaccord outside of its role under the Mandate will be governed by a separate agreement with Morella.
- (j) **(Indemnity)** The Company has agreed, subject to certain carve outs, to indemnify Canaccord, and its parent, subsidiary or associated entities, their directors, members, officers, employees, representatives and agents from:
 - (A) all loss, liability, cost, expense or damages directly or indirectly arising out of or in connection with the term of the Mandate and/or the role of Canaccord under the Mandate (**Claim**); and
 - (B) any legal expenses (on a full indemnity basis) and any other expenses incurred in connection with any investigation of or defence of any proceeding relating to a Claim.
- (k) **(Other)** The Mandate contains other terms, which are standard for agreements of this nature.

SCHEDULE 4 - SUMMARY OF THE ADVISOR AGREEMENT

On 16 December 2021, the Company entered into an agreement with US-based Holcombe Ventures LLC (**Holcombe**) and its principal Mr Mark Holcombe (**Advisor Agreement**) who agreed to act as the Company's North American corporate advisor for the identification and delivery of equity investors as well as focusing on alternative corporate strategies including funding solutions and project generation.

The material terms of the Advisor Agreement are summarised below:

- (a) **(Term)** The Advisor Agreement commenced on 16 December 2021 and continues for an initial 12-month term and may thereafter be terminated in accordance with its terms.
- (b) **(Remuneration)** The Company will issue a share-based fee of 40,000,000 Shares to Holcombe immediately following the date the Company's securities are re-admitted to the ASX.
- (c) **(Costs and Expenses)** The Company agrees to reimburse Holcombe (within 5 business days) for all reasonable out-of-pocket expenses incurred by Holcombe, with individual items (excluding legal fees) over AUD\$1,000 only being reimbursed if approval is given in writing by the Company prior to Holcombe incurring that expense, such approval not to be unreasonably withheld.
- (d) **(Other)** The Advisor Agreement contains other terms, which are standard for agreements of this nature.

SCHEDULE 5 – SUMMARY OF THE MATERIAL TERMS OF THE EIOA – FISH LAKE VALLEY PROJECT

- (a) **(Exploration and Development Rights):** Lithium Corporation grants to Morella Minerals (US) Corp. (E17724752021-2) (**Morella Minerals**) during the term of the EIOA the right to explore for and develop minerals on the Property. The Property refers to the 18 unpatented claims, and any other unpatented mining claims (**Claims**), and all other easements, leases licences, mineral interests, mineral royalty interests, rights-of-way, surface use rights and interests in real property which are acquired and held subject to the EIOA.
- (b) **(Earn-In Option):** Upon satisfaction of the Earn-In Obligations during the Earn-In Period, Morella Minerals has the right to exercise its Earn-In Option and enter into a Joint Venture with Lithium Corporation on the Property.
- (c) **(Earn-In Obligations):** Within the Earn-In Period, being from 17 August 2021 and the earlier of the withdrawal of Morella Minerals and 17 August 2025, Morella Minerals must:
- (A) meet the Expenditure Requirements (as that term is defined at (d) below) on the Claims which has a total accumulative value of US\$2,000,000;
 - (B) pay to Lithium Corporation an accumulative total of US\$625,000 in cash; and
 - (C) pay to Lithium Corporation the equivalent of US\$400,000 in Shares as at issue.
- (d) **(Expenditure Requirements):** The Expenditure Requirement for each year of the Earn-In Period is as follows:
- (A) Year 1 – US\$200,000;
 - (B) Year 2 – US\$400,000;
 - (C) Year 3 – US\$600,000; and
 - (D) Year 4 – US\$800,000.
- If Morella Minerals, for any reason, is unable to meet the Expenditure Requirements, the Parties will negotiate in good faith a reasonable extension of the Earn-In Period.
- (e) **(Additional Payments):** Morella Minerals is required to make payments in cash and the Company is required to issue the Shares to Lithium Corporation as follows:
- (A) in accordance with the notice issued by Morella Minerals and accepted by Lithium Corporation on 19 August 2021, Morella Minerals to pay US\$100,000 plus the Company to issue the equivalent of US\$100,000 in Shares within 10 Business Days of the later of the Execution Date or receiving Shareholder approval to issue the shares;
 - (B) on the 1st Anniversary of the 17 August 2021, Morella Minerals to pay US\$100,000 plus the Company to issue the equivalent of US\$100,000 equivalent in Shares;
 - (C) on the 2nd Anniversary of the 17 August 2021, Morella Minerals to pay US\$125,000 plus the Company to issue the equivalent of US\$100,000 in Shares;
 - (D) on the 3rd Anniversary of the 17 August 2021, Morella Minerals to pay US\$150,000 plus the Company to issue the equivalent of US\$100,000 in Shares; and
 - (E) on the 4th Anniversary of 17 August 2021, Morella Minerals to pay US\$150,000 plus the Company to issue the equivalent of US\$100,000 in Shares.
- (f) **(Shares Calculation):** The following formula shall be used to determine the number of Shares to be issued:
- (A) *Execution Shares* = (US\$100,000/Recap issue price)/Exchange Rate.
 - (B) *Anniversary Shares* (see (e) Additional Payments above) = (US\$100,000/30dayVWAP)/ Exchange Rate.

