

13 March 2023

Morella Lithium Projects Update

Western Australia: Approvals received for the Q2 2023 Drill Program at the Mallina Project (51% 1MC).

United States: Drill Programs developed and permitting underway.

Tenement holdings increased across both Western Australia and Nevada portfolios.

Morella Corporation Limited (**ASX: 1MC** “Morella” or “the Company”) is pleased to provide an update on its Australian and United States lithium projects. Significant progress has been made in project evaluation and planning, with drillhole locations determined for both the Mallina Project in the Pilbara region of Western Australia (see Figure 1) and the Fish Lake Valley Project in Nevada, USA. The Company has also increased its exploration tenement holdings in the Pilbara and Nevada project areas.

Western Australia

Mallina Project

Approvals have been received for the upcoming drill program at Mallina (see Figure 2), with the primary focus of the campaign to determine the extension of the previously identified high grade pegmatite intercepts.

The 2022 drill program confirmed the presence of a high-grade lithium oxide intercept in Hole M22_004_D, with a highlight section of 16.4m @ 1.24% Li₂O from 4.6 metres (*refer to ASX Release 2 December 2022*).

Morella has received approval for a Program of Works (PoW) for approximately 40 reverse circulation (RC) drillholes totalling around 3,000 metres. Drilling contractor tenders are in hand, with commencement of the program expected in April / May 2023.

Commenting on the upcoming ~3,000m drill program at Mallina, Morella Managing Director, James Brown said:

“Our team has completed a thorough planning process and are looking positively toward the next drill program at Mallina. Having the benefit of several high-grade intercepts from previous programs, we are confident that proof of substantial lateral extensions can be delivered. The Company is also buoyed by the fact we are nearing completion of finalising the joint venture with our partners Sayona Mining Limited (ASX:SYA), who we have enjoyed a close relationship in the past and look forward to the future with Sayona, as it becomes the next global producer of lithium concentrates.”

