

Morella Corporation Limited

ACN 093 391 774

Target Market Determination

Made by: Morella Corporation Limited (ACN 093 391 774) (**Issuer**)

Product: Free-attaching unquoted options to acquire fully paid ordinary shares (**Shares**) in the Issuer (**Options**) to be issued under a prospectus dated 5 August 2024 (**Prospectus**)

Effective Date: 13 August 2024.

1. Background

This target market determination (**TMD**) has been produced by the Issuer in relation to an offer of up to 61,788,276 free-attaching unquoted options (**Options**) made by the Issuer under the Prospectus pursuant to section 713 of the Corporations Act 2001 (Cth) (**Act**) and has been designed to help investors understand who the offer of Options is most suitable for.

This TMD sets out the class of consumers for which the Options would likely be consistent with their financial objectives, the distribution conditions and restrictions imposed on the distribution of the Options, as well as reporting requirements for distributors in accordance with the requirements of section 994B of the Act.

A copy of the Prospectus is available on the Issuer's website, <https://www.morellacorp.com>. The offer will be made under, or accompanied by, a copy of the Prospectus. Any applicant under the Prospectus should carefully read and consider the Prospectus in full and consult their stockbroker, accountant, solicitor and/or other professional adviser if they have any questions regarding the contents of the Prospectus.

This TMD is not a disclosure document for the purposes of the Act and does not provide a full summary of the product features or terms of the Options. This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Act. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This TMD is not intended to provide financial advice or take into account any particular objectives, financial situations or needs.

Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

2. Product Information

The key features of the Options are as follows:

Offers	<p>The offer of Options under the Prospectus is being made to:</p> <ol style="list-style-type: none">Eligible Shareholders who apply for and are issued New Shares under the Entitlement Offer or the Shortfall Offer on the basis of one (1) free-attaching Option for every two (2) New Shares applied for and issued to that Eligible Shareholder; andprofessional and sophisticated investors who apply for and are issued Shortfall Shares under the Shortfall Offer on the basis of one free-attaching Option for every two (2) Shortfall Shares applied for and issued to that investor.
Exercise price	<p>The exercise price for the Options will be \$0.072 per New Option.</p>

Expiry date	The Options will expire on 31 August 2026 (Expiry Date). A New Option not exercised before 5.00pm (WST) on the Expiry Date will automatically lapse at that time.
Exercise period	The Options are exercisable at any time on or prior to 5.00pm (WST) on the Expiry Date.
Shares issued on exercise	Shares issued on exercise of the Options will rank equally in all respects with the then issued Shares in the Issuer.
Transferability	The Options are transferable subject to the Constitution, any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

3. Target market

The objectives, financial situation and needs of investors which are suitable for investment in the Options under the Entitlement Offer, and an explanation of why those particular financial circumstances are suitable, are provided below:

Investment objective	As the Options may be exercised at any time prior to the expiry date, which is 5.00pm (WST) on 31 August 2026 the Issuer expects that an investment in the Options will be suitable to investors who wish to have the right, but not obligation, in the medium term to acquire the Issuer's shares.
Investment timeframe	The target market of investors will take a medium term outlook in relation to their investment in the Issuer and are in a financial position that is sufficient for them to invest their funds over the time period to 5.00pm (WST) on 31 August 2026, should they wish to exercise their Options.
Investor suitability metrics	While the Issuer does not have an established eligibility framework for Investors based on metrics (for instance employment status, income levels, age or an expected return or volatility) it is expected that the target market of investors will be those investors that wish to obtain optionality for exposure to the Issuer's ongoing operations and projects.
Risk	The Issuer considers that an investment in the Options will have a different risk profile to a direct upfront investment in Shares, including due to the fact that there is no obligation to exercise the Options prior to the Expiry Date. Investors should also have a sufficient level of financial literacy to understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.

The Options are not suitable for investors:

- a) who are not seeking to have the potential to increase their investment in the Issuer; and
- b) who do not understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.

The Issuer has assessed the Options and formed the view that the Options, including the key attributes set out in section 2, are likely to be consistent with the objectives, financial situation and needs of investors in the target market as described above in this section 3.

4. Distribution conditions

The Options will also be subject to the distribution condition that investors will be provided with a copy of the Prospectus and access to this TMD before they apply for the Options.

For an investment in the Options by investors, the application form which accompanies the Prospectus will require investors to confirm that they meet the eligibility criteria of the expected target market outlined in this TMD.

The Issuer considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Issuer.

5. Review triggers

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment. It follows that the TMD will only apply in the period between the commencement of the offer of the Options under the Prospectus and three months following the Closing Date (**Offer Period**), after which the TMD will be withdrawn.

To allow the Issuer to determine whether circumstances exist that indicate this TMD is no longer appropriate and that distribution of the Options should cease, the following review triggers will apply for the Offer Period:

- a) there is a material change to the Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;
- b) the Issuer lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- c) the occurrence of a significant dealing in Options that is not consistent with this TMD;
- d) the Issuer identifies a substantial divergence in how the Options are being distributed and purchased from this TMD;
- e) an unexpectedly high number of complaints are received from customers that indicate the Options are not suitable for the target market or the product is not being distributed to the target market; and
- f) material changes to the regulatory environment that applies to an investment in the Options.

The Issuer may also amend this TMD at any time.

6. Review

If a review trigger occurs during the Offer Period, the Issuer will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within 10 business days of the review trigger occurring.

Periodic reviews of the TMD will occur regularly during the Offer Period, noting that the Offer Period is likely to be less than one month. If the Offer Period extends for more than one month, the TMD will in addition be reviewed on a monthly basis.

7. Reporting requirements

As the Issuer is not appointing external distributors of the Options in respect of retail clients, the Issuer will consider any of the following matters:

- a) complaints received by the Issuer in relation to the Options;
- b) significant dealings in the Options which are inconsistent with this TMD;
- c) any dealings outside the target market (to the extent that the Issuer is aware of such dealings); and
- d) the conduct of the Issuer under this TMD.

Where relevant, the Issuer will consider any of the above matters and determine appropriate steps that will be taken including, where appropriate, reporting of matters to ASIC.

8. Authorisation

This TMD has been authorised for release by the board of directors of Morella Corporation Limited.