MORELLA CORPORATION

ASX Announcement

8 February 2023

Magnetotelluric surveys completed in the south of Fish Lake Valley Lithium Project

Completion of magnetotelluric surveys in the southern area of the Fish Lake Valley Project

Updated drilling targets identified with a clear delineation of the potential brine reservoir

Entering final stages of permitting and awarding a drill contract

Overview

Morella Corporation Limited (**ASX: 1MC** "Morella" or "the Company") is pleased to announce the results from geophysical exploration activities completed in December 2022 in the southern part of the Fish Lake Valley Lithium Project in Nevada, USA ("the Project").

Magnetotelluric Survey

Morella commissioned a further Passive Seismic and Magnetotelluric ("MT") Survey of the Project ("December MT Survey") along an additional two (2) east-west transects and one (1) north-south transect in the south of the Project (see Figures 1 and 2), in order to identify sub-surface conductivity anomalies that could be caused by brine accumulations with potential to host Lithium mineralisation. Analysis and interpretation has been completed which identified prospective drilling targets with the goal to progress to a Mineral Resource.

The December MT Survey was commissioned following the geophysical exploration ("March MT Survey"), detailed in the ASX Announcement - *Key Drilling Targets identified at the Fish Lake Valley Lithium Project,* released on 28th April 2022.

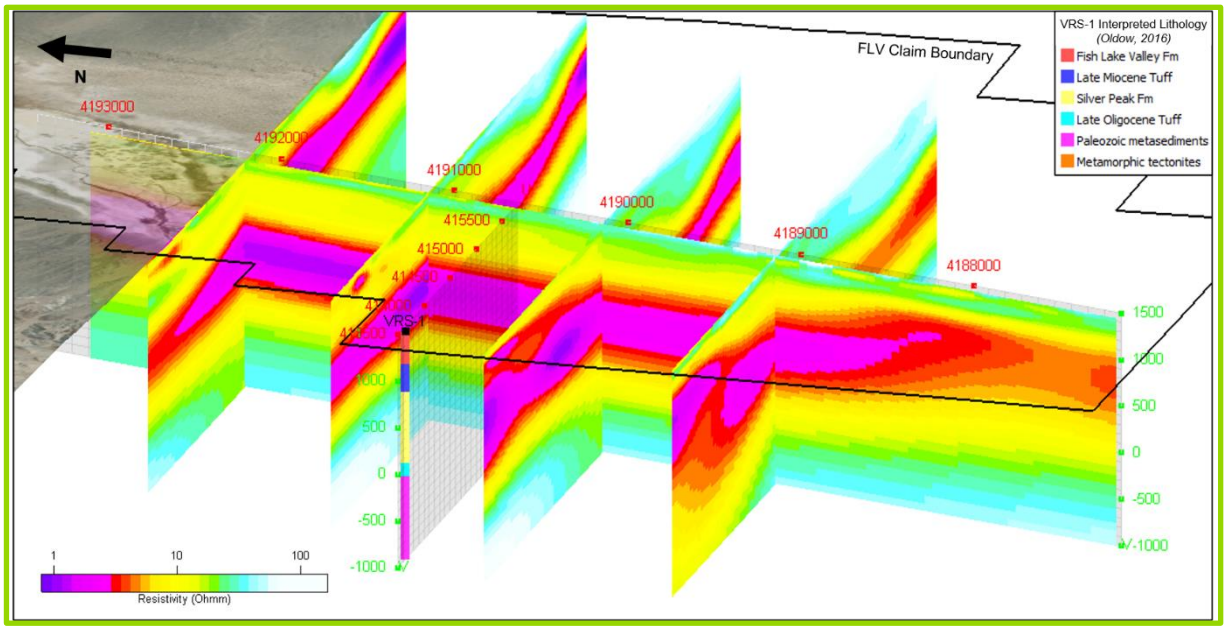

Figure 1: 3D view looking northeast and down on 2D resistivity inversion model cross sections for MT surveys

The MT survey work was undertaken by US-based Zonge International Inc (Zonge). Perth-based geophysical consultants, Resource Potentials, completed QA/QC and inversion modelling of the MT survey data. Interpretation and final reporting are ongoing.