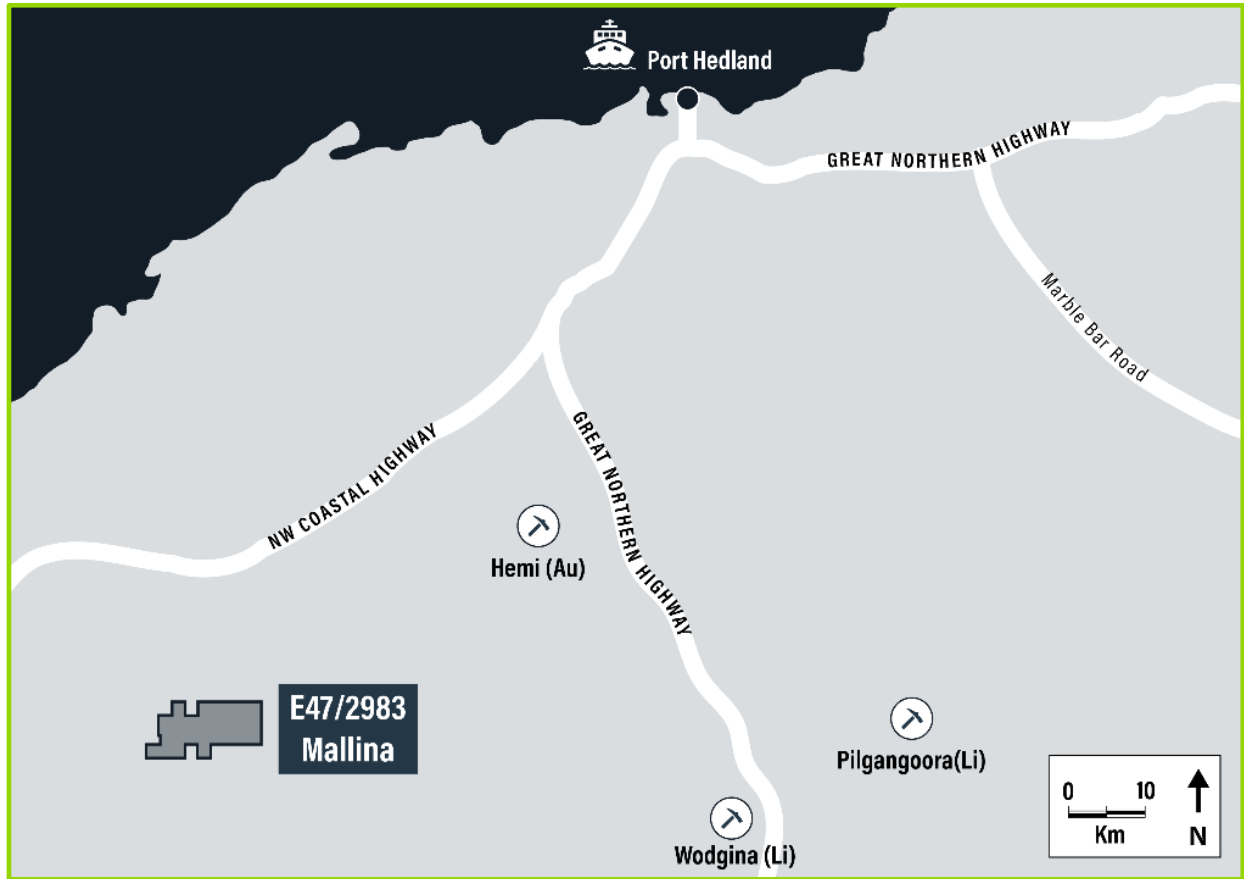


Figure 1: Mallina Lithium Project

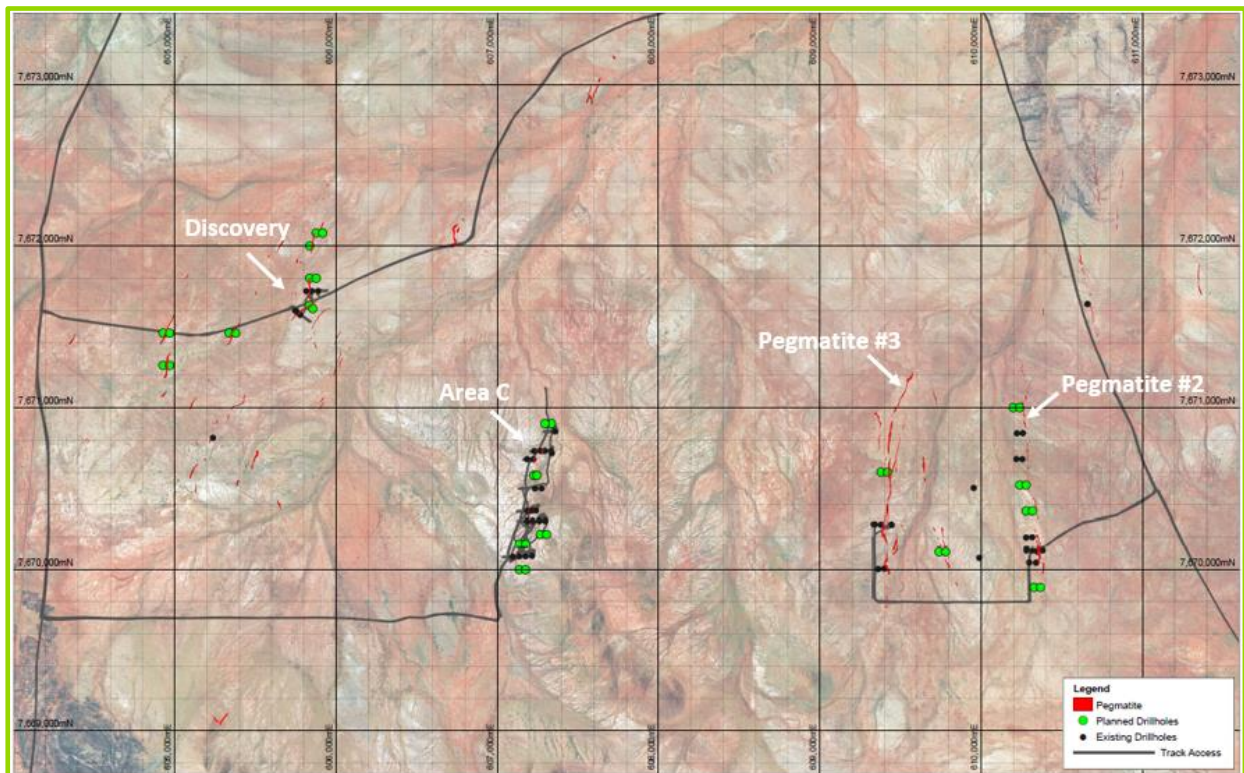


Figure 2: Mallina Lithium Project – Proposed Drilling Program

Tenement Updates

Morella has been granted two new tenements. One tenement E45/2778, which is south of Mt Edon and adjacent to Morella's tenements E59/2092 and E59/2055 and the second tenement E45/5904, which is located in the Tabbatabba and Strelley region. Morella is also in a ballot for a tenement located to the south of Mallina.

United States

Fish Lake Valley

Morella has completed several geophysical surveys over Fish Lake Valley, including passive seismic and magnetotelluric. This work has successfully generated a number of drilling targets across the southern and northern areas of the claim holdings (see Figure 3). The northern area targets are shallower than in the southern area and will be the focus of early drilling and permitting.