- (C) Recap issue price is the issue price that Altura's recapitalisation raise will be priced at (expected to be AUD\$0.005/share).
 - (D) 30-day VWAP is the average trading price of Shares, volume weighted for the 30 days prior to the transfer date.
 - (E) Exchange Rate is the AUD/USD 5 days average exchange rate as advised by the Company's financial institution at the relevant time (currently Westpac Bank).
- (g) **(AOI Option):** Morella Minerals has the right to add to and include in the EiOA any and all interests and rights held by Lithium Corporation, whether owned or acquired before or after 12 October 2021, which are situated wholly or partly within the Area of Interest (**AOI Interest**). If Lithium Corporation purchases, stakes, or acquires an AOI Interest, it shall provide written notice to Morella Minerals within thirty (30) days of acquiring the interest.
 - (h) **(Warranties, Covenants and Acknowledgements):** The EiOA contains warranties, covenants and acknowledgements which are standard for an agreement of this nature.
 - (i) **(Assignment):** A Party may not assign, transfer, or otherwise deal with the whole or party of its rights under the EiOA unless:
 - (A) the Assigning Party obtains the consent of the Other Party, acting reasonably; or
 - (B) the assignee is an Affiliate, in which case, the Assigning Party must notify the Other Party of the identity of the assignee and its relationship to the Party within 7 days following the date of the Assignment.
 - (j) **(Withdrawal):** During the Earn-In Period, Morella Minerals may withdraw from the EiOA by providing Lithium Corporation with 30 days' written notice. If Morella Minerals has not satisfied any Earn-In Obligations within 30 days of the End Date, Morella Minerals will be deemed to have withdrawn from the EiOA.
 - (k) **(Return of Claims):** By 30 days' written notice to Lithium Corporation, Morella Minerals may, at any time after the Commencement Date, elect to return responsibility for a Claim to Lithium Corporation.
 - (l) **(Joint Venture):** Within 60 days of Morella Minerals' satisfaction of the Earn-In Obligations and its exercise of its Earn-In Option, Lithium Corporation and Morella Minerals will negotiate in good faith to enter into an Operating Agreement where the initial participating interest will be as follows Morella Minerals (60%) and Lithium Corporation (40%). Morella Minerals shall have the right and option to purchase up to 100% participating interest.
 - (m) **(Indemnity)** The Parties have mutually indemnified each other against all liabilities arising from or incurred in connection with their rights and obligations during the Earn-In Period.
 - (n) **(Term):** The EiOA continues until the earliest to occur of any of the following:
 - (A) Morella Minerals withdraws from the EiOA;
 - (B) The Parties execute an Operating Agreement; or
 - (C) Morella Minerals acquires a 100% participating interest.

SCHEDULE 6 – SUMMARY OF THE MATERIAL TERMS OF THE EIOA2 – NORTH BIG SMOKY PROJECT

- (a) **(Exploration and Development Rights):** Lithium Corporation grants to Morella Minerals (US) Corp. (E17724752021-2) (**Morella Minerals**) during the term of the EIOA2 the right to explore for and develop minerals on the Property. The Property refers to the 178 claims (**Claims**), and all other easements, leases licences, mineral interests, mineral royalty interests, rights-of-way, surface use rights and interests in real property which are acquired and held subject to the EIOA2.
- (b) **(Earn-In Option):** Upon satisfaction of the Earn-In Obligations during the Earn-In Period, Morella Minerals has the right to exercise its Earn-In Option and enter into a Joint Venture with Lithium Corporation on the Property.
- (c) **(Earn-In Obligations):** Within the Earn-In Period, being from 11 August 2022 and the earlier of the withdrawal of Morella Minerals and 11 August 2026, Morella Minerals must:
- (A) meet the Expenditure Requirements (as that term is defined at (d) below) on the Claims which has a total accumulative value of US\$1,000,000; and
 - (B) pay to Lithium Corporation the equivalent of US\$500,000 in Shares as at issue.
- (d) **(Expenditure Requirements):** The Expenditure Requirement for each year of the Earn-In Period is as follows:
- (A) Year 1 – US\$100,000;
 - (B) Year 2 – US\$200,000;
 - (C) Year 3 – US\$300,000; and
 - (D) Year 4 – US\$400,000.
- If Morella Minerals, for any reason, is unable to meet the Expenditure Requirements, the Parties will negotiate in good faith a reasonable extension of the Earn-In Period.
- (e) **(Additional Shares):** Morella Minerals is required to issue the Shares to Lithium Corporation as follows:
- (A) in accordance with the notice issued by Morella Minerals and accepted by Lithium Corporation on 11 August 2022, Morella Minerals to issue the equivalent of US\$100,000 in Shares within 10 Business Days of the later of the Execution Date or Morella Minerals receiving shareholder approval to issue the shares;
 - (B) on the 1st Anniversary of the 11 August 2022, Morella Minerals to issue the equivalent of US\$100,000 equivalent in Shares;
 - (C) on the 2nd Anniversary of the 11 August 2022, Morella Minerals to issue the equivalent of US\$100,000 in Shares;
 - (D) on the 3rd Anniversary of the 11 August 2022, Morella Minerals to issue the equivalent of US\$100,000 in Shares; and
 - (E) on the 4th Anniversary of 11 August 2022, Morella Minerals to issue the equivalent of US\$100,000 in Shares.
- (f) **(Shares Calculation):** The following formula shall be used to determine the number of Shares to be issued:
- (A) $Execution\ Shares = (US\$100,000 / Recap\ issue\ price) / Exchange\ Rate.$
 - (B) $Anniversary\ Shares\ (see\ (e)\ Additional\ Payments\ above) = (US\$100,000 / 30dayVWAP) / Exchange\ Rate.$
 - (C) 30-day VWAP is the average trading price of Shares, volume weighted for the 30 days prior to the transfer date.

