

MORELLA CORPORATION LIMITED
ABN 39 093 391 774

**Notice of Extraordinary General Meeting,
Explanatory Memorandum
and Proxy Form**

TIME: 10.00 am (AEST)

DATE: 17 June 2024

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 Extraordinary 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 EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of Shareholders of Morella Corporation Limited (Company) will be held on 17 June 2024 commencing at 10.00 am (AEST) at the offices of PWC 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 Resolution set out in this Notice of Extraordinary 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 Extraordinary General Meeting. Capitalised words and expressions in this Notice of Extraordinary 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 Extraordinary 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

Resolution 1 – Approval of Consolidation

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

“That, for the purpose of section 254H(1) of the Corporations Act, article 3 of the Company’s Constitution, and for all other purposes, Shareholders approve and authorise the Directors to consolidate the issued share capital of the Company on the basis that every twenty-five (25) Shares on issue be consolidated into one (1) Share (rounded up to the next whole number of Shares), to take effect on the Effective Date, and otherwise on the terms set out in the Explanatory Memorandum accompanying this Notice of Extraordinary General Meeting.”

By order of the Board

JOHN LEWIS
Company Secretary
16 May 2024

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 Extraordinary General Meeting are those who are registered Shareholders as at 5.00pm (AEST) on 14 June 2024.

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 10.00 am (AEST) on 15 June 2024.

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 Extraordinary General Meeting to be held at the offices of PWC 480 Queen Street Brisbane QLD 4000 on 17 June 2024 commencing at 10.00am (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.

1. RESOLUTION 1 – APPROVAL OF CONSOLIDATION

1.1 Background

As announced on 13 May 2024, the Company is in the process of undertaking various capital management initiatives, including:

- (a) the establishment of an unmarketable parcel sale facility (**Facility**) for Shareholders who hold less than \$500 worth of fully paid ordinary shares in the Company; and
- (b) a proposal to undertake a consolidation of the number of Shares on issue on the basis that every twenty-five (25) Shares held be consolidated into one (1) Share (with fractional entitlements rounded up to the nearest whole number) (**Consolidation**).

Resolution 1 seeks Shareholder approval for the Company to undertake the Consolidation.

If Resolution 1 is passed, the Consolidation will take effect on and from 3 July 2024 (**Effective Date**), following completion of the Facility.

If Resolution 1 is not passed, the Consolidation will not take effect. The Facility will be completed regardless of the outcome of Resolution 1.

1.2 Purpose of the Consolidation

Since the restructure of the Company in March 2021, the Company has needed to raise funds to meet its exploration targets. This coupled with the current market downturn in commodity prices, especially Lithium, has resulted in the Company presently having on issue 6,178,799,426 Shares, trading in a range between \$0.003 to \$0.004 per Share. Any increase or reduction in Share price by the smallest increment can create a movement in excess of 25% in the market capitalisation of the Company.

The Board believes that such significant market capitalisation movements are restricting the market from being able to truly value the Company's assets and trade in reasonable volumes. The Board has committed to maintaining a strong balance sheet, accelerating project growth and delivering enhanced shareholder returns.

Therefore, the Board considers that the Consolidation will potentially result in a Share price that is more appealing to a wider range of domestic and international investors.

The Board also considers the Consolidation will have the following benefits:

- (a) better market perception from investors who equate a low share price with the perception of a poorly performing company;
- (b) increase the Company's ability to undertake a meaningful equity raising in the future, which is currently detrimentally hampered by the current Share price;
- (c) remove the potential vulnerability to speculative day-to-day trading and short selling activity (due to the lower cost of dealing in a Share), which contributes to Share price volatility;
- (d) increase interest from quality, long term institutional investors, equity funds and lending institutions who seek stability and long term growth;
- (e) reduce the administrative burden, cost and complexity of administering a capital base which currently has over 6 billion ordinary shares on issue;

- (f) enhance appeal to prospective international investors, in support of the Company's promotional activities to investors in international markets; and
- (g) bring the Company's capital structure more in line with its peers on the ASX.

Furthermore, the Board believes that the Consolidation is fair and reasonable and is in the best interests of the Company's Shareholders as a whole.

If Resolution 1 is not passed, the Company will retain its current pre-Consolidation capital structure and the potential benefits associated with the Consolidation identified above will not be realised.

1.3 Regulatory requirements

Section 254H(1) of the Corporations Act provides that a company may convert all or any of its shares into a larger or smaller number of shares by ordinary resolution passed at a general meeting.

In accordance with section 254H(2) of the Corporations Act and Appendix 7A of the Listing Rules, the consolidation will take effect on 3 July 2024 in accordance with the approved ASX timetable set out in Section 1.4(c). If Resolution 1 is passed, the Company will lodge a copy of the resolution with ASIC within one month of it being passed in accordance with section 254H(4) of the Corporations Act.

For the purposes of Listing Rule 7.20, the following information is provided:

(a) **Effect of the Consolidation on the number of securities and the amount unpaid (if any) on the securities**

The result of the Consolidation is that each Share holding will be reduced by 25 times its current level. Each Shareholder's proportional interest in the Company's share capital will remain unchanged as a result of the Consolidation.