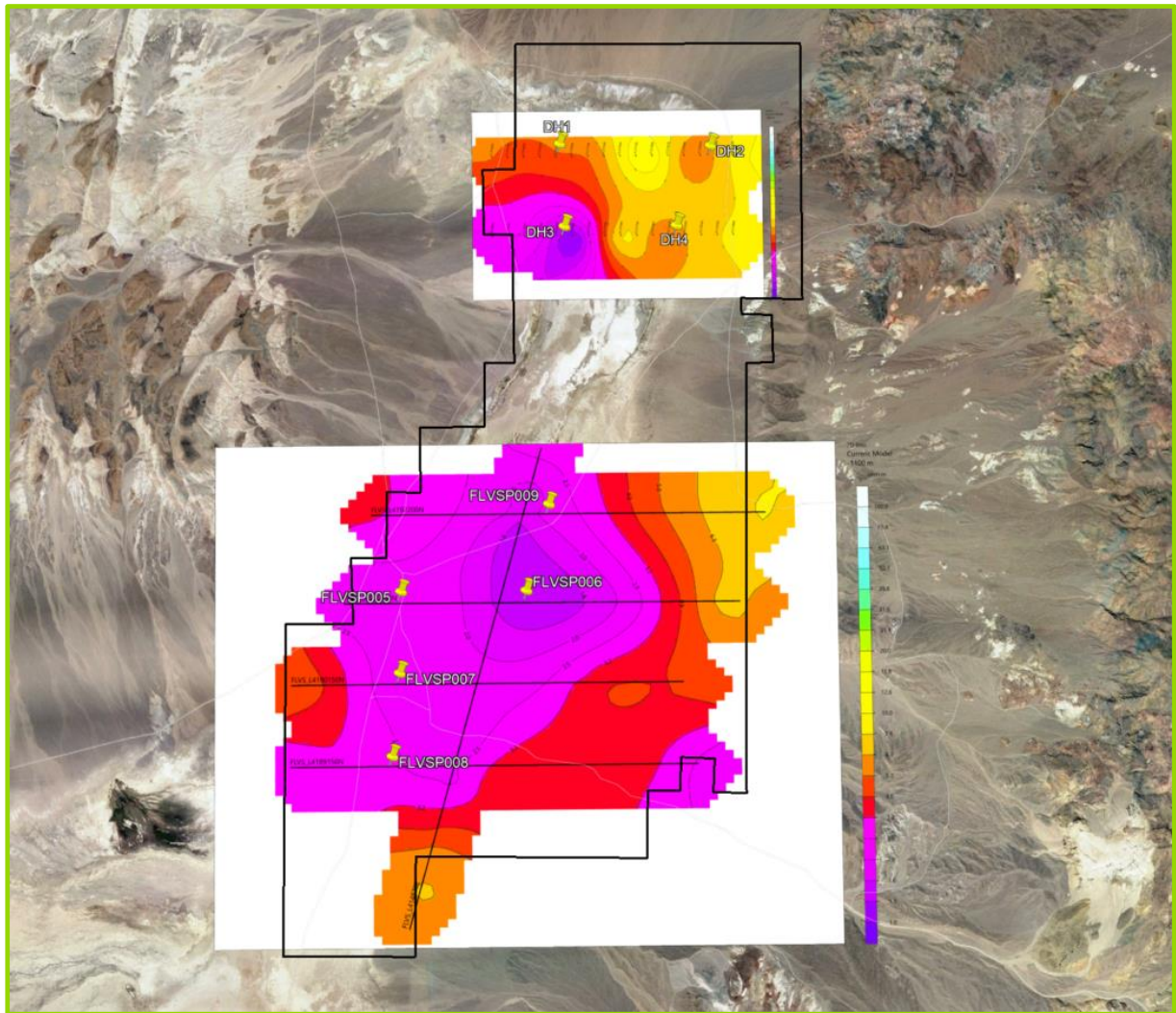


Figure 3: Magnetotelluric results overlay on proposed drilling.

Drill programs have been developed and permitting is underway. Morella has submitted a notice to the Bureau of Land Management (BLM) in Nevada for the drilling program in the northern project area (see Figure 4 for the split between the north and south project areas). Upon grant of the north permit a notice will be submitted for the drilling in the southern project area.