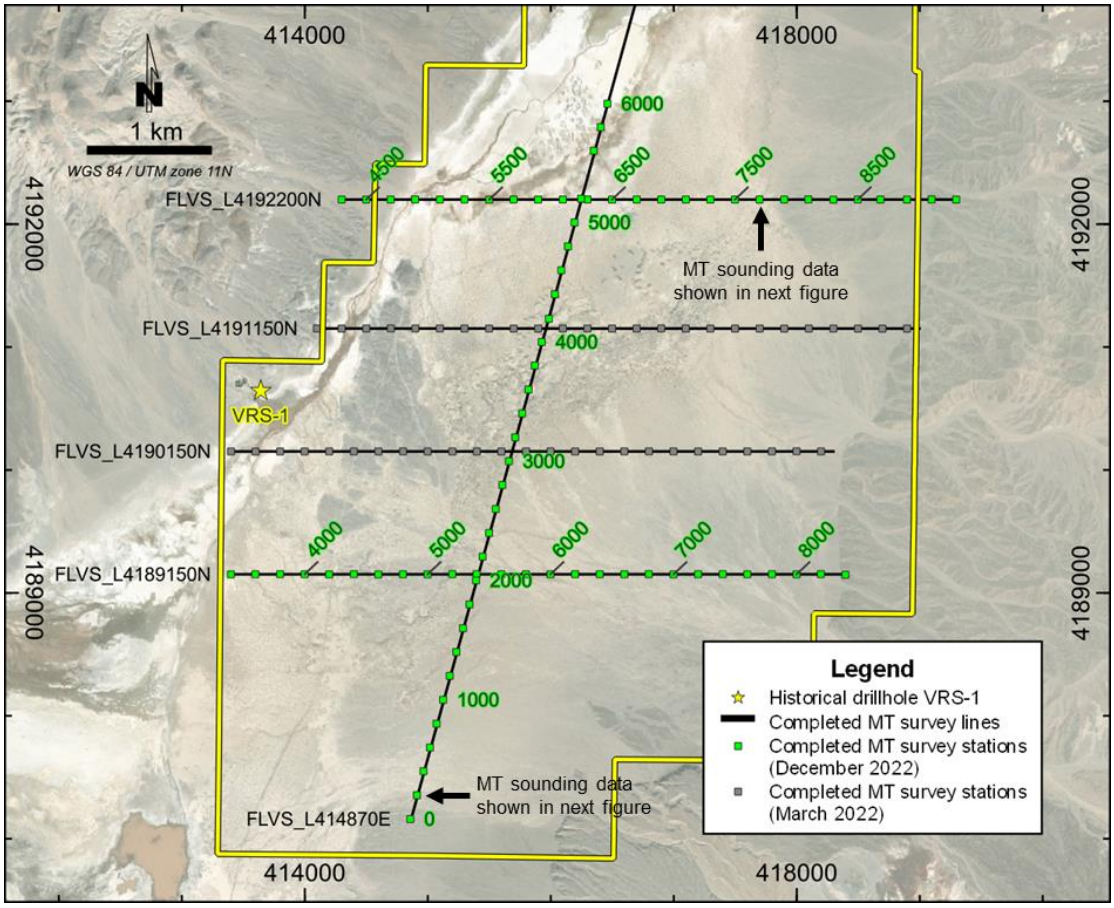

Figure 2 – FLV MT survey lines and data collection stations completed in March and December 2022

The modelled MT resistivity cross sections from the December MT Survey reinforce and expanded upon modelling results from the March MT Survey. In particular, a very high conductivity anomaly is present in the southern most MT survey line resistivity model cross section and is centred approximately 1,000 m depth below surface (see Figure 3).