Overall, this will result in the number of Shares on issue reducing from 6,178,799,426 to approximately 247,151,977 (subject to rounding).

The Consolidation applies equally to each holder of Shares. Accordingly, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder (other than minor variations resulting from rounding).

By way of example, if a Shareholder currently holds 617,879,943 Shares representing approximately 10% of the Company's issued capital, then if the Consolidation is approved and implemented, the Shareholder will have 24,715,198 Shares following the Consolidation, still representing the same 10% of the Company's issued capital.

Similarly, the aggregate value of each Shareholder's holding (and the Company's market capitalisation) should not materially change (other than minor changes as a result of rounding) as a result of the Consolidation alone (and assuming no other market movements occur). However, the price per Share can be expected to increase to reflect the reduced number of Shares on issue.

The Consolidation will not result in any change to the rights and obligations of existing Shareholders.

(b) **The proposed treatment of any fractional entitlements**

Where the Consolidation results in an entitlement to a fraction of a Share that fraction will be rounded up to the next whole number of Shares.

However, if the Company is of the opinion that a Shareholder has, before the record date for the Consolidation, been party to share splitting or division in an attempt to obtain an unfair advantage by reference to such rounding, the Company may aggregate the holdings of that Shareholder before applying any rounding of entitlements.

Each Shareholder's proportional interest in the Company's issued capital will, however, remain unchanged as a result of the Consolidation (other than minor variations resulting from rounding).

(c) **The proposed treatment of any convertible securities on issue**

As at the date of this Notice of Meeting, the Company has no convertible securities on issue.

(d) **Effect on capital structure**

If Resolution 1 is approved, the effect which the Consolidation will have on the Company's capital structure is set out as follows (subject to rounding):

	Pre-Consolidation	Post-Consolidation (subject to rounding)
Shares¹	6,178,799,426	247,151,977

Note:

1. These calculations are based on the current shares on issue as at 13 May 2024 and assume the Company does not issue any further Shares or any convertible securities before the Effective Date.

1.4 Additional information

In addition, the Company provides the following information:

(a) **Holding statements**

With effect from the date of the Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post-Consolidation basis.

After the Consolidation becomes effective, new holding statements will be issued to Shareholders, who are encouraged to check their post-Consolidation holdings before seeking to sell or otherwise dispose of any Shares.

(b) **Taxation**

The Consolidation is not expected to have any taxation implications for Shareholders. However, Shareholders are encouraged to consider their own circumstances and to seek their own tax advice on the effect of the Consolidation. The Company, the Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the Consolidation.

(c) **Indicative timetable**

If approved by Shareholders, the proposed Consolidation will take effect on 3 July 2024. The following is an indicative timetable (subject to change) of the key events:

Event	Date
Following Shareholder approval under Resolution 1, Company announces Effective Date of the Consolidation	17 June 2024
Effective Date	3 July 2024
Last day for trading in pre-Consolidation Shares	4 July 2024
Trading in post-Consolidation Shares commences on a deferred settlement basis	5 July 2024
Record Date Last day to register transfers on a pre-Consolidation basis	8 July 2024

First day for Company to update register and send shareholding statements or certificates (as applicable) to Shareholders reflecting the change in the number of Shares held	9 July 2024
Last day for Company to update register and send Shareholding statements or certificates (as applicable) to Shareholders reflecting the change in the number of Shares held and notify ASX that this has occurred.	15 July 2024

Note:

1. The above timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to compliance with the Listing Rules and the Corporations Act. Any such change will be announced to the ASX.

Other than as set out above, the Directors are not aware of any other information that may reasonably be expected to be material to the making of a decision by a Shareholder as to whether to vote in favour of Resolution 1.

1.5 Voting exclusion

No voting exclusion is required for Resolution 1.

1.6 Board recommendation

Each Director has no interest in the outcome of Resolution 1, other than as an existing holder of Shares in the Company. For the reasons set out in Section 1.2, the Board unanimously recommends that Shareholders vote in favour of Resolution 1.

GLOSSARY

\$ means Australian dollars, unless otherwise stated.

AEST means Australian Eastern Standard Time.

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

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

Board means the current board of directors of the Company.

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).

Consolidation has the meaning given in Section 1.1.

Constitution means the constitution of the Company.

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

Directors mean the current directors of the Company.

Effective Date is 3 July 2024.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice.

Extraordinary General Meeting or **Meeting** means the extraordinary general meeting convened by the Notice.

Facility has the meaning given in Section 1.1.

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

Listing Rules means the listing rules of the ASX.

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

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice of Extraordinary 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.

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



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474



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 Extraordinary General Meeting of the Company to be held at **10:00 am (AEST) on Monday, 17 June 2024 at the offices of PWC, 480 Queen Street, Brisbane QLD 4000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

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 ☒

Resolution

For Against Abstain*

1 Approval of Consolidation

☐ ☐ ☐


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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

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 PRX2401A



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.

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:

- (a) 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
- (b) 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 the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00 am (AEST) on Saturday, 15 June 2024**, 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.

QR Code



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



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

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

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

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**