



Morella Corporation Limited

ABN 39 093 391 774

ANNUAL FINANCIAL REPORT

30 JUNE 2024

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Morella Corporation Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024

Corporate Directory

DIRECTORS

James Brown – Managing Director
Allan Buckler – Non-Executive Director
Dan O'Neill – Non-Executive Director
Beng Teik Kuan – Non-Executive Director

COMPANY SECRETARY

John Lewis

REGISTERED OFFICE

Suite 5, 68 Murray Street
West Perth WA 6005

Telephone: +61 (0) 429 596 535

Email: info@morellacorp.com

Website: www.morellacorp.com

AUDITORS

PKF Perth
Dynons Plaza
Level 8, 905 Hay Street
Perth WA 6000

SHARE REGISTRY

MUFG Corporate Markets
(Formally Link Market Services Limited)
Level 12, QV1 Building
250 St George's Terrace
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

Code: 1MC

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

Your directors have pleasure in presenting the annual financial report of Morella Corporation Limited ("Morella" or "the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2024.

DIRECTORS

The names of the directors in office during the financial year and up to the date of this report are as follows:

Mr James Brown
Mr Allan Buckler
Mr Dan O'Neill
Mr Beng Teik Kuan

COMPANY SECRETARY

The name of the secretary in office during the financial year and up to the date of this report is as follows:

Mr John Lewis

PRINCIPAL ACTIVITIES

The principal activity have been centered around the Groups exploration tenements and conducting exploration programs on these tenements.

OPERATING AND FINANCIAL REVIEW**Overview**

Morella Corporation Limited has made significant progress in its exploration and project development activities throughout the fiscal year. The company has focused on its core lithium projects, including the Tabba Tabba East, Fish Lake Valley, Mallina, and Mt Edon projects, located in Western Australia and the USA. These projects are pivotal for Morella's strategy to support the increasing demand for battery minerals essential for the global transition to green energy.

Review of OperationsCorporate Developments

During the year, no additional funds were raised. Instead, the Group continued to utilize the proceeds from the prior year to fund medium-term exploration and operational activities. The company commenced a share consolidation project and established an Unmarketable Parcel Share Sale Facility to streamline its share register. Annual and half-yearly financial reports were completed, ensuring transparency and compliance with ASX requirements.

Project DevelopmentNevada USA Lithium Exploration

- **North Big Smoky Lithium Project:**
Activities included geophysical surveys and soil sampling, which revealed high-grade lithium mineralization in various areas. The Carvers project identified significant lithium grades in soil sampling, with assays showing concentrations of up to 271 ppm. Shallow drilling commenced to test stratigraphy and assist in the design of future deep-hole programs.
- **Fish Lake Valley Lithium Project:**
A 2D seismic reflection survey was completed, defining the deep rift basin geology beneath the playa, similar to structures at Albemarle's Silver Peak Lithium Brine Mine. Preliminary drilling results indicated the presence of lithium-bearing sediments, enhancing the understanding of the geological features. The company has planned further drilling activities based on these insights, aiming to tap into potential lithium brine resources.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

Western Australia Lithium Exploration

- Mallina Lithium Project:**
 Morella continued its exploration activities with a reverse circulation (RC) drilling program aimed at extending previously identified high-grade pegmatite intercepts. The drilling confirmed the presence of high-grade lithium oxide, with significant intercepts such as 16.4m at 1.24% Li₂O. A total of 35 holes were drilled, completing 2,200 meters out of a planned 2,800 meters. The results indicated previously unknown areas of mineralization and extensions to existing zones. A follow-up drilling program is planned to further assess the mineralisation.
- Tabba Tabba East Lithium Project:**
 Morella conducted successful soil sampling programs that identified significant lithium anomalies. The first phase of RC drilling was initiated to test these anomalies, with further drilling planned based on initial results. The drilling focuses on areas with underlying faults or structures, and the first phase consists of 15 RC holes, with the potential to expand based on early results.
- Mt Edon Project:**
 Following positive results from previous exploration activities, a drilling program is planned for Q1 FY 2025. This program aims to target shallow lithium mineralized pegmatites identified in earlier explorations.

Next Steps

Morella Corporation plans to expand its exploration activities at Tabba Tabba East and Mallina based on recent positive drilling results. The Fish Lake Valley project will continue to advance with additional seismic surveys and further drilling to enhance resource definition. A drilling program at the Mt Edon project will also be executed, focusing on the identified lithium mineralized zones.

Operating results

The Group's operating loss after providing for income tax and non-controlling interests for the year ended 30 June 2024 was \$2,948,378 (2023: loss \$2,909,333). The Group's operating loss after providing for income tax from continuing operations for the year ended 30 June 2024 was \$2,999,977 (2023: loss \$2,606,927). The loss in 2024 includes non-cash costs as follows:

- Depreciation and amortisation of \$133,921

and includes further financial costs as follows:

- Interest on funding facility of \$237,192
- Net foreign exchange Loss of \$121,936

Excluding the above items, the Group loss after tax was due to the Group's ongoing exploration activities and corporate administration.

The Group's revenue from continuing operations for the year ended 30 June 2024 was \$526,200 (2023: \$479,730). The revenue in 2024 was derived from its exploration services.

Financial position

The Group cash and cash equivalents balance as at 30 June 2024 was \$420,820 (2023: \$7,927,083). The Group's cash flow from operating activities was negative \$3,054,839 (2023: \$1,830,730) predominantly due to costs of administration. The Group's cash flow from investing activities was negative \$4,362,235 (2023: negative \$2,659,384) predominantly due to the exploration expenditure on its tenements. The Group's net cash flow from financing activities used was \$86,818 (2023: provided \$8,104,569) predominantly due to the capital raised in the previous period used to meet medium-term expenditure commitments.

The net assets of the Group reduced by \$3,307,255 from \$11,541,947 to \$8,234,692 due predominantly to funding administration and investment in its exploration projects. For further information on the capitalised exploration expenditure please refer to Note 15.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

Other Assets**Lithium Assets - Lithium Corporation**

Morella acquired an interest in US-based, OTC listed Lithium Corporation in November 2012. Lithium Corporation is a junior exploration and mining company focused on creating shareholder value through the discovery and development of lithium and other energy related mineral resources. At the end of the reporting period Morella held 9.21% of the issued capital of Lithium Corporation.

Coal Assets -Tabalong Coal

The Tabalong Coal Project is a premium grade thermal coal deposit located in South Kalimantan, Indonesia. The project consists of five (5) Mining Licences (IUPs), with all five (5) IUPs granted for Operation Production. Morella holds 70% of three IUPs and 56% of the remaining two. The Company has previously stated its intention to divest its interests in Tabalong coal assets. It is pursuing a number of options for sale of the coal assets and information has been made available to a number of parties under confidentiality deed arrangements. The Board has considered the current climate and the ability to complete the sale of the project in the near term and determined it prudent to make an impairment to present a value of Nil in the financial statements whilst continuing to actively seek an appropriate sale counterparty.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the financial year the following events occurred:

*10 July 2024 completed the consolidation of the Company's share capital on the basis of 1 new security for every 25 securities held prior to the consolidation, as approved by shareholders at the Company's Extraordinary General Meeting held on 17 June 2024.

*On 5 August 2024, a non-renounceable pro rata entitlement offer of one (1) new fully paid ordinary share (New Share) for every two (2) existing fully paid ordinary shares together with one (1) free attaching unlisted new option (New Option) for every two (2) New Shares subscribed for, to shareholders with a registered address in Australia, New Zealand or Singapore (Eligible Shareholders) held as at 5.00pm (Perth time) on Thursday, 8 August 2024.

The non-renounceable pro rata entitlement offer closed on 22 August 2024 raising \$850,363. Subscribers applied for and were issued 23,621,178 Fully Paid Ordinary (FPO) Shares and 11,810,589 Options, expiring on 31 August 2026, to subscribe for FPO Shares at an exercise price of \$0.072.

No other significant events have occurred since 30 June 2024, which would require disclosure in the financial report.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group's objective is to create shareholder value through acquisition and development of lithium-based exploration tenements and other supplementary mining activities that deliver positive cash flows for the Group, and resultant value for shareholders.

Key Business Strategies

Morella's strategic focus comprises:

- Exploration and resource development across the suite of tenements and claims with which Morella has a right to lithium raw materials.
- Acquisition and exploration of additional tenements and project opportunities focussed on lithium and battery raw materials.
- Conducting its exploration operations sustainably and in consideration of the environment, health and safety, people and community relations.
- Divestment of the Tabalong coal project.

Future Prospects and Material Business Risks

The Company's future financial performance and financial outcomes are dependent upon a range of risk factors typically encountered by lithium exploration and mining companies. These include:

- Identify and successfully explore tenements suitable for resource development.
- Cost and access to funds for working capital, refinancing or project expansion purposes.
- Movements in the Australian Dollar / US Dollar exchange rate can impact on revenue and debt.

DIVIDENDS

There were no dividends paid or declared during the year ended 30 June 2024 (2023: Nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than this and matters outlined in the Review of Operations, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations or results of the Group in subsequent financial years.

ENVIRONMENTAL PERFORMANCE

The Group is committed to achieving a high standard of environmental performance and is subject to significant environmental regulation from both Commonwealth and State legislation in Australia to its mining, development and exploration activities. The Board of Directors is responsible for regular monitoring of environmental exposures and compliance with these environmental regulations. The Group complied with its environmental performance obligations during the year.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

INFORMATION ON DIRECTORS

Mr James Brown (Managing Director)**Qualifications**

Graduate Diploma in Mining from University of Ballarat

Experience

Mr Brown is an experienced mining company executive with over 40 years' experience in the mining industry in Australia, United States, Africa and Indonesia, including the last 14 years in the Managing Director role at Morella. Mr Brown has successfully sourced, developed and operated numerous key global projects with a focus on lithium and battery materials. He has an extensive global network which has delivered key projects to Morella such as Fish Lake Valley, Mallina and more recently North Big Smoky project. Aside from securing key projects Mr Brown led the successful re-establishment of Morella via delivery of capital from his established network of global institutions and high net worth investors.

Other current directorships in listed entitiesSayona Mining Limited
Greenwing Resources Limited**Former directorships in last 3 years**

None

Special responsibilities

None

Interests in shares and options

Mr Brown had interests in 9,307,239 ordinary shares and 1,510,313 Options expiring on 31 August 2026 in Morella Corporation Limited.