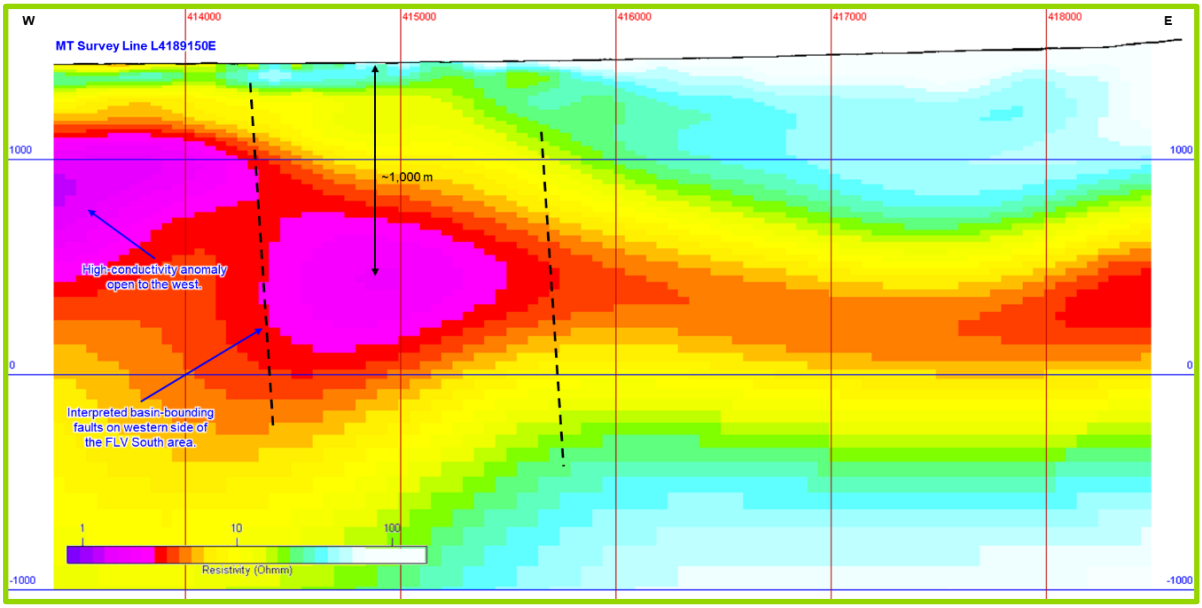

Figure 3 - 2D resistivity inversion model cross section for MT survey line L4189150N (southernmost E-W oriented MT survey line, line location shown in Figure 2) acquired during December 2022.

This anomaly is likely a continuation of an anomaly identified during the March MT Survey, which is interpreted to be fault bounded, and may be caused by Lithium-brine, saline groundwater and clay-ash deposits. A strong MT conductivity anomaly appears to continue to the west outside of the area covered by the MT survey lines. The overall basin structure appears to be deeper within the central-to-eastern part of the MT survey area before shallowing on the easternmost side. The northernmost E-W oriented survey line (see Figure 4) appears to show a conductivity west-dipping layer at depth.

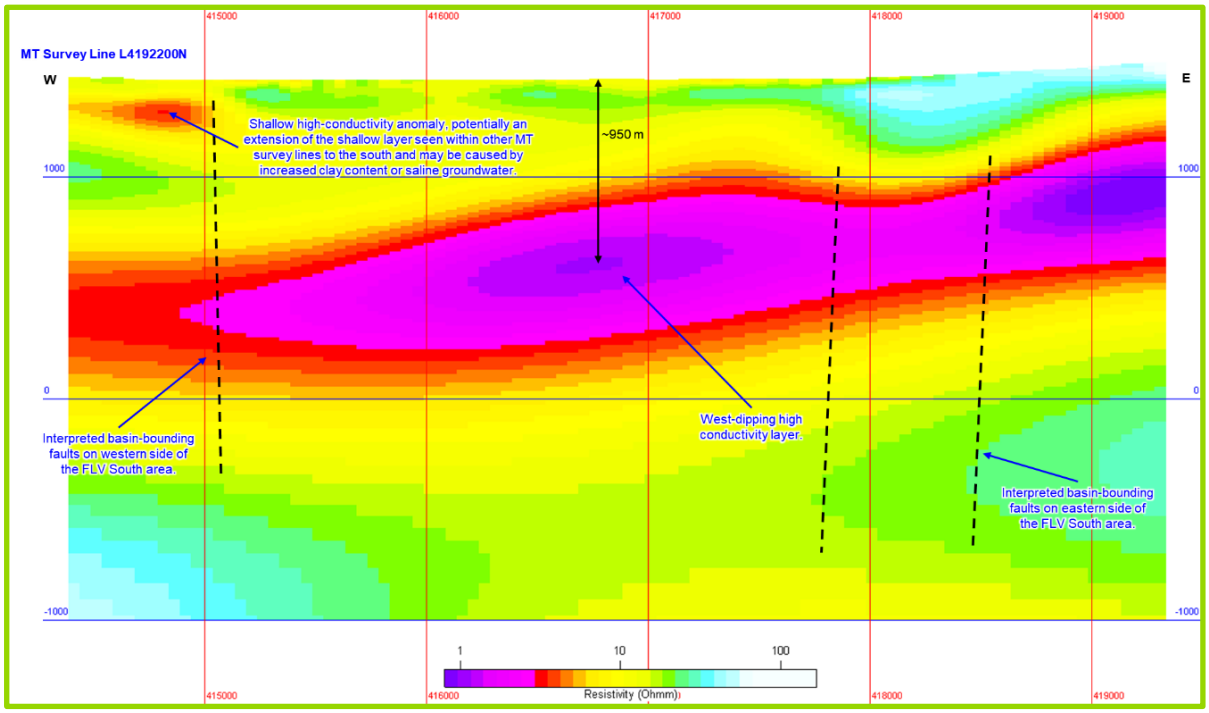

Figure 4 - 2D resistivity inversion model cross section for MT survey line L4192200N (northernmost E-W oriented MT survey line, shown in Figure 2).

The central N-S oriented survey line indicates that the deep high conductivity layer is continuous across all the E-W survey lines and may be closed-off to the south by an interpreted fault structure (Figure 5).

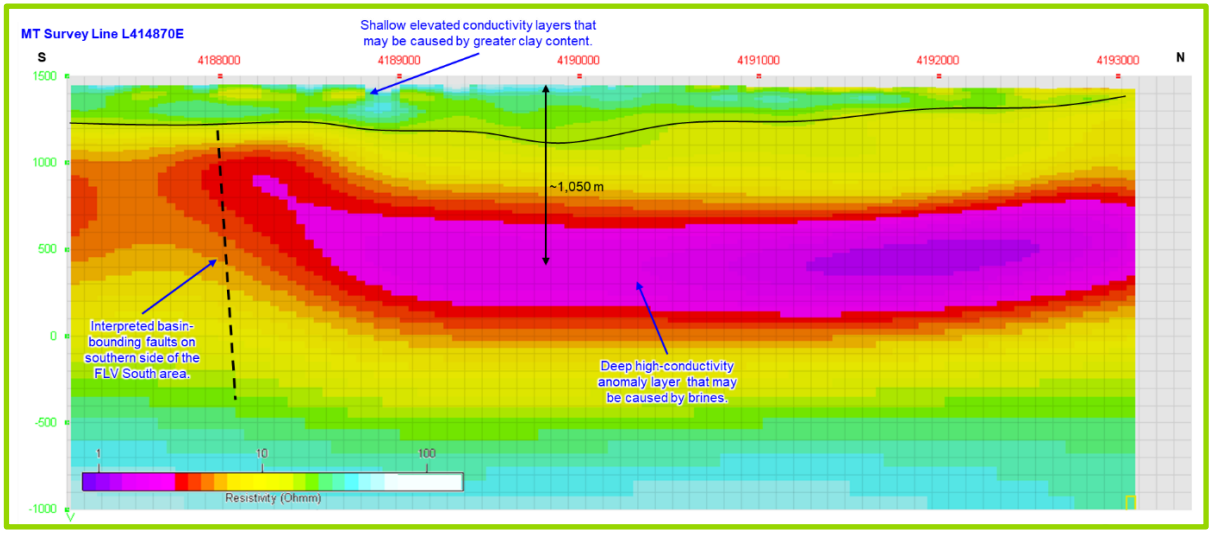

Figure 5 - 2D resistivity inversion model cross section for MT survey line L414870E (the central N-S oriented MT survey line location shown in Figure 2).

Conclusions and Next Steps

The December MT Survey has expanded on work previously completed within the Project. The 2D resistivity inversion model cross sections generated from these MT surveys indicate that the high-conductivity anomaly identified during the March MT Survey, which may be caused by brine hosting Lithium in solution, appears to be closed-off to the south and east, but potentially open to the north and west.

Drillhole targets originally defined from the March MT Survey have been expanded to facilitate development of a potential Mineral Resource (see Figure 6).

The next steps are:

- Award a drilling contract with the drill program aimed at providing brine samples from depth.
- Enter final stages of permitting, being conducted by US-based McGinley and Associates Inc on behalf of the Company.
- Consider 2D reflection seismic to further calibrate the Passive Seismic and MT results and help identify key basin structures and layers to assist drill targeting, hydrogeological modelling and potential resource definition.

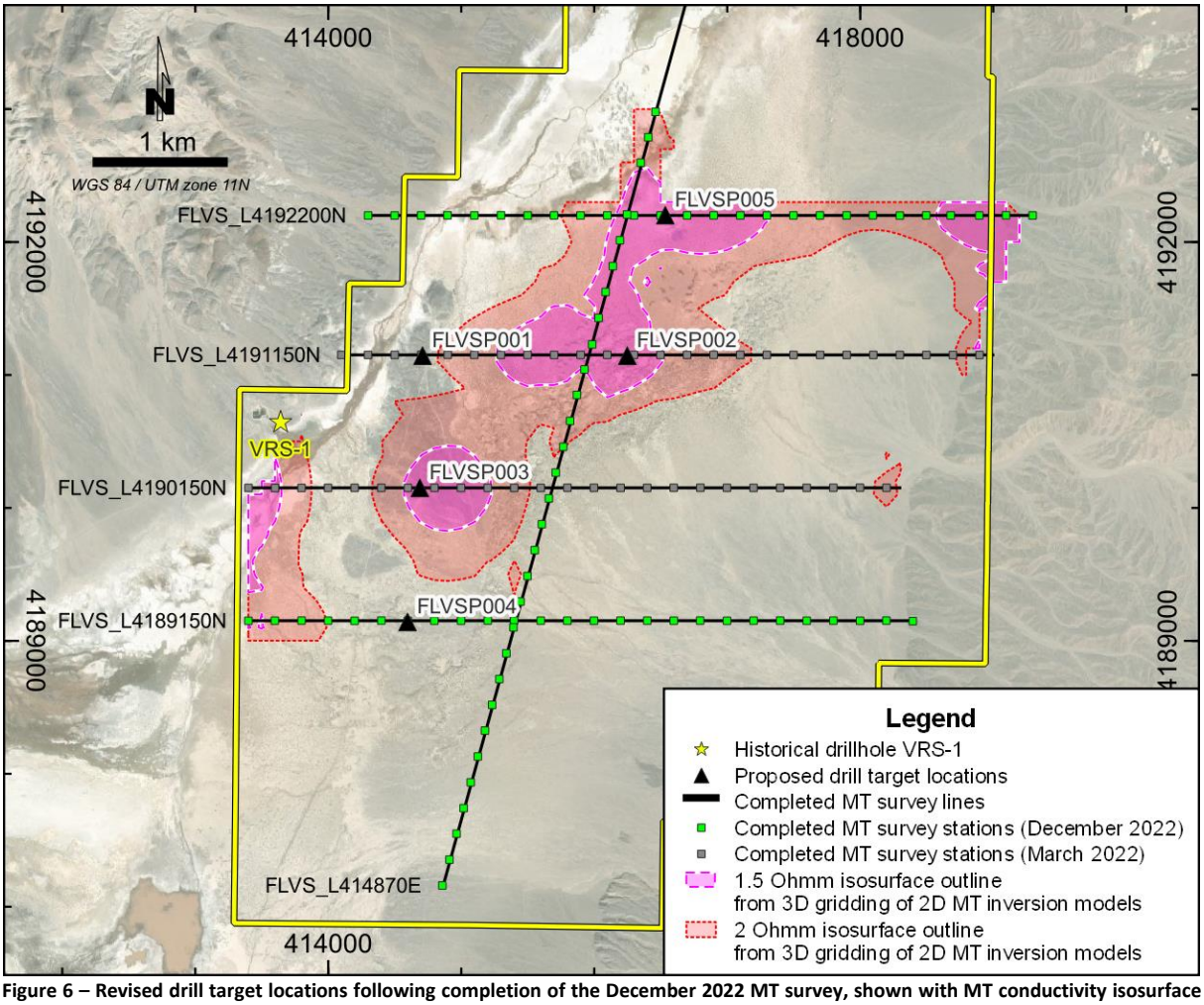

Figure 6 – Revised drill target locations following completion of the December 2022 MT survey, shown with MT conductivity isosurface outlines projected to surface.

Morella Managing Director, James Brown said:

"These MT results along with the previous seismic work gives us full confidence in the drill targets. The extra MT lines demonstrates continuity along strike and width across our claim area. We now have the framework in place to allow the next phase of drilling to potentially define a Mineral Resource will be a significant step forward for Morella."

Contact for further information

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This announcement has been authorised for release by the Board of Morella Corporation Limited.

About Morella Corporation Limited Morella (ASX:1MC) is an exploration and resource development company focused on lithium and battery minerals. Morella is currently engaged in exploration activities on multiple lithium project opportunities, strategically located, in Tier 1 mining jurisdictions in both Australia and the United States of America. Morella will secure and develop raw materials to support the surging demand for battery minerals, critical in enabling the global transition to green energy.

Competent Person's Statement The information in this report that relates to Exploration Results is based on information compiled by Mr Duncan Storey, who is a Chartered Geologist with the Geological Society of London (an RPO defined by JORC 2012). Mr Storey is an independent consultant engaged by Morella Corporation and has sufficient experience with the exploration and development of mineralised brine deposits qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Storey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	No sub-surface sampling or brine sampling has been undertaken with the current works. Data collection ("sampling") is limited to magnetotelluric (MT) geophysical surveying using the array-MT (EMAP) broadband MT method. A total of 16km of MT survey over three lines (5km, 5km and 6km respectively) was completed. Data were acquired using X-component (i.e. parallel to the survey line) electric field dipoles ('Ex') at 200 m station spacing, with Y-component (i.e. perpendicular to the survey line) electric field dipoles ('Ey') acquired every 400 m. Magnetic field sensor stations, including Hx, and Hymagnetic field coil sensors, were deployed at three stations spaced between 800 and 1,600 m along the survey lines. The minimum station occupancy time was 12 hrs (overnight). The magnetic sensor used was a Zonge ANT-4 (0.0001 – 1000 Hz). Unconstrained 2D resistivity inversion modelling of the MT survey data was completed using CGG Geotools, which utilises the RLM-2D inversion modelling code.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	No drilling has been undertaken.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	No drill samples have been collected
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	No geological data have been logged
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	No sampling has been undertaken

Criteria	JORC Code explanation	Commentary
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	No assays have been undertaken
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	No assays have been undertaken
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	MT survey points were set out with handheld GPS. The WGS 84 datum and UTM Zone 11N projection grid system has been used. No other topographic control was used.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	MT data was collected from stations at 200m spacing. The spacing is adequate to support interpolation of sub-surface brine conductivity where the brine is hosted in regional sedimentary basin aquifers. Notwithstanding adequate data-spacing, in the absence of sub-surface sampling, no mineral resource estimation is supported.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have*	Two geophysical survey lines were orientated east-west perpendicular to the strike of the basin axis. A third line was oriented in a more north-south direction

Criteria	JORC Code explanation	Commentary
	introduced a sampling bias, this should be assessed and reported if material.	
Sample security	• *The measures taken to ensure sample security.*	No samples were collected.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	MT data were subject to review by independent geophysical consultant, Resource Potentials Pty Ltd. All data were found to be of high quality.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Fish Lake Valley Project is located in Nevada, USA and comprises 297 claims over an area of ~44.4km^2 The tenements are held by Lithium Corporation, Morella entered into an earn-in agreement with Lithium Corporation in October 2021, whereby Morella has the right to earn a 60% interest in the project, with options to acquire 100% interest. The claims are in good standing, with payments up to date with the US Bureau of Land Management. There are no known impediments to maintain the claims and operate in the area. **Tenement ID** — **Location** NV101621690 - NV101621695 — Nevada USA NV101622134 - NV101622141 — Nevada USA NV101340597 - NV101340600 — Nevada USA NV 105231487 - NV 105231518 — Nevada USA NV105243416 - NV105243451 — Nevada USA
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	The property was developed as a borate producer sometime in the late 1860's, with the earliest record of production in 1873. Production by 1875 was in the order of 1.814 tonnes (2 tons) of concentrated borax daily. Operations ceased sometime prior to the 1900's and there is no record of any further activity or exploration until the 1970's. During the 1970's the USGS conducted some lithium focused exploration in the general area and drilled several holes on the periphery of the playa. A deep oil exploration well was also drilled 1970 by the Nevada Oil and Minerals Inc. The well, VRS1, reached a depth of 2797m. A lithology and wireline resistivity log are available through the USGS well database. American Lithium Corporation carried out work in 2016-19.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Fish Lake Valley is located on the western margin of the Basin and Range province, within the "Walker Lane" which is a zone of Miocene (to recent) structural deformation which trends northwest to southeast paralleling the trend of the Sierra Madre Mountains in Eastern California. The area occurs at the northern extremity of the Death Valley-Furnace Creek-Fish Lake Valley fault zone and comprises a highly complex array of active faults. Fish Lake Valley represents a deep structural depression formed by extensional activity within the complex fault zone. The depression is infilled with up to 1800m of post-Oligocene sediments, comprising volcanics, volcaniclastic and detrital

Criteria	JORC Code explanation	Commentary
		sediments (the latter being the Fish Lake Valley Formation and comprising interbedded sandstone, conglomerate, clay and playa sediments with interbedded volcanic tuff). Deep faulting provides a conduit for geothermal brine enriched with lithium (and other minerals), to migrate into the basin-fill sediments. These fluids may be further enriched through evapo-concentration where they reach the near surface and groundwater is subject to evaporation from the playa surfaces. Potentially economic brine deposits maybe hosted within the basin-fill sediments that have sufficient transmissivity to support commercial brine extraction. Brine abstraction occurs at Silver Peak from aquifer units that are thought to be lateral equivalents to the upper Fish Lake Valley Formation.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		Drilling was completed by Lithium America and previously outlined in Morella's ASX announcement of 15th December 2021. This drilling comprised 74 direct push drill holes and 1 sonic drill hole. The maximum depth was 150m and average drilled depth of these programmes was 50m.
		
		These drilling results do not provide information relevant to the deep conductivity targets interpreted from the MT survey.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No grade results have been reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	No intercepts or brine reservoir geometry is reported.

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Plans, cross sections and 2D subsurface modelling are presented in the release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All MT data have been presented and balanced reporting completed.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Data from shallow drilling for the project was summarised in Altura Mining's release of 15th December 2021. Data from an initial stage of passive seismic geophysical survey was presented in Morella Corps release of 22nd February 2022. Non-invasive investigations are progressing and there are no other substantive exploration activities.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	MT survey to be conducted over the northern project area Drill targets have been defined. Reflective seismic line in the southern area