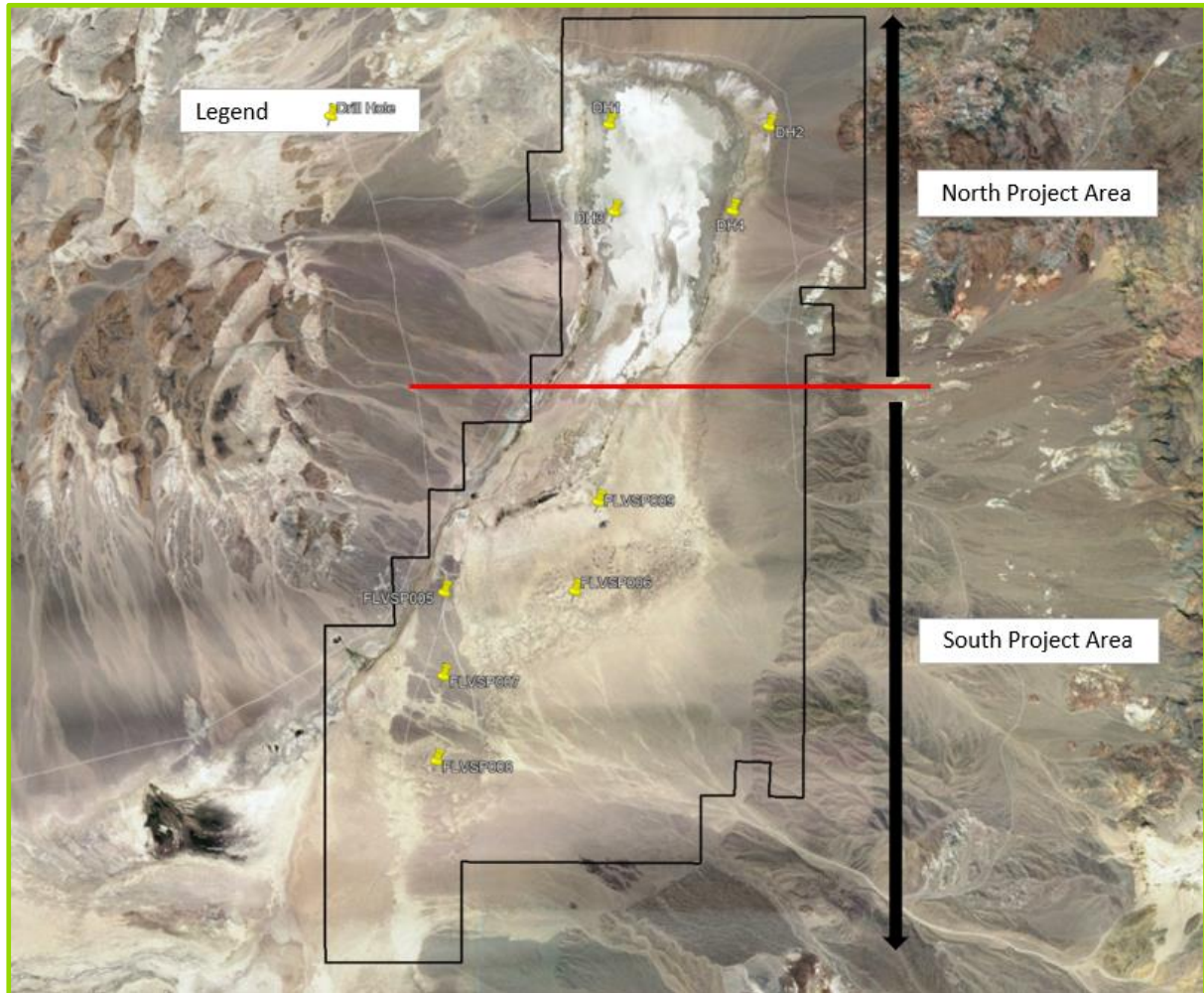


Figure 4: North and South project showing proposed drilling.

North Big Smoky

Morella and its United States partner Lithium Corporation have materially increased the claim holding across the North Big Smoky Lithium Project in Nevada, USA. During February 2023, Morella commissioned the staking of two areas in the North Big Smoky region. The first area is 210 contiguous claims, which extends the existing North Big Smoky claim area to the west and increases the project area by approximately 15 sq km. The claims were lodged with the County and the BLM with the latter confirming their registration.

The claim extension is based on the exciting soils sample results as shown in Figure 5 (see ASX release 17 January 2023) and regional gravity work, which shows this area to be prospective for lithium in brines and possibly clays.

In order to clearly identify the two projects, both located in the Big Smoky Valley but separated by several kilometres, the Company has given the name of Carvers, to the original claim area plus the newly acquired contiguous claims and Austin to the newly staked area located separately to the north. The increased footprint highlighting the two new commissioned claim areas can be seen in red outline in Figure 6 below.