Mr Allan Buckler (Non-Executive Director)**Qualifications**

Certificates in Mine Surveying and Mining, First Class Mine Managers Certificate and a Mine Surveyor Certificate issued by the Queensland Government's Department of Mines.

Experience

Mr Buckler has over 45 years' experience in the mining industry and has taken lead roles in the establishment of several leading mining and port operations in both Australia and Indonesia. Mr Buckler was appointed a director in December 2008.

Other current directorships in listed entities

Sayona Mining Limited

Former directorships in last 3 years

None

Special responsibilitiesMember of the Audit & Risk Committee
Member of the Remuneration & Nomination Committee**Interests in shares and options**

Mr Buckler had interests in 34,222,045 ordinary shares and 1,388,889 Options expiring on 31 August 2026 in Morella Corporation Limited.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

Mr Dennis O'Neill (Independent Non-Executive Director)**Qualifications**

Bachelor of Science in geology from the University of Western Australia

Experience

Mr O'Neill was appointed a director in December 2008. He 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, Southeast Asia, North Africa and Australasia. During his 36 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.

Other current directorships in listed entities

None

Former directorships in last 3 years

Sayona Mining Limited

Special responsibilities

Chairman of the Remuneration & Nomination Committee

Member of the Audit & Risk Committee

Interests in shares

Mr O'Neill had interests in 3,060,493 ordinary shares and 510,083 Options expiring on 31 August 2026 in Morella Corporation Limited.

Mr Beng Teik Kuan (Independent Non-Executive Director)**Qualifications**

Bachelor of Engineering (University of Malaya)

Experience

Mr Kuan is an engineer with considerable experience in bulk handling and terminal operations, including responsibility for the development and management of the Pulau Laut Coal Terminal in South Kalimantan, Indonesia. He also has experience in Indonesia, Malaysia and Singapore with tin dredging operations, managing rubber, palm oil and cocoa processing factories, and managing palm oil bulk terminals. He was appointed a director in November 2007.

Other current directorships in listed entities

None

Former directorships in last 3 years

None

Special responsibilities

Chairman of the Audit & Risk Committee

Member of the Remuneration & Nomination Committee

Interests in shares and options

Mr Kuan had interests in 3,519,540 ordinary shares and 586,590 Options expiring on 31 August 2026 in Morella Corporation Limited.

COMPANY SECRETARY

Mr John Lewis - Mr Lewis has a Bachelor of Business Degree and is a Chartered Accountant with more than 30 years post qualification experience. Mr Lewis has extensive corporate governance and company reorganisation experience. Since 2007, Mr Lewis has worked predominantly in the resource development and mining sector in Australia and overseas as a Company Director, CFO and Company Secretary.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for directors and other key management personnel. It does not detail information on the remuneration of key management post this date.

Remuneration Policy and link to performance

The Company's policy is to remunerate fairly and in line with companies of similar size, operations and in the same industry. Individual remuneration decisions are made by the Remuneration & Nomination Committee taking into account the following factors:

- The responsibility of the role;
- Experience of the employee;
- Past performance and future expectations; and
- Industry conditions and trends.

In order to retain and attract key management personnel of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Remuneration & Nomination Committee may seek the advice of external advisors in connection with the structure of remuneration packages.

Remuneration packages may contain the following key elements:

- a) Primary benefits - salary/fees, bonuses and non-monetary benefits;
- b) Post-employment benefits - including superannuation and prescribed retirement benefits; and
- c) Equity - performance rights granted under the Long-Term Incentive Plan as disclosed in Note 22 to the financial statements.

None of the Company's personnel remuneration packages are linked directly to the Company's profitability or other measure of performance. The Company maintains a Long-term Incentive Plan under which employees may be granted performance rights and share options which vest subject to service conditions being met. Directors may also be allocated performance rights and/or options as an incentive. During the 2024 year, no executive directors were issued with shares on the vesting of previously issued performance rights.

Performance-based remuneration

The Company currently has performance-based remuneration in place as disclosed in Note 22.

Group performance, shareholder wealth and director and executive remuneration

The Group has recorded the following earnings from continuing operations over the last five years:

	2024	2023	2022	2021	2020
Revenue and sundry income	573,649	2,023,841	1,529,313	142,203	107,023,428
EBITDA *	(2,625,868)	(2,252,293)	219,080	(13,088,123)	(16,047,598)
NPBT *	(2,999,977)	(2,660,108)	(99,846)	(13,232,440)	(89,615,963)
NPAT *	(2,999,977)	(2,606,927)	(99,846)	(13,232,440)	(89,637,031)
Dividends paid	-	-	-	-	-

* Definitions: EBITDA = Earnings before interest, tax, depreciation, and amortisation
 NPBT = Net profit before tax
 NPAT = Net profit after tax & minority interest

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

Key Management Personnel Remuneration Policy

The Remuneration & Nomination Committee reviews the remuneration packages of all directors and key management personnel on an annual basis. Remuneration packages are reviewed and determined with due regard to relevant market conditions and individual's experience and qualification and are benchmarked against comparable industry salaries.

Payment of bonuses and share based compensation benefits is discretionary.

Employment Contracts of Key Management Personnel

Contracts of employment are given to key management personnel at time of employment. Details are as follows:

James Brown, Managing Director - the agreement is of no fixed term and allows for payment of a monthly cash salary in US dollars, reviewed each year, plus allowances. Three months' notice of termination by either party is required, with a separation allowance equivalent to one year's salary and entitlements to be paid if employment is terminated by the Company.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

Key Management Personnel Remuneration

	Short-term benefits				Post employment		Share based payments	Total	Share based payments as a percentage of total
Name	Cash salary and fees	Cash bonus	Bonus Shares	Non-monetary benefits	Super-Annuation	Termination payments	EIP and Performance rights \$	\$	%
	\$	\$	\$	\$	\$	\$	\$	\$	%
2024									
<i>Non-executive directors</i>									
A Buckler	72,000	-	-	-	-	-	9,533	81,533	11.69%
D O'Neill	72,000	-	-	-	7,920	-	9,533	89,453	10.66%
B Kuan	72,000	-	-	-	7,920	-	9,533	89,453	10.66%
Sub total non-executive directors	216,000	-	-	-	15,840	-	28,599	260,439	
<i>Executive directors</i>									
J Brown	589,330	-	-	36,609	-	-	63,554	689,493	9.22%
Total for key management personnel compensation	589,330	-	-	36,609	-	-	63,554	689,493	
Total compensation	805,330	-	-	36,609	15,840	-	92,153	949,932	

	Short-term benefits				Post employment		Share based payments	Total	Share based payments as a percentage of total
Name	Cash salary and fees	Cash bonus	Bonus Shares	Non-monetary benefits	Super-Annuation	Termination payments	EIP and Performance rights \$	\$	%
	\$	\$	\$	\$	\$	\$	\$	\$	%
2023									
<i>Non-executive directors</i>									
A Buckler	72,000	-	-	-	-	-	328,241	400,241	82.01%
D O'Neill	72,000	-	-	-	7,560	-	328,241	407,801	80.49%
B Kuan	72,000	-	-	-	7,560	-	328,241	407,801	80.49%
Sub total non-executive directors	216,000	-	-	-	15,120	-	984,723	1,215,843	
<i>Executive directors</i>									
J Brown	631,146	-	-	35,660	-	-	1,367,671	2,034,477	67.22%
<i>Other key management personnel</i>									
A Cheeseman	103,777	-	-	-	7,669	-	946,109	1,057,555	89.46%
Total for key management personnel compensation	734,923	-	-	35,660	7,669	-	2,313,780	3,092,032	
Total compensation	950,923	-	-	35,660	22,789	-	3,298,503	4,307,875	

No long service leave payments were made during the year (2023: nil)

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

a) Performance Rights

Number of performance rights held by key management personnel

The number of performance rights in the Company held during the financial year by each director of Morella Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2024	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting
J Brown	-	10,487,395	(10,487,395)	-	-
A Buckler	-	1,573,109	(1,573,109)	-	-
D O'Neill	-	1,573,109	(1,573,109)	-	-
B Kuan	-	1,573,109	(1,573,109)	-	-
2023	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting
J Brown	-	85,479,454	(85,479,454)	-	-
A Buckler	-	20,515,068	(20,515,068)	-	-
D O'Neill	-	20,515,068	(20,515,068)	-	-
B Kuan	-	20,515,068	(20,515,068)	-	-
A Cheeseman	-	59,131,800	(59,131,800)	-	-

b) Share holdings

Number of shares held by key management personnel

The number of shares in the Company held during the financial year by each director of Morella Corporation Limited and other key management personnel (KMP) of the Group, including their personally related parties, are set out below.

	Balance at start of the year	Purchased / (sold)	Vesting of performance rights	Placement & Securities Purchase Plan	Other	Balance at the end of the year
2024						
J Brown	144,633,245	-	10,487,395	-	-	155,120,640
A Buckler	784,533,512	-	1,573,109	-	-	786,106,621
D O'Neill	49,435,072	-	1,573,109	-	-	51,008,181
B Kuan	57,085,854	-	1,573,109	-	-	58,658,963

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

b) Share holdings (continued)

	Balance at start of the year	Purchased / (sold)	Vesting of performance rights	Placement & Securities Purchase Plan	Other	Balance at the end of the year
2023						
J Brown	59,153,791	-	85,479,454	-	-	144,633,245
A Buckler	807,533,512	43,515,068	20,515,068	-	-	784,533,512
D O'Neill	27,876,863	1,043,141	20,515,068	-	-	49,435,072
B Kuan	36,570,786	-	20,515,068	-	-	57,085,854
A Cheeseman	3,599,931		59,131,800	-	8,349,931	54,381,800

c) Option holdings

Number of listed options held by key management personnel

There are no listed options in the Company held during the financial year by each director of Morella Corporation Limited and other key management personnel (KMP) of the Group, including their personally related parties, are set out below.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

Performance Rights

In 2021 the Company established a new Long-Term Incentive Plan (LTIP) to assist in the reward and retention of directors and employees. There were no performance rights on issue as at 30 June 2024.

A total of 40,143,723 performance rights were granted in October 2023 to key management personnel and other senior staff. For each recipient, the performance rights comprised the following vesting conditions: Exercised two years after grant date.