- (D) Exchange Rate is the AUD/USD 5 days average exchange rate as advised by Morella Minerals' financial institution at the relevant time (currently Westpac Bank).
- (g) **(Option to acquire further interest):** Morella Minerals holds the option, within one year of earn-in completion, to purchase a further 20 per cent interest in the Project by paying Lithium Corp. US\$750,000 and a further option within two years of earn-in completion to purchase the remaining 20 per cent interest in the Project by paying Lithium Corp. a further US\$750,000. In the event of 100 per cent purchase of the Project, a 2.5 per cent Net Smelter Royalty ("NSR") will be executed with Lithium Corp. Morella Minerals can elect to purchase the rights to 50 per cent of the NSR from Lithium Corp. for US\$1 million.
- (h) **(Warranties, Covenants and Acknowledgements):** The EiOA2 contains warranties, covenants and acknowledgements which are standard for an agreement of this nature.
- (i) **(Assignment):** A Party may not assign, transfer, or otherwise deal with the whole or party of its rights under the EiOA2 unless:
- (A) the Assigning Party obtains the consent of the Other Party, acting reasonably; or
 - (B) the assignee is an Affiliate, in which case, the Assigning Party must notify the Other Party of the identity of the assignee and its relationship to the Party within 7 days following the date of the Assignment.
- (j) **(Withdrawal):** During the Earn-In Period, Morella Minerals may withdraw from the EiOA2 by providing Lithium Corporation with 30 days' written notice provided that at least US\$150,000 of expenditure has been funded by Morella Minerals. If Morella Minerals has not satisfied any Earn-In Obligations within 30 days of the End Date, Morella Minerals will be deemed to have withdrawn from the EiOA2.
- (k) **(Return of Claims):** By 30 days' written notice to Lithium Corporation, Morella Minerals may, at any time after the Commencement Date, elect to return responsibility for a Claim to Lithium Corporation.
- (l) **(Joint Venture):** Within 60 days of Morella Minerals' satisfaction of the Earn-In Obligations and its exercise of its Earn-In Option, Lithium Corporation and Morella Minerals will negotiate in good faith to enter into an Operating Agreement where the initial participating interest will be as follows Morella Minerals (60%) and Lithium Corporation (40%). Morella Minerals shall have the right and option to purchase up to 100% participating interest.
- (m) **(Indemnity)** The Parties have mutually indemnified each other against all liabilities arising from or incurred in connection with their rights and obligations during the Earn-In Period.
- (n) **(Term):** The EiOA2 continues until the earliest to occur of any of the following:
- (A) Morella Minerals withdraws from the EiOA2;
 - (B) The Parties execute an Operating Agreement; or
 - (C) Morella Minerals acquires a 100% participating interest.

SCHEDULE 7 – SUMMARY OF MATERIAL TERMS OF THE PERFORMANCE RIGHTS

- (a) The Performance Rights will be issued free of charge and will vest immediately upon issue.
- (b) Each Performance Right converts into one (1) fully paid ordinary Share. These Shares rank equally in all respects (including rights relating to dividends) with other issued Shares and will be issued free from all liens, charges and encumbrances whether known or not including statutory and other pre-emptive rights and any transfer restrictions.
- (c) The issue is not compulsory and Participants are under no obligation to take up any or all of their allocation.
- (d) The Company will issue a share on conversion of a Performance Right within 10 business days following the conversion or such period required by the Listing Rules.
- (e) The Company will arrange the issue of a new holding statement for any issue on conversion of a Performance Right within 10 days of the issue of the share.
- (f) The Expiry Date of each Performance Right issued will be up to 6 months after the date of shareholder approval for the Directors.
- (g) All the Performance Rights that have not been converted into Shares on or before the expiry date, of 5.00pm the date that is 6 months after the date of shareholder approval for the Directors, will automatically lapse.
- (h) Should a holder of Performance Rights cease employment with the company then all Performance Right must be immediately converted to Shares.
- (i) Participants will be able to sell their exercised shares in accordance with the Company's Securities Trading Policy.
- (j) Participants will not be entitled to any shareholder benefits such as dividends and voting rights until they have been allocated Shares. Once the Shares have been allocated, the Participant will then be entitled to receive dividends and exercise voting rights on the Shares, irrespective of any disposal restrictions.
- (k) In the event that a bona fide takeover bid for the Company is declared unconditional and the bidder has acquired a relevant interest of a least 50% in the Company's securities, then all Performance Rights on issue will immediately convert to shares.
- (l) If there is a reorganisation (including, without limitation, consolidation or sub division, but excluding a return of capital) of the capital of the Company, the rights of a holder will be varied (as appropriate) in accordance with the applicable Listing Rules.

SCHEDULE 8 – VALUATION OF PERFORMANCE RIGHTS

Valuation methodology based on rules set out in Division 83A of the Income Tax Assessment Act Guide to market valuation.

The Performance Rights to be issued to the Related Parties pursuant to Resolutions 11 to 14 have not been independently valued.

Using the valuation model noted above and based on the assumptions set out below, the Performance Rights were ascribed a value range, as follows:

Assumptions:	
Valuation date	1 August 2022
Market price of Shares as at 1 August 2022	\$0.016
10 day VWAP	\$0.018
Valuation	50% of Market Price
Indicative value per Performance Right	\$0.008
- Mr Beng Teik Kuan	\$164,121
- Mr Allan Buckler	\$164,121
- Mr Dennis (Dan) O'Neill	\$164,121
- Mr James Brown	\$683,836

Note: The valuation ranges noted above are not necessarily the market prices that the Performance Rights could be traded at and they are not automatically the market prices for taxation purposes.

SCHEDULE 9 – DETAILS OF EQUITY SECURITIES ISSUED IN THE 12 MONTHS PRIOR TO THE DATE OF THE ANNUAL GENERAL MEETING UNDER LISTING RULE 7.1A

Issue Date	Number	Percentage of total number of equity securities on issue at the commencement of the 12-month period	Type	The persons to whom the Equity Securities were issued or the basis on which those persons were determined	Issue Price	Discount to market price at issue date	Funds raised	Use of Funds
2 August 2022 (450,000,000) and 11 August 2022 (50,000,000)	500,000,000	9.78%	Shares	Various via Placement to professional and sophisticated investors	\$0.015 per share	11.8%	\$7,500,000	As at the date of this Notice, Morella has 100% of the funds raised remaining. Morella will apportion the funds towards drilling targets identified at the Fish Lake Valley Lithium Project and advancing development of drilling targets in WA.

LODGE YOUR VOTE



ONLINE

<https://investorcentre.linkgroup.com>



BY MAIL

Morella Corporation Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND*

Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150; or
Level 12, 680 George Street, Sydney NSW 2000

*during business hours Monday to Friday (9:00am - 5:00pm)



ALL ENQUIRIES TO

Telephone: 1300 554 474 Overseas: +61 1300 554 474

LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **11:00am (AEST) on Wednesday, 23 November 2022**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link <https://investorcentre.linkgroup.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Morella Corporation Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the 2022 Annual General Meeting of the Company to be held at **11:00am (AEST) on Friday, 25 November 2022 at the offices of PWC, 480 Queen Street, Brisbane QLD 4000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4, 12, 13, 14 & 15: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 4, 12, 13, 14 & 15, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report (Non-Binding Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Ratification of Issue of Shares to Various Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Dennis (Dan) O'Neill as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Approval of Issue of Performance Rights to Beng Teik Kuan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Additional 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval of Issue of Performance Rights to Allan Buckler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Morella Executive Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Approval of Issue of Performance Rights to Dennis (Dan) O'Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of Issue of the Canaccord Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Approval of Issue of Performance Rights to James Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of Issue of the Shares to Holcombe Ventures LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Approval of Replacement Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratification of Issue of the Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Ratification of Issue of the Fish Lake Valley First Anniversary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
9 Ratification of Issue of the North Big Smoky Earn-In Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – YOU MUST SIGN THIS FORM, IN THE SPACES PROVIDED, AS FOLLOWS:

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

1MC PRX2201N