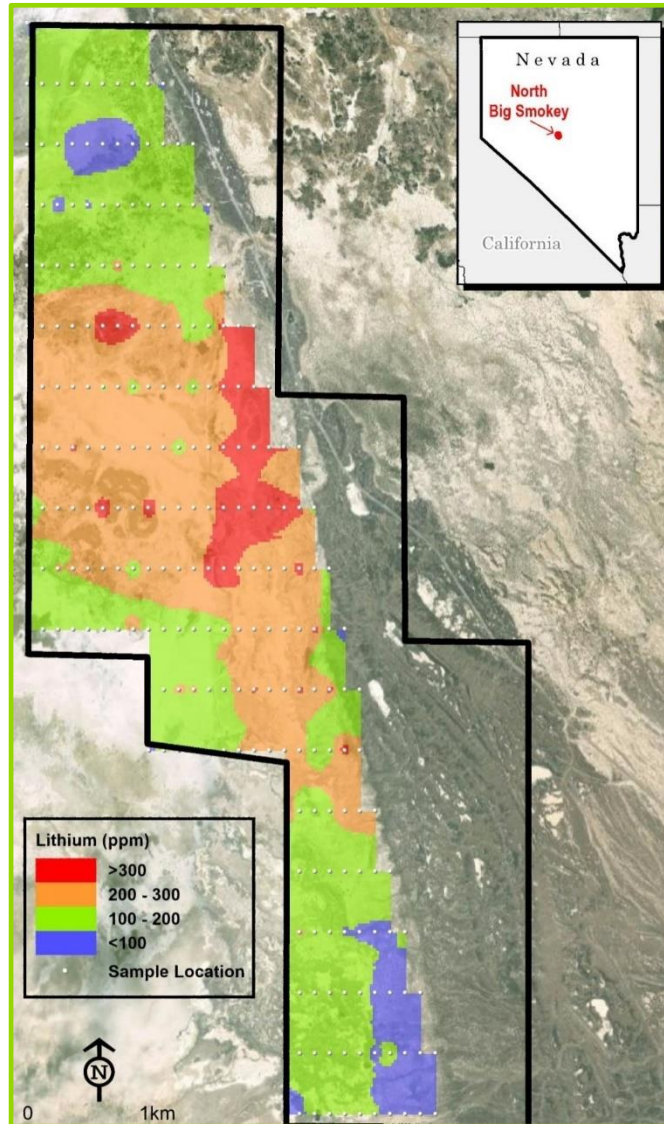


Figure 5: NBS Project Plan View of soil sampling results

The second area known as Austin is 11km to the north of Carvers and was identified from regional gravity data, as a potential deep basin which could be a suitable catchment for brines. 360 placer claims covering 29 sq km were staked to cover this area and are shown in Figure 6 which also includes a locality map showing the relationship between the two claim areas.

Morella has recently completed passive seismic surveys at the Austin and Carvers claim areas. Magnetotelluric (“MT”) survey has also been carried out on all the Carvers and Austin project areas, including the new claim area at Carvers. The results of the last survey are currently being processed by Morella’s geophysical consultants.

Soil sampling has recently been completed on the Austin claim area, with samples submitted for analysis. Soil sampling has commenced on the Carvers area extension, with samples being submitted the coming weeks.

A shallow drilling program at Carvers will be developed based on the results of the soil sampling.

All the project claims are covered by an earn-in agreement between Morella and Lithium Corporation (OTCBB:LTUM), whereby Morella is earning into a 60% stake in the North Big Smokey Project, with options to acquire a 100% interest. To date, Morella has met all expenditure requirements and is on target to achieve the 60% ownership of these claims in late 2023 or early 2024.



Figure 6: North Big Smoky – Carvers and Austin Claim Areas

Morella Managing Director, James Brown said:

“We have been directing a significant amount of resources to the Nevada projects in Fish Lake Valley and North Big Smoky over the last 12 months, with very positive results generated. With additional support from our partner Lithium Corporation, I believe we now know enough about these projects to confirm them as strong prospects worthy of more exploration and evaluation resources. Furthermore, we have expanded both of our Nevada projects and now hold a large tract of prime brine and clay hosted prospects.”

Looking ahead

Western Australia

- Drilling will commence at Mallina in late April early May – followed by soil sampling to infill between existing soil sample lines.
- Other Western Australian projects have soil sampling programs designed and based upon the results will progress onto drilling programs where appropriate.

United States Projects

- A reflective seismic survey will be carried out on the southern project area of FLV. This will provide information around geology units and fault structures – vital for volumetric determination.
- The notice for the drilling in the north project area of FLV has been submitted and should be determined in the next 2 weeks.

- Soil samples will be analysed for the Carvers and Austin areas at North Big Smoky.
- Passive seismic and MT surveys will be processed and drilling programs will be developed.
- A shallow drilling program based on the results of the current soil sampling and the just completed soil sampling at Carvers will be developed and permits applied for from the BLM.

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 is an exploration and resource development company focused on lithium and battery minerals. Morella is currently engaged in exploration and development activities with projects 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 on the West Australian projects is based on information compiled by Mr Chris Grove, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Principal Geologist employed by Measured Group Pty Ltd. Mr Chris Grove has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Mineral Resources'. Mr Chris Grove consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results for Nevada brine projects 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.