The rights awarded were granted for no consideration. No amount is payable on the vesting of the rights. The rights will vest and automatically convert to ordinary shares in the Company following the satisfaction of the performance and service conditions.

Loan from Directors

The company has a total balance of loans from various directors totalling \$3,420,928 (2023: \$3,376,860) as at reporting date. Details relating to these loans are in Note 17 to the financial report.

End of remuneration report.

MEETINGS OF DIRECTORS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year there were 3 Directors' meetings, 2 Audit & Risk Committee meetings and no Remuneration & Nomination Committee meetings held.

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Brown	3	3	2	2	-	-
A Buckler	3	3	2	2	-	-
D O'Neill	3	3	2	2	-	-
B Kuan	3	3	2	2	-	-

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Indemnity with all of its directors in accordance with the Company's Constitution. During the financial year the Company paid a premium to insure the directors, officers and managers of the Company and its controlled entities. The insurance contract requires that the amount of the premium paid is kept confidential.

OPTIONS

At 30 June 2024, there were no listed options over ordinary shares of Morella Corporation Limited outstanding.

WARRANTS

As at 30 June 2024, no warrants were outstanding.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2024 (CONTINUED)

NON-AUDIT SERVICES

The Company's auditor PKF Perth, did not provide any non-audit services to the Company during the year ended 30 June 2024.

Details of the amounts paid or payable to the auditor for services provided during the financial year by the auditor are outlined in Note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and reward.

ROUNDING OF AMOUNTS

The company is of a kind referred in Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest dollar, unless otherwise stated.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2024 has been received and is included on page 72 of the annual report.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors,

A handwritten signature in black ink, appearing to read "James Brown", written over a horizontal line.

James Brown

Director

Singapore, 26 September 2024



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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF MORELLA CORPORATION LIMITED

In relation to our audit of the financial report of Morella Corporation Limited for the year ended 30 June 2024, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'PKF Perth'.

PKF PERTH

A handwritten signature in black ink that reads 'Alexandra Carvalho'.

ALEXANDRA CARVALHO
PARTNER

26 September 2024
PERTH, WESTERN AUSTRALIA

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Continuing operations			
Revenue	5(a)	526,200	479,730
Cost of sales	5(c)	<u>(439,361)</u>	<u>(409,657)</u>
Gross profit / (loss)		86,839	70,073
Other income			
Sundry income	5(b)	47,449	1,544,111
Expenses			
Administration costs		(378,699)	(775,577)
Employee benefits expense	5(f)	(2,263,776)	(5,786,708)
Exploration expenditure written off		-	(92,356)
Other expenses	5(d)	<u>(129,694)</u>	<u>(54,053)</u>
Profit / (loss) before foreign exchange and finance costs		(2,637,851)	(5,094,511)
Net foreign exchange gain/(loss)	5(e)	<u>(121,936)</u>	<u>2,675,840</u>
Profit / (loss) before finance costs		<u>(2,759,787)</u>	<u>(2,418,672)</u>
Finance costs			
Interest expense		<u>(240,190)</u>	<u>(241,438)</u>
Profit / (loss) before income tax		(2,999,977)	(2,660,110)
Income tax (expense) / benefit	7(a)	-	53,183
Profit / (loss) after income tax from continuing operations		<u>(2,999,977)</u>	<u>(2,606,927)</u>
Discontinued operations			
Profit / (Loss) from discontinued operations after tax	3	<u>51,599</u>	<u>(302,406)</u>
Net profit / (loss) for the year		<u>(2,948,378)</u>	<u>(2,909,333)</u>
Profit / (loss) attributable to:			
Owners of Morella Corporation Limited – Continuing Operations		(3,046,369)	(2,671,077)
Owners of Morella Corporation Limited – Discontinued Operations		51,599	(302,406)
Non-controlling interest		<u>46,392</u>	<u>(64,150)</u>
		<u>(2,948,378)</u>	<u>(2,909,333)</u>
(Loss) per share from continuing and discontinued operations attributable to the ordinary equity holders of the Company:			
Basic and diluted (loss) per share from continuing and discontinuing operations	6	(0.05)	(0.05)
Basic and diluted (loss) per share from continuing operations	6	(0.05)	(0.04)
Basic and diluted (loss) per share from discontinued operations	6	-	(0.01)

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying Notes.

Consolidated Statement of Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Profit / (loss) for the year		(2,948,378)	(2,909,333)
Other comprehensive income / (loss) for the year			
Items that may not be reclassified to profit and loss			
Changes in the fair value of financial assets	12	(888,363)	(1,393,360)
Exchange differences on translation of foreign controlled entities		<u>(31,014)</u>	<u>(2,115,126)</u>
Other comprehensive income / (loss) for the year, net of tax		<u>(919,377)</u>	<u>(3,508,486)</u>
Total comprehensive income / (loss) for the year		<u>(3,867,755)</u>	<u>(6,417,819)</u>
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(3,298,740)	(6,506,256)
Non-controlling interest		<u>60,985</u>	<u>88,437</u>
		<u>(3,867,755)</u>	<u>(6,417,819)</u>
Total comprehensive income / (loss) attributable to members of the parent entity arises from:			
Continuing operations		(3,917,250)	(6,040,636)
Discontinued operations		<u>49,495</u>	<u>(377,183)</u>
		<u>(3,867,755)</u>	<u>(6,417,819)</u>

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Balance Sheet

AS AT 30 JUNE 2024

	Note	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	8	420,820	7,927,083
Trade and other receivables	9	247,364	253,681
Held to maturity investments	10	53,527	29,345
Current tax prepaid		96,831	85,419
Other current assets	11	217,550	215,258
Financial assets	12	618,285	1,506,648
Total current assets		1,654,377	10,017,434
Non-current assets			
Derivative financial instruments	13	445,934	443,201
Property, plant, equipment and mine properties	14	106,754	72,239
Exploration and evaluation	15	10,649,560	6,284,940
Right-of-use assets	20	14,096	9,919
Total non-current assets		11,216,344	6,810,299
Total assets		12,870,721	16,827,733
Current liabilities			
Trade and other payables	16	348,297	1,145,036
Borrowings	17	99,096	-
Provisions	18	258,599	203,635
Lease liabilities	20	14,121	11,775
Liabilities classified as held for sale	3c	-	-
Total current liabilities		720,113	1,360,446
Non-current liabilities			
Borrowings	17	3,420,928	3,376,860
Provisions	18	494,988	548,480
Total non-current liabilities		3,915,916	3,925,340
Total liabilities		4,636,029	5,285,786
Net assets		8,234,692	11,541,947
Equity			
Contributed equity	21	316,267,317	315,721,410
Reserves	21	(6,864,954)	(5,945,578)
Accumulated losses		(301,591,817)	(298,597,046)
Capital and reserves attributable to owners of Morella Corporation Limited		7,810,546	11,178,786
Non-controlling interest	25	424,146	363,161
Total equity		8,234,692	11,541,947

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2024

	Contributed equity	Accumulated losses	Option & performance rights reserve	Change in fair value - market valuation	Foreign currency translation reserve	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2022	302,776,147	(297,224,882)	1,961,318	2,806,848	(5,219,653)	274,724	5,374,502
Net Loss	-	(2,973,483)	-	-	-	64,150	(2,909,333)
Other Comprehensive income Fair Value	-	-	-	(1,393,360)	-	-	(1,393,360)
Other Comprehensive income Foreign Exchange	-	-	-	-	(2,139,413)	24,287	(2,115,126)
Total comprehensive income for the year	-	(2,973,483)	-	(1,393,360)	(2,139,413)	88,437	(6,417,818)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	7,121,000	-	-	-	-	-	7,121,000
Employee share schemes – value of employee services	4,132,263	-	-	-	-	-	4,132,263
Listed options lapsed	-	1,601,318	(1,601,318)	-	-	-	-
Option exercised	1,410,000	-	(360,000)	-	-	-	1,050,000
Share based payments transactions	282,000	-	-	-	-	-	282,000
Sub-total	12,945,263	1,601,318	(1,961,318)	-	-	-	12,585,263
Balance as at 30 June 2023	315,721,410	(298,597,046)	-	1,413,488	(7,359,066)	363,161	11,541,947
Balance as at 30 June 2023	315,721,410	(298,597,046)	-	1,413,488	(7,359,066)	363,161	11,541,947
Net Loss	-	(2,994,771)	-	-	-	46,392	(2,948,378)
Other Comprehensive income Fair Value	-	-	-	(888,362)	-	-	(888,362)
Other Comprehensive income Foreign Exchange	-	-	-	-	(31,014)	14,593	(16,421)
Total comprehensive income for the year	-	(2,994,771)	-	(888,362)	(31,014)	60,985	(3,853,162)
Transactions with owners in their capacity as owners:							
Employee share schemes – value of employee services	243,271	-	-	-	-	-	243,271
Share based payments transactions	302,636	-	-	-	-	-	302,636
Sub-total	545,907	-	-	-	-	-	545,907
Balance as at 30 June 2024	316,267,317	(301,591,817)	-	525,126	(7,390,080)	424,146	8,234,692

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		645,888	1,976,447
Payments to suppliers and employees		(3,526,401)	(3,660,920)
Sundry income		21,064	10,554
Interest received		-	-
Interest paid		(195,390)	(288,811)
Proceeds from Government		-	132,000
Net cash provided by / (used in) in operating activities	27(b)	(3,054,839)	(1,830,730)
Cash flows from investing activities			
Expenditure on exploration and evaluation activities		(5,494,305)	(2,594,687)
Purchase of property, plant, equipment and mine properties		(89,035)	(67,090)
Proceeds from tenement holder		1,245,287	-
Payments for held to maturity investments		(24,182)	-
Proceeds from sale of property, plant and equipment		-	2,393
Net cash (used in) / provided by investing activities		(4,362,235)	(2,659,384)
Cash flows from financing activities			
Proceeds from the issue of shares		-	8,550,000
Transaction costs on issue of shares		-	(412,500)
Repayment of borrowings		(11,633)	-
Payment of lease liabilities		(75,185)	(32,931)
Net cash provided by / (used in) financing activities		(86,818)	8,104,569
Net increase / (decrease) in cash and cash equivalents held		(7,503,912)	3,614,455
Cash and cash equivalents at the beginning of year	27(a)	7,936,460	4,262,328
Effect of exchange rate changes on cash holdings in foreign currencies		(2,485)	59,677
Cash and cash equivalents at the end of year	27(a)	430,063	7,936,460
Non-cash investing and financing activities			
Share based payments	22	(545,907)	(4,414,263)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

This financial report includes the consolidated financial statements and notes of Morella Corporation Limited (the Company) and controlled entities ('Consolidated Group' or 'Group'). Morella Corporation Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The separate financial statements of the parent entity, Morella Corporation Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements were authorised for issue on 26 September 2024 by the directors of the Company.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES**a) Basis of preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The following is a summary of the material accounting policies adopted by the Consolidated Group in the preparation of the financial report. The financial report has been prepared on an accrual's basis. The accounting policies have been consistently applied, unless otherwise stated.

i) Going concern principle of accounting

The Directors believe it is appropriate to prepare the consolidated financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred a loss of \$2,948,378 (2023: \$2,909,333), had cash outflows from operating activities of \$3,054,839 (2023: \$1,830,730), concluded the year with cash and cash equivalents of \$430,820 (2023: \$7,927,083) and loans outstanding at year-end of \$3,520,024 (2023: \$3,376,860).

The Group intends to raise additional funds to meet its planned and budgeted expenditure as well as regular corporate overheads.

The Group has released a prospectus to raise capital of \$4,448,756 during the first quarter of FY 2025. Upon completion of the capital raise the Directors believe that the Group has sufficient cash and will be able to meet its requirements to continue as a going concern. However, should the above planned activities to raise or conserve capital not be successful there is a material uncertainty surrounding the Group's ability to continue as a going concern and therefore realise its assets and dispose of its liabilities in the ordinary course of business and at the amounts stated in the financial report.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**ii) New accounting standards for application in the current period**

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

iii) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas including a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(l).

b) Carrying value of exploration and evaluation expenditure

The Group has capitalised exploration and evaluation expenditure of \$10,649,560 as at 30 June 2024 (2023: \$6,284,940). This amount includes additions of \$4,364,620 for administration and exploration costs and tenement costs written off of \$Nil (2023: \$92,391) for the lithium project areas during the year. Exploration and evaluation expenditure is capitalised until the Company has completed its assessment of the existence or otherwise of recoverable resources. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

Until exploration and evaluation activities have reached a stage where the assessment is complete, including the forecasting of cash flows to assess the fair value of the expenditure, there is an uncertainty as to the carrying value of the expenditure.

The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.

c) Principles of consolidation**i) Subsidiaries**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Morella Corporation Limited ('Company' or 'Parent Entity') as at 30 June 2024 and the results of the subsidiaries for the year then ended. Morella Corporation Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in Note 25 to the financial statements. All Australian controlled entities have a June financial year-end and all other controlled entities have a December financial year end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Group.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the Consolidated Balance Sheet and in the Consolidated Statement of Profit and Loss. Losses applicable to the non-controlling interest in a consolidated subsidiary are allocated against the controlling interest except to the extent that the non-controlling interest has a binding obligation and is able to make additional investment to cover the losses. If in future years the subsidiary reports profits, such profits are allocated to the controlling interest until the non-controlling interest's share of losses previously absorbed by the controlling interest have been recovered.

The acquisition method of accounting is used to account for business combinations by the Group.

ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investments in associates includes goodwill identified on acquisition.

The Group's share of its associates post-acquisition profit or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Morella Corporation Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**d) Income tax**

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Morella Corporation Limited and some of its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the Group recognises its own current and deferred tax amounts, except for any deferred tax liabilities (or assets) resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each Group entity is then subsequently assumed by the parent entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement under which the wholly-owned entities fully compensate Morella Corporation Limited for any current tax payable assumed and are compensated by Morella Corporation Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Morella Corporation Limited under the tax consolidated legislation.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**e) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors.

f) Property, plant, equipment and mine properties

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis.

The carrying amount of land and buildings is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment

Plant and equipment are measured on the cost basis. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

f) Property, plant, equipment and mine properties

Depreciation

The depreciable amount of all property plant and equipment assets excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Assets classified as Leased assets are depreciated over the asset's useful life or over the shorter of the assets useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant and equipment	10% - 50%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

g) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each separately identifiable area of interest. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through the successful development and commercial exploitation of the area, or alternatively sale of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Exploration and evaluation expenditure assets acquired in a business combination are recognised at their fair value at the acquisition date.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining development.

Accumulated costs in relation to an abandoned area are written off in full against the result in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**h) Leases**

The Group lease various offices and a warehouse. Rental contracts are typically made for fixed terms but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentive received from the lessor) were charged to the profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments.

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessees would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**i) Financial assets Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets and amortised over the life of the asset, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

k) Employee benefits

i) Wages and salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and accumulating sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as superannuation, workers compensation, insurance and payroll tax and are included in trade and other payables. Non-accumulating, non-monetary benefits such as housing and cars are expensed by the Group as the benefits are used by the employee.

Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee salary and wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

ii) Long service leave

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service to the reporting date. The obligation is calculated using expected future increases in wages and salary rates including related on costs and expected settlement dates and is discounted using an appropriate discount rate.

The current liability for long service leave represents all unconditional obligations where employees have fulfilled the required criteria and also those where employees are entitled to a pro rata payment in certain circumstances and is included in the current provisions. The non-current provision for long service leave includes the remaining long service leave obligations.

iii) Superannuation

Contributions made by the Group to defined contribution superannuation funds are recognised as an expense in the period in which they are incurred.

iv) Equity-settled compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**l) Significant accounting estimates and judgements**

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The resulting accounting estimates, will, by definition, seldom equal the related actual results. Management has identified the following significant accounting policies for which significant judgements, estimates and assumptions are made.

i) Significant accounting estimates and assumptions*Critical accounting estimates and judgements*

Following is a summary of the key assumptions concerning the future, and other key sources of estimation and accounting judgements at reporting date that have not be disclosed elsewhere in these financial statements.

a. Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely in that area of interest, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If after expenditure is capitalised information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the Consolidated Statement of Profit and Loss in the period when the new information becomes available.

b. Impairment of non-financial assets

The Group assesses at each reporting date, whether there are indications that an asset may be impaired. If impairment indicators or triggers exist, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. It is not always necessary to determine both an asset's fair value less costs to sell and its value in use. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired, and it is not necessary to estimate the other amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**n) Significant accounting estimates and judgements (continued)****c. Income taxes**

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and unused tax losses can be utilised.

d. Share-based payment transactions

From time to time the Company has issued options to directors and employees. The Company measures fair value of share-based payments using the Black-Scholes Pricing Model, using the assumptions detailed in Note 22. This formula takes into account the terms and conditions under which the instruments were granted.

e. Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

f. Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**m) Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**p) Revenue**

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

The following is a summary of the revenue recognition for each revenue stream:

- (a) Mining services revenue – revenue from mining services provided by the Group is recognised at a point in time upon delivery of the service to the customer, in accordance with the terms of the contract to provide services.
- (b) Royalty revenue – revenue from royalties are recognised at a point in time when entitlement to a royalty is established in accordance with the terms of the agreement.

q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authorities. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**r) Foreign operations**

The financial performance and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at balance sheet date; and
- income and expenses are translated at monthly average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity. These differences are recognised in the income statement upon disposal of the foreign operation.

s) Foreign currency transactions and balances

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

t) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**v) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

w) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)**x) Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

y) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

z) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, loans, finance leases, financial asset at fair value through other comprehensive income, cash and short-term deposits. These activities expose the Group to a variety of financial risks: market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group manages these risks in accordance with the Group's financial risk management policy. The Group uses different methods and assumptions to measure and manage different types of risks to which it is exposed at each balance date.

The Board reviews and approves policies for managing each of the Group's financial risk areas. The Group holds the following financial instruments:

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	420,820	7,927,083
Trade and other receivables	247,364	253,681
Held to maturity investments	53,527	29,345
Derivative financial instruments	445,934	443,201
Other financial assets	618,285	1,506,648
	<u>1,785,930</u>	<u>10,159,958</u>
FINANCIAL LIABILITIES		
Trade and other payables (Note 16)	348,297	1,145,036
Lease liabilities	14,121	11,775
Borrowings	3,520,024	3,376,860
	<u>3,882,442</u>	<u>4,533,671</u>

a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, securities prices and coal prices will affect the Group's income or the value of its holdings of financial investments.

i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect to the US dollar. The Group has a number of US dollar denominated bank accounts. Liabilities for some loans are denominated in currencies other than the Australian dollar and a weakening of the Australian dollar against other currencies has an adverse impact on earnings and cash flow settlement.

The Group's overseas subsidiaries have a US dollar functional currency. This exposes the Group to foreign exchange fluctuations upon conversion to AUD which is reflected within the foreign currency translation reserve.

At 30 June 2024, the Group held funds in foreign currency amounting to US\$185,487 (2023: US\$933,187).

The Group does not currently enter into any hedging arrangements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

2. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk sensitivity analysis

At 30 June 2024, the effect on profit and equity as a result of changes in the value of the Australian dollar to the US dollar that management considers to be reasonably possible, with all other variables remaining constant is as follows:

	2024 \$	2023 \$
Change in profit		
— Improvement in AUD to USD by 11%	78,601	74,534
— Decline in AUD to USD by 11%	(78,601)	(74,534)
Change in equity		
— Improvement in AUD to USD by 11%	78,601	74,534
— Decline in AUD to USD by 11%	(78,601)	(74,534)

ii) Price risk

The Group is exposed to equity securities price risk. The Group currently does not have any hedges in place against the movements in the spot price.

The Group's equity investments of \$618,285 (2023: \$1,506,648) are publicly traded on the United States of America OTCBB and are not quoted on any market Index. The table below summarises the impact of increases/decreases in the value on the Group's equity investments as at balance date. The analysis is based on the assumption that the equity pricing had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	2024 \$	2023 \$
Change in profit		
— Increase in equity value by 10%	-	-
— Decrease in equity value by 10%	-	-
Change in equity		
— Increase in equity value by 10%	61,829	150,665
— Decrease in equity value by 10%	(61,829)	(150,665)

iii) Interest rate risk

At balance date the Group's debt was held at a fixed rate. For further details on interest rate risk refer to Note 17.

Interest rate sensitivity analysis

At 30 June 2024, the effect on profit and equity as a result of changes in the interest rate that management considers to be reasonably possible, with all other variables remaining constant would be as follows:

	2024 \$	2023 \$
Change in profit		
— Increase in interest rate by 1%	(35,689)	(34,238)
— Decrease in interest rate by 1%	35,689	34,238
Change in equity		
— Increase in interest rate by 1%	(35,689)	(34,238)
— Decrease in interest rate by 1%	35,689	34,238

Term deposits have been treated as a floating rate due to the short-term nature of the deposits.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

2. FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

c) Liquidity risk

Liquidity risk includes the risk that the Group will not be able to meet its financial obligations as they fall due. The Group will be impacted in the following ways:

- i) Will not have sufficient funds to settle transactions on the due date;
- ii) Will be forced to sell financial assets at a value which is less than what they are worth; or
- iii) May be unable to settle or recover a financial asset at all.

The Group manages liquidity risk by monitoring forecast cash flows.

d) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations for the settlement period for all other financial instruments. As such the amounts may not reconcile to the balance sheet.

The Group	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing								Total	
					Within 1 year		1 to 5 years		Over 5 years		Non-interest bearing			
	2024 %	2023 %	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$
Financial assets:														
Cash & cash equivalents	-	-	420,820	7,927,083	-	-	-	-	-	-	-	-	420,820	7,927,083
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	247,364	253,681	247,364	253,681
Financial assets	-	-	-	-	-	-	-	-	-	-	618,285	1,506,648	618,285	1,506,648
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	445,934	443,201	445,934	443,201
Term deposit	4.25%	3.25%	-	-	53,527	29,345	-	-	-	-	-	-	53,527	29,345
Total financial assets			420,820	7,927,083	53,527	29,345	-	-	-	-	1,311,583	2,203,530	1,785,930	10,159,958
Financial liabilities:														
Trade & other payables	-	-	-	-	-	-	-	-	-	-	348,297	1,145,036	348,297	1,145,036
Lease liabilities	-	-	-	-	14,121	11,775	-	-	-	-	-	-	14,121	11,775
Borrowings	8%	8%	-	-	99,096	-	3,867,482	4,098,421	-	-	-	-	3,966,578	4,098,421
Total financial liabilities			-	-	113,217	11,775	3,867,482	4,098,421	-	-	348,297	1,145,036	4,328,996	5,255,232

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

2. FINANCIAL RISK MANAGEMENT (continued)

	2024 \$	2023 \$
Trade and other payables are expected to be paid as follows:		
Less than 6 months (note 16)	348,297	1,145,036
More than 6 months (note 16)	-	-
	348,297	1,145,036

e) Fair value measurements
i) Fair value hierarchy

The Group uses various methods in estimating the fair value of financial instruments. AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in accordance with the following fair value measurement hierarchy:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2024 and 30 June 2023.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2024				
Assets				
Listed investments	618,285	-	-	618,285
Total assets	618,285	-	-	618,285
2023				
Assets				
Listed investments	1,506,648	-	-	1,506,648
Total assets	1,506,648	-	-	1,506,648

ii) Valuation techniques

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and liabilities held by the Group is the closing price. These instruments are included in level 1.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

3. DISCONTINUED OPERATIONS

a) Description

During the reporting period the board has made several information packages available to various groups for the purpose of attracting offers for the sale of the Tabalong tenements in Kalimantan, Indonesia. The board considers that the presentation of the Tabalong Group as held for sale confirms its intent to dispose of these assets.

The Group obtained an independent expert valuation of the Tabalong Group which included a range of valuation cases. The Group adopted a middle range (preferred) valuation of US\$2,750,000 a 100% equity basis.

At the end of the reporting period the Board considered the valuation of the Tabalong Group and the ability to progress and complete the sale in the current transactional climate and attract a suitable counterparty in the near term. To present a conservative position, the Board has impaired the value of the Tabalong Group to Nil whilst continuing to actively market the project.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

b) Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information presented are for the year ending 30 June 2024.

	2024 \$ Tabalong	2023 \$ Tabalong
Revenue		
Sale of Product	-	-
Cost of sales	-	-
Impairment (Expense) / benefit	6,614	(310,707)
Product inventory movement	-	-
Total cost of sales	<u>6,614</u>	<u>(310,707)</u>
Profit / (Loss)	-	-
Other Income	-	-
Expenses		
Administration	-	-
Expenses	<u>-</u>	<u>-</u>
(Loss) before foreign exchange and finance costs	<u>6,614</u>	<u>(310,707)</u>
Foreign exchange gain / (loss)	(58,213)	8,301
Profit / (Loss) before Finance costs	<u>(51,599)</u>	<u>(302,406)</u>
Income Tax expense	<u>-</u>	<u>-</u>
(Loss) from discontinued operations after income tax	<u>(51,599)</u>	<u>(302,406)</u>
Net cash (outflow) from financing activities	<u>(188)</u>	<u>414</u>
Net decrease in cash generated by the division	<u>(188)</u>	<u>414</u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

3. DISCONTINUED OPERATIONS (continued)

c) Carrying amounts of assets and liabilities

	2024	2023
	\$	\$
	Tabalong	Tabalong
Cash and cash equivalents	9,243	9,377
Exploration and evaluation	<u>4,335,038</u>	<u>3,566,909</u>
Total assets of disposal group held for sale	<u>4,344,281</u>	<u>3,576,286</u>
Trade and other payables	2,545,915	1,779,548
Borrowings	<u>1,798,366</u>	<u>1,796,738</u>
Total liabilities	<u>4,344,281</u>	<u>3,576,286</u>
Net Assets	-	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

4. SEGMENT INFORMATION

The Group reports the following operating segments to the chief operating decision maker, being the Board of Directors of Morella Corporation Limited, in assessing performance and determining the allocation of resources. Unless otherwise stated, all amounts reported to the Board are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

The exploration services segment provides a range of drilling services to its customers, predominately mining and exploration companies. The mineral exploration segment revenue comprises royalties received, and interest earned on funds raised to carry out the exploration activities.

An internally determined service rate is set for all intersegment transactions. All such transactions are eliminated on consolidation of the Group's financial statements.

	Exploration services \$	Mineral exploration \$	Eliminations \$	Total \$
2024				
Revenue				
External sales	526,200	-	-	526,200
Other income	46,977	470	-	47,447
Other segments	-	-	-	-
Total segment revenue	573,177	470	-	573,647
Unallocated revenue				-
Total consolidated revenue				573,647
Segment result	29,211	(2,667,062)	-	(2,637,851)
Other segments				
Unallocated expenses net of unallocated revenue				-
Profit / (loss) before income tax and finance costs				(2,637,851)
Finance costs				(121,936)
Finance costs				(240,190)
Net foreign exchange gain/(loss)				-
Income tax revenue/(expense)				(2,999,977)
Profit / (loss) after income tax				51,599
Profit / (loss) from discontinued operations				(2,948,378)
Net profit / (loss) for the year				
Assets and liabilities				
Segment assets	551,284	12,319,437	-	12,870,721
Unallocated assets				-
Total assets				12,870,721
Segment liabilities	612,520	4,023,509	-	4,636,029
Unallocated liabilities				-
Total liabilities				4,636,029
Other segment information				
Capital Expenditure	12,171	76,864	-	89,035
Exploration expenditure	-	4,364,620	-	4,364,620
Depreciation and amortisation	5,186	128,734	-	133,920

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	Exploration services \$	Mineral exploration \$	Eliminations \$	Total \$
2023				
Revenue				
External sales	479,730	-	-	479,730
Other income	-	1,544,111	-	1,544,111
Other segments	-	-	-	-
Total segment revenue	479,730	1,544,111	-	2,023,841
Unallocated revenue				-
Total consolidated revenue				2,023,841
Segment result	(25,186)	(5,069,325)	-	(5,094,511)
Other segments				
Unallocated expenses net of unallocated revenue				-
Profit / (loss) before income tax and finance costs				(5,094,511)
Finance costs				(241,438)
Net foreign exchange gain/(loss)				2,675,841
Income tax revenue/(expense)				53,183
Profit / (loss) after income tax				(2,606,926)
Profit / (loss) from discontinued operations				(302,406)
Net profit / (loss) for the year				(2,909,332)
Assets and liabilities				
Segment assets	444,477	16,383,256	-	16,827,733
Unallocated assets				-
Total assets				16,827,733
Segment liabilities	664,593	4,621,193	-	5,285,786
Unallocated liabilities				-
Total liabilities				5,285,786
Other segment information				
Capital Expenditure	925	66,165	-	67,090
Exploration expenditure	-	4,092,052	-	4,092,052
Depreciation and amortisation	7,857	52,155	-	60,012

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

4. SEGMENT INFORMATION (continued)
Geographical segments

The Group's geographical segments are determined based on the location of the Group's assets.

2024	Australia	Indonesia	USA	Other	Eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue						
External sales		526,200				526,200
Other income	470	46,977	-	-	-	47,447
Other segments	-	-	-	-	-	-
Total segment revenue	470	573,177	-	-	-	573,647
Unallocated revenue						-
Total revenue						573,647
Segment assets	4,590,068	579,463	7,639,225	61,965	-	12,870,721
Unallocated assets						-
Total assets						12,870,721
Segment liabilities	3,812,062	640,060	-	183,907	-	4,636,029
Unallocated liabilities						-
Total liabilities						4,636,029
Capital Expenditure	2,411	12,784	73,840	-	-	89,035
Exploration expenditure	714,425	-	3,650,195	-	-	4,364,620
Depreciation and amortisation	116,071	5,187	12,662	-	-	133,920
2023	Australia	Indonesia	USA	Other	Eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue						
External sales		479,732	-	-	-	479,732
Other income	-					
Other segments	1,544,111		1,544,111			
Total segment revenue	1,544,111	479,732				2,023,843
Unallocated revenue						-
Total revenue						2,023,843
Segment assets	12,342,745	473,925	3,948,706	62,357	-	16,827,733
Unallocated assets						-
Total assets						16,827,733
Segment liabilities	4,429,542	688,812	-	167,432	-	5,285,786
Unallocated liabilities						-
Total liabilities						5,285,786
Capital Expenditure	16,837	925	49,328	-	-	67,090
Exploration expenditure	1,243,495	-	2,848,557	-	-	4,092,052
Depreciation and amortisation	40,910	7,857	11,245	-	-	60,012

The Group has a number of customers to whom it provides exploration services. The exploration services group supplies one external customer who accounts for 92% (US\$324,310) of external revenue (2023: 88%).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 \$	2023 \$
5. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES		
(a) Revenue		
Revenue from exploration services	526,200	479,730
Total revenue from ordinary activities	526,200	479,730
(b) Other income		
Sale of royalty right	-	1,544,038
Other income	47,449	73
Total other revenues from ordinary activities	47,449	1,544,111
(c) Cost of sales		
Depreciation and amortisation	4,227	5,959
Mining services drilling costs	435,134	403,698
Total cost of sales	439,361	409,657
(d) Other expenses		
Depreciation of plant & equipment	49,970	26,776
Depreciation Right of use assets	79,724	27,277
Total other expenses from ordinary activities	129,694	54,053
(e) Net foreign exchange gain/(loss)		
The net foreign exchange loss is unrealised and relates to the revaluation of the US\$ funding facility and other US\$ denominated funds held by the Group.		
(f) Employee benefits expense		
Employee share scheme expense *	215,039	3,873,063
Salaries and on-costs expense	2,048,737	1,913,645
Total employee benefits expense	2,263,776	5,786,708

* The Group's employee incentive scheme with a total expense of \$243,271 (note 22) is classified as employee benefit expense \$215,039 and administration expense \$28,232.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

6. EARNINGS / (LOSS) PER SHARE

	2024 cents per share	2023 cents per share
(a) Basic earnings / (loss) per share		
From continuing operations, attributable to the ordinary equity holders of the Company	(0.05)	(0.04)
From discontinued operations	-	(0.01)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.05)	(0.05)
(b) Diluted earnings / (loss) per share		
From continuing operations, attributable to the ordinary equity holders of the Company	(0.05)	(0.04)
From discontinued operations	-	(0.01)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.05)	(0.05)
(c) Weighted average number of ordinary shares used as the denominator in calculating the basic and diluted earnings per share.		
	2024 Number	2023 Number
	6,156,819,840	5,892,744,577
(d) Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statement as follows:		
	2024 \$	2023 \$
Net profit / (loss)	(2,999,977)	(2,606,927)
Less - profit /(loss) from discontinued operations	51,599	(302,406)
Earnings / (loss) used in the calculation of basic EPS	(2,948,378)	(2,909,333)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 \$	2023 \$
7. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
<i>Current Tax</i>		
Current year	-	-
Adjustments in respect of prior periods	-	(53,183)
<i>Deferred Tax</i>		
Current year deferred tax	-	-
Total income tax expense / (benefit) per income statement	-	(53,183)
(b) Income tax expense / (benefit) is attributable to:		
Profit / (loss) from continuing operations	-	(53,183)
Profit / (loss) from discontinued operations	-	-
	-	(53,183)
(c) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:		
Profit / (loss) from continuing operations	(2,999,977)	(2,660,110)
Profit / (loss) from discontinued operations	51,599	(302,406)
Profit / (loss) before tax	(2,948,378)	(2,962,516)
Income tax calculated at the Australian rate of 25% (2023 - 25%)	(737,094)	(740,629)
The applicable Australian tax rate has reduced to 25% on account of the Company being considered a base rate entity for the current year for Australian income tax purposes.		
Increase in income tax due to:		
Non-deductible expenses	172,326	222,762
Share compensation costs	60,818	1,033,066
Movement in deferred tax balances not recognised	503,950	(516,121)
Difference in foreign tax rates	-	922
Under / (over) provision in prior year	-	(53,183)
Income tax expense / (benefit)	-	(53,183)
Deferred tax assets arising from tax losses are only recognised to the extent that there are equivalent deferred tax liabilities. The remaining tax losses have not been recognised as an asset because recovery of the losses is not regarded as probable:		
Tax losses not recognised - at 25% (2023 - 25%)	45,036,900	44,542,327

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

7. INCOME TAX EXPENSE (continued)

(d) Tax consolidation system

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

Morella Corporation Limited and certain of its wholly-owned Australian subsidiaries are eligible to consolidate for tax purposes and have elected to form an income tax group under the Tax Consolidation Regime effective 1 July 2005. The implementation of the tax consolidation group was formally recognised by the ATO on 22 July 2005 with start date for income tax consolidation 1 July 2005 and Morella Corporation Limited as the head entity of the group.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Morella Corporation Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on standalone taxpayer basis. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

	2024 \$	2023 \$
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand - AUD	141,070	6,519,563
Cash at bank and on hand - USD	279,750	1,407,520
Cash at bank and on hand	420,820	7,927,083

9. TRADE AND OTHER RECEIVABLES

Current

Trade and other receivables	827,466	853,350
Provision for expected credit losses	(580,102)	(599,669)
	247,364	253,681

Refer to Note 2 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

	0-30 days \$0	31-60 days \$0	61-90 days \$0	90+ days \$0	Total \$0
2024 Consolidated	203,768	-	31,862	11,734	247,364
2023 Consolidated	129,005	-	98,120	26,556	253,681

As at 30 June 2024, \$11,743 (2023 \$26,556) trade receivables were past due but not impaired.

The carrying value of receivables \$247,364 (2023 : 253,681) are interest free and considered recoverable. All of the Group's trade and other receivables have been assessed for expected credit loss. Specific balances of \$580,102 (2023: 599,669) have been identified as passed due and impaired.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 \$	2023 \$
10. HELD TO MATURITY INVESTMENTS		
Term deposits	53,527	29,345
	<u>53,527</u>	<u>29,345</u>

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 4.25% (2023: 3.25%). Due to their short-term nature their carrying value is assumed to approximate their fair value. Information about the Group's exposure to credit risk is disclosed in Note 2.

	2024 \$	2023 \$
11. OTHER CURRENT ASSETS		
Financial assets (security deposits)	86,380	86,301
Prepayments	131,170	128,957
	<u>217,550</u>	<u>215,258</u>

Security deposits consist of deposits for access to exploration tenure and contractual deposits. No losses are expected.

12. FINANCIAL ASSETS		
Listed investments at fair value		
Carried forward from previous year	1,506,648	2,900,008
Changes in fair value (Note 21)	<u>(888,363)</u>	<u>(1,393,360)</u>
Total listed investments at fair value	<u>618,285</u>	<u>1,506,648</u>

In November 2012 the Group acquired a 14.7% interest in Lithium Corporation, Nevada USA by way of a non-brokered private placement. Lithium Corporation is quoted on the US OTCBB (Over The Counter Bulletin Board).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

13. DERIVATIVE FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e., not as trading or other speculative instruments.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities (Note 17). The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2024	%	\$	\$	\$	\$	\$
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	8.00%	-	3,420,928	-	-	3,420,928
Total non-derivatives		-	3,420,928	-	-	3,420,928
Derivatives						
Forward foreign exchange contracts net settled	-	-	445,934	-	-	445,934
Total derivatives		-	445,934	-	-	445,934

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2023	%	\$	\$	\$	\$	\$
<i>Interest-bearing - fixed rate</i>						
Convertible notes payable	8.00%	-	-	3,376,860	-	3,376,860
Total non-derivatives		-	-	3,376,860	-	3,376,860
Derivatives						
Forward foreign exchange contracts net settled	-	-	-	443,201	-	443,201
Total derivatives		-	-	443,201	-	443,201

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

14. PROPERTY, PLANT, EQUIPMENT

	Property plant and equipment \$
2024	
Gross carrying amount	
Balance at 30 June 2023	932,032
Additions	89,035
Exchange difference	803
Disposals	<u>(11,928)</u>
Balance at 30 June 2024	<u>1,009,942</u>
Accumulated depreciation	
Balance at 30 June 2023	859,793
Depreciation expense	54,196
Exchange difference	1,127
Disposals	<u>(11,928)</u>
Balance at 30 June 2024	<u>903,187</u>
Net book value as at 30 June 2024	<u><u>106,754</u></u>

	Property plant and equipment \$
2023	
Gross carrying amount	
Balance at 30 June 2022	854,428
Additions	67,090
Exchange difference	32,214
Disposals	<u>(21,700)</u>
Balance at 30 June 2023	<u>932,032</u>
Accumulated depreciation	
Balance at 30 June 2022	817,909
Depreciation expense	32,630
Exchange difference	31,878
Disposals	<u>(22,624)</u>
Balance at 30 June 2023	<u>859,793</u>
Net book value as at 30 June 2023	<u><u>72,239</u></u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 \$	2023 \$
15. EXPLORATION AND EVALUATION		
Exploration and evaluation expenditure at cost:		
Carried forward from previous year	6,284,940	2,192,888
Incurred during the year – share based payment (note 22)	302,636	282,000
Incurred during the year	4,061,984	3,902,443
	<u>10,649,560</u>	<u>6,377,331</u>
Less: Written off during the year	-	(92,391)
Total exploration and evaluation expenditure	<u>10,649,560</u>	<u>6,284,940</u>

The recovery of expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploitation, or alternatively their sale.

16. TRADE AND OTHER PAYABLES

Trade payables and accruals	348,297	1,145,036
	<u>348,297</u>	<u>1,145,036</u>

17. BORROWINGS

Current borrowings		
Other	99,096	-
Total current borrowings	<u>99,096</u>	<u>-</u>
Non-current borrowings		
Director related facility ##	3,420,928	3,376,860
Total non-current borrowings	<u>3,420,928</u>	<u>3,376,860</u>
Total borrowings	<u>3,520,024</u>	<u>3,376,860</u>
Reconciliation borrowings – Director related facility		
Opening balance	3,376,860	3,313,550
Loan funds received	-	-
Loan funds repaid	-	-
Interest Accrued	41,335	10,269
Exchange rate differences	2,733	53,041
Total borrowings – Director related facility ##	<u>3,420,928</u>	<u>3,376,860</u>

In February 2021 the Directors via ACN 647 358 987 Pty Ltd, a Director related entity provided the funds for a deed of company arrangements to be entered into with the Group's external manager. The facility comprises a US\$2,000,000 component and the balance is denominated in Australian dollars. The facility attracts interest @ 8% pa and is due for repayment in March 2026.

The parties entered into a sub loan agreement giving the facility's term an effective fixed conversion rate from US dollars to Australian dollars of \$0.777185. This resulted in an embedded derivative asset as of 30 June 2024 of \$445,934 (2023: \$443,201). Refer to Note 13 for further details.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 \$	2023 \$
18. PROVISIONS		
Employee benefit	258,599	203,635
Post- employee benefits	494,989	548,480
	<u>753,587</u>	<u>752,115</u>
Movements in provisions		
Short term employee benefits		
Opening balance	752,115	716,587
Provision increase / (decrease)	53,682	91,605
Expense incurred	<u>(52,210)</u>	<u>(56,077)</u>
Balance at year end	<u>753,587</u>	<u>752,115</u>
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
Provision for employee entitlements:		
Current	258,599	203,635
Non-current	494,989	548,480
Total	<u>753,587</u>	<u>752,115</u>

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service. The entire amount of the provision of \$753,587 (2023: - \$752,115) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations.

The Group has a defined benefit post-employment plan for an Indonesian subsidiary, the Group provides certain post-employment benefits to employees (unfunded). The Group's defined benefit plan is a final salary plan for Indonesian employees providing for the liability estimation of severance pay, service pay, and compensation.

This plan is governed by the employment laws of Indonesia, it's a defined benefit arrangement providing retirement benefit, death, disability, voluntary resignation and other payments of severance due to change of ownership, redundancy and receivership, using lump sum formula expressed in terms of a multiple of final wages depending on the number years of service completed.

Annually the valuation is performed by an Indonesian independent registered Actuary valuing the benefits covering death, disability, voluntary resignation, and retirement benefit.

Post-employment benefits liabilities as at 30 June 2024 and 2023 are calculated by KKA Marcel Pryadarshi Soepeno, independent actuaries, in actuarial reports issued in December 2023. Employee remuneration has not increased from December 2023 to June 2024.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

18. PROVISIONS (continued)

The principal assumptions used in determining the Group's post-employment benefits liabilities using the projected unit credit method are as follows:

	<u>2023</u>	<u>2024</u>
Discount rate	7.30%	6.70%
Salary growth rate	6%	4%
Normal retirement age	56	57
Mortality Table	Indonesian Mortality Table IV	Indonesian Mortality Table IV
Disability Rate	5% from Indonesian Mortality Table IV	5% from Indonesian Mortality Table IV
Voluntary resignation rate	<i>2.5% up to age 40, then linearly decrease down by 0.5% up to age 50, and assuming no voluntary resignation occur beyond age 51</i>	<i>2.5 % up to age 40, then linearly decrease down by 0.5% upto age 50, and assuming no voluntary resignation occur beyond age 51</i>

Through its defined benefit pension plans, the Group is exposed to a number of significant risks which are detailed below:

- 1) Changes in discount rate
A decrease in the discount rate will increase plan liabilities.
- 2) Salary growth rate
The Group's pension obligations are linked to salary growth rate, and higher salary growth rate will lead to higher liabilities.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as at 30 June 2024 is as follows:

Impact on defined benefits obligation

	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	1%	188,728	219,620
Salary growth rate	1%	223,261	187,431

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

18. PROVISIONS (continued)

Post-employment benefits liabilities recognised in the consolidated balance sheet as at 30 June 2024 and 2023 are computed as follows:

	2024 \$	2023 \$
Present value of obligation	524,582	572,675
Actuarial Gains or Losses for the period	<u>(29,594)</u>	<u>(24,195)</u>
Total liability	<u>494,988</u>	<u>548,480</u>

The movement in the Group's post-employment benefits liabilities is as follows:

At the beginning of the year	548,480	557,452
Current service cost	17,678	29,521
Past service cost Remeasurements: Gain from change in – actuarial assumptions	(29,594)	(24,195)
Benefits paid	(38,747)	-
Foreign exchange difference	<u>(2,829)</u>	<u>(14,298)</u>
At the end of the year	<u>494,988</u>	<u>548,480</u>

19. CURRENT TAXATION & DEFERRED TAX LIABILITIES & ASSETS

(a) Liabilities

Current

Income tax paid / payable	-	-
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Non-Current

Deferred tax liability comprises:

Lease ROU asset	3,524	2,480
Tax allowances relating to exploration	783,704	605,098
Prepayments	20,954	23,119
Unrealised foreign exchange gains	<u>3,866,077</u>	<u>3,871,003</u>
	<u>4,674,259</u>	<u>4,501,700</u>

(b) Assets

Non-Current

Deferred assets comprise:

Provisions	176,298	175,006
Revenue losses	49,514,205	48,827,988
Revenue losses not recognised	(45,036,900)	(44,524,327)
Lease liabilities	3,530	2,944
Other	<u>17,126</u>	<u>20,089</u>
	<u>4,674,259</u>	<u>4,501,700</u>

Net deferred tax balance recognised in the Consolidated Balance Sheet	-	-
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Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 \$	2023 \$
20. LEASES		
Set out below is a summary of the amounts disclosed in the Consolidated Balance Sheet:		
Lease liability		
Current	14,121	11,775
	<u>14,121</u>	<u>11,175</u>
Right of use assets		
Properties		
Opening Balance	9,919	37,196
Additions	83,901	-
Depreciation	<u>(79,724)</u>	<u>(27,277)</u>
Closing Balance	<u>14,096</u>	<u>9,919</u>

21. CONTRIBUTED EQUITY
Issued capital

6,178,799,426 (2023: 6,098,580,444) ordinary shares issued and fully paid

316,267,317 315,721,410

	2024		2023	
	Number	\$	Number	\$
Fully paid ordinary shares				
Balance at the beginning of the financial year	6,098,580,444	315,721,410	5,176,213,986	302,776,147
Share placement - Sophisticated Investors	-	-	500,000,000	7,121,000
Share Issue – Options exercised	-	-	150,000,000	1,410,000
Share Issue – EIO Consideration (a)	40,075,260	302,636	14,100,000	282,000
Share issue Employee incentive scheme	<u>40,143,722</u>	<u>243,271</u>	<u>258,266,458</u>	<u>4,132,263</u>
Balance at the end of the financial year	<u>6,178,799,426</u>	<u>316,267,317</u>	<u>6,098,580,444</u>	<u>315,721,410</u>

(a) - On 24 August 2023 40,075,260@ \$.0075 cents per share were issued as part of the Earn-In Option consideration (Note 15).

Fully paid ordinary shares carry one vote per share and carry the rights to dividends. Ordinary shares have no par value.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

21. CONTRIBUTED EQUITY (continued).

Option and performance rights reserve

Movements in option and performance rights reserve

	2024	2023
	\$	\$
Opening balance	-	1,961,318
Share based options exercised	-	(360,000)
Performance rights issued	243,271	4,132,263
Performance rights converted to shares	(243,271)	(4,132,263)
Share based options lapsed	-	(1,601,318)
Balance at year end	-	-

Foreign currency translation reserve

Movements in foreign currency translation reserve

Opening balance	(7,359,066)	(5,219,653)
Foreign currency translation differences	(31,014)	(2,139,413)
Balance at year end	(7,390,080)	(7,359,066)

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Fair value reserve

Movements in fair value reserve

Opening balance	1,413,488	2,806,848
Change in fair value of financial assets (Note 12)	(888,362)	(1,393,360)
Balance at year end	525,126	1,413,488

The change in fair value reserve records valuation differences arising on the market valuation of financial assets at fair value through other comprehensive income. Refer to Note 12 for reconciliation of movements in the year.

Capital management

Capital consists of ordinary share capital, retained earnings, reserves and net debt. The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. With the repayment of the loan facility and the removal of consent from the loan note holders there were no other changes to the consolidated entity's approach to capital management during the year. The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and by share issues.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

22. SHARE BASED PAYMENTS

During the year, the Company had the following share-based payments expenses:

	2024	2023
	\$	\$
Performance rights	243,271	4,132,263
Shares issued in lieu of payment (refer Note 21)	302,636	282,000
	<u>545,907</u>	<u>4,414,263</u>

a) Performance Rights

In 2021 the Company approved a Long-Term Incentive Plan (LTIP) under which employees and directors of the Group may be issued on a discretionary basis with performance rights over ordinary shares of Morella Corporation Limited. The purpose of this plan is to:

- assist in the reward, retention and motivation of employees and directors;
- align the interests of employees and directors more closely with the interests of shareholders by providing an opportunity for employees and directors to receive an equity interest in the form of rewards; and
- provide employees and directors with the opportunity to share in any future growth in value of the Company.

The Performance Rights lapse when employment ceases with Morella Corporation Limited. The Performance Rights have been granted for no consideration, and no amount is payable on the vesting or exercising of the Performance Rights. All rights subject to the LTIP carry no rights to dividends and no voting rights, until converted into ordinary shares.

The following table shows performance rights issued during the year ended 30 June 2024 and the value attributed:

Number of performance rights	Expiry Date	Fair Value (\$/right)	Total Value \$
40,143,723	25/05/2024	\$0.006	243,271

There are no Performance Rights outstanding under the LTIP as at 30 June 2024.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

22. SHARE BASED PAYMENTS (continued)

b) Share Options

There are no options granted and outstanding as at 30 June 2024.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

a) Names and positions held of key management personnel in office at any time during the financial year are:

Directors

James Brown	Managing Director
Allan Buckler	Non-Executive Director
Dan O'Neill	Non-Executive Director
BT Kuan	Non-Executive Director

b) Key management personnel remuneration

	2024	2023
	\$	\$
Short-term employee benefits	841,939	986,583
Post-employment benefits	15,840	22,789
Termination benefits	-	-
Share based payments	92,153	3,298,503
	<u>949,932</u>	<u>4,307,875</u>

24. INVESTMENTS IN OTHER ENTITIES

a) Joint operations

For the year ending 30 June 2024 Morella Corporation Limited holds no interests in any joint operations or ventures.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

25. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name of entity	Country of incorporation	Ownership interest	
		2024 %	2023 %
Altura Minerals Pty Ltd	Australia	100	100
Morella Minerals (US) Corp	United States of America	100	100
Minvest International Corporation	Mauritius	100	100
Altura Asia Pte Ltd	Singapore	100	100
Altura Mining Philippines Inc. *	Philippines	40	40
PT Altura Indonesia	Indonesia	100	100
PT Minvest Mitra Pembangunan	Indonesia	100	100
PT Cakrawala Jasa Pratama	Indonesia	100	100
PT Minvest Jasatama Teknik	Indonesia	100	100
PT Cybertek Global Utama	Indonesia	100	100

* Morella Corporation Limited through its wholly owned subsidiary, Altura Asia Pte Ltd holds 40% direct equity in Altura Mining Philippines Inc. This entity is considered a subsidiary as the Group has full economic and management rights.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 1:

Name of entity	Country of incorporation	Principal activities	Parent ownership interest		Non-controlling interest	
			2024 %	2023 %	2024 %	2023 %
PT Velseis Indonesia *	Indonesia	Mining services	50	50	50	50
PT Jasa Tambang Pratama #	Indonesia	Mining and exploration	70	70	30	30
PT Cahaya Permata Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Permata Cemerlang #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Cahaya Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Cahaya Cemerlang #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Permata Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Pusaka #	Indonesia	Mining and exploration	70	70	30	30
PT Kodio Multicom #	Indonesia	Mining and exploration	56	56	44	44
PT Marangkayu Bara Makarti #	Indonesia	Mining and exploration	56	56	44	44

Morella Corporation Limited and Altura Minerals Pty Ltd are included within the tax consolidation group.

Morella Corporation Limited through its wholly owned subsidiary, Altura Asia Pte Ltd holds 70% direct equity in these nine entities, the principal non-controlling interest is held by PT Unitas Jaya Investama.

* Morella Corporation Limited through its wholly owned subsidiary, Minvest International Corporation holds 50% direct equity in PT Velseis Indonesia the principal non-controlling interest is held by Velseis Australia Pty Ltd. This entity is considered a subsidiary as the Group has full management rights.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

25. INTERESTS IN SUBSIDIARIES (continued)
Summarised financial information

Summarised financial information of the subsidiaries with non-controlling interests that are material to the consolidated entity are set out below:

	PT Velseis Indonesia \$ 2024	PT Velseis Indonesia \$ 2023
Summarised statement of financial position		
Current assets	574,913	504,932
Non-current assets	<u>501,696</u>	<u>516,217</u>
Total assets	1,076,609	1,021,149
Current liabilities	<u>226,760</u>	<u>293,270</u>
Non-current liabilities	<u>-</u>	<u>-</u>
Total liabilities	226,760	293,270
Net assets	<u>849,849</u>	<u>727,879</u>
Summarised statement of profit or loss and other comprehensive income		
Revenue	573,178	479,730
Expenses	<u>480,393</u>	<u>351,431</u>
Profit / (loss) before income tax expense	92,785	128,299
Income tax expense / (benefit)	<u>-</u>	<u>-</u>
Profit / (loss) after income tax expense	92,785	128,299
Other comprehensive income	<u>28,980</u>	<u>40,011</u>
Total comprehensive income	<u>121,765</u>	<u>168,310</u>
Statement of cash flows		
Net cash from operating activities	158,386	71,051
Net cash used in investing activities	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	<u>158,386</u>	<u>71,051</u>
Other financial information		
Profit attributable to non-controlling interests	<u>60,882</u>	<u>84,155</u>
Accumulated non-controlling interest at the end of reporting period	<u>424,146</u>	<u>363,264</u>

The subsidiaries summarised financial information (PT Suryaraya Pusaka, PT Kodio Multicom, & PT Marangkayu Bara Makarti) have not been disclosed for the current reporting period as these companies are part of the Tabalong Group. The Tabalong Group has been fully impaired as at 30 June 2024. Refer to Note 3 for details of discontinued operations.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

26. RELATED PARTIES

Transactions within the wholly-owned Group

The wholly-owned Group includes the ultimate parent entity in the wholly-owned Group, and wholly-owned controlled entities. The ultimate parent entity in the wholly-owned Group is Morella Corporation Limited.

During the year the parent entity provided financial assistance to its wholly owned and controlled entities by way of intercompany loans. The loans are unsecured, interest free and have no fixed term of repayment. Sales and purchases between related parties within the Group have been eliminated upon consolidation. There were no further sales or purchases from wholly-owned related parties during the financial year.

Transactions other related parties

- a) Lithium Corporation is a related party due a common director. Under the earn-in agreements for Fish Lake valley and North Big Smokey project areas Morella will spend a minimum of US\$4,490,000 on exploration and tenure retention during the five year earn in period.
- b) In February 2021, The Directors via a director related entity ACN 647 358 987 Pty Ltd provided an un-secured loan facility to fund the DOCA and the short-term working capital requirements of the Group. The facility of \$3,420,928 contains a US\$2,000,000 component and is provided at 8%pa repayable in March 2026. Interest of \$237,192 has been incurred during the period. The US\$ component of the facility uses a fixed translation rate of \$0.777185 this gives rise to a derivative asset of \$445,934 when translated at period end.
- c) During the period Mr Allan Buckler, a director of the Group provided corporate services via his controlled entity Shazo Pty Ltd. These services are provided under a service agreement for director's fees.

27. NOTES TO STATEMENT OF CASH FLOWS

- a) For the purpose of the statement of cash flows, cash includes cash on hand and in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

	2024 \$	2023 \$
Cash at bank and on hand (Note 8)	420,820	7,927,083
Cash in assets classified as held for sale (Note 3c))	9,243	9,377
Cash per statement of cash flows	430,063	7,936,460

Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June 2024:

Cash at bank and on hand	430,063	7,936,460
Short-term deposits	-	-
Cash at bank and on hand	430,063	7,936,460

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

27. NOTES TO STATEMENT OF CASH FLOWS (continued)
b) Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities

	2024	2023
	\$	\$
Operating loss after income tax	2,948,378	2,909,333
Adjustments for non-cash income and expense items:		
Share based payments	243,271	4,132,263
Depreciation of property, plant and equipment (Note 5)	133,920	60,012
Interest on funding facility	41,335	10,269
Foreign currency exchange rate movement	847,010	(3,246,506)
Transfer to exploration	(643,207)	(591,648)
Exploration expenditure written off	-	92,391
Impairment on assets held for sale	6,614	310,707
Changes in assets and liabilities:		
(Increase) / decrease in receivables	6,317	(2,068)
(Decrease) / increase in other creditors and accruals	(796,739)	397,089
(Increase) / decrease in deposits and prepayments	(2,292)	(128,768)
Increase / (decrease) in current lease liabilities	2,346	(15,846)
Increase / (decrease) in current provisions	54,964	60,707
Net cash used in operating activities	(3,054,839)	(1,830,730)

c) Net debt reconciliation
Net debt

Cash and cash equivalents	430,063	7,936,460
Borrowings – repayable within one year (Note 2)	(99,096)	-
Borrowings – repayable after one year (Note 2)	(3,420,928)	(3,376,860)
Net debt	(3,089,961)	4,559,600
Cash and liquid investments	430,063	7,936,460
Gross debt - fixed interest rate	(3,520,024)	(3,376,860)
Gross debt - variable interest rate	-	-
Net debt	(3,089,961)	4,559,600

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

27. NOTES TO STATEMENT OF CASH FLOWS (continued)

	Cash and cash equivalents	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt as at 30 June 2023	7,936,460	-	(3,376,860)	4,559,600
Cash flows	(7,506,397)	-	-	(7,506,397)
Foreign exchange adjustments	-	-	(2,733)	(2,733)
Other non-cash movements	-	(99,096)	(41,335)	(140,431)
Net debt as at 30 June 2024	430,063	(99,096)	(3,420,928)	(3,089,961)

d) Acquisition of entities

The Group did not acquire any interest in entities during the year.

2024	2023
\$	\$
Parent	Parent

28. PARENT ENTITY DISCLOSURE

(a) Summary of financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Balance sheet

Current assets	359,515	7,931,730
Total assets	20,329,792	23,218,158
Current liabilities	262,879	1,018,806
Total liabilities	7,613,373	8,243,451
Net assets	12,716,419	14,974,707

Equity

Contributed equity	316,267,317	315,721,410
Reserves	-	-
Retained profits / (accumulated losses)	(303,550,898)	(300,746,703)
Total shareholder equity	12,716,419	14,974,707
Profit / (Loss) for the year	(3,013,401)	3,097,793
Total comprehensive loss for the year	(3,013,401)	3,097,793

(b) Contingent liabilities

Contingent liabilities are disclosed in Note 31.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	2024 \$	2023 \$
29. AUDITORS' REMUNERATION		
a) Auditors of the Group – PKF and related network firms		
Audit of financial report		
- Group (PKF Perth)	84,630	78,000
Total audit of financial reports	84,630	78,000
Other non-audit services (PKF Brisbane)	-	-
Total services provided by PKF	84,630	78,000
b) Other auditors and their related network firms		
Audit of financial report		
- Foreign Subsidiaries	6,616	12,066
Total audit of financial reports	6,616	12,066
Other non-audit services	-	-
Total services provided by other auditors	6,616	12,066

30. SUBSEQUENT EVENTS

Subsequent to the end of the financial year the following events occurred:

*10 July 2024 completed the consolidation of the Company's share capital on the basis of 1 new security for every 25 securities held prior to the consolidation, as approved by shareholders at the Company's Extraordinary General Meeting held on 17 June 2024.

*On 5 August 2024, a non-renounceable pro rata entitlement offer of one (1) new fully paid ordinary share (New Share) for every two (2) existing fully paid ordinary shares together with one (1) free attaching unlisted new option (New Option) for every two (2) New Shares subscribed for, to shareholders with a registered address in Australia, New Zealand or Singapore (Eligible Shareholders) held as at 5.00pm (Perth time) on Thursday, 8 August 2024.

The non-renounceable pro rata entitlement offer closed on 22 August 2024 raising \$850,363. Subscribers applied for and were issued 23,621,178 Fully Paid Ordinary (FPO) Shares and 11,810,589 Options, expiring on 31 August 2026, to subscribe for FPO Shares at an exercise price of \$0.072.

No other significant events have occurred since 30 June 2024, which would require disclosure in the financial report.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

31. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2024 or 30 June 2023

32. COMMITMENTS

In order to maintain an interest in the mining and exploration tenements in which the Group is involved, the Group is committed to meeting the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required by the relevant State Departments of Minerals and Energy and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

Subsidiaries of the Group have contracted commitments to achieve minimum expenditure within the term of the tenement earn in option agreements.

One of the Group's subsidiaries has contracted to provide up to a US\$4 million facility to a minority party in the Tabalong coal project. The provision of the facility is contingent on project milestones being achieved. The facility will be repaid in accordance with the loan agreement between the parties. The likelihood of this proceeding is highly probable.

a) Exploration work

The Company has certain obligations to perform minimum exploration work and expend minimum amounts on exploration tenements to meet minimum expenditure requirements. This expenditure will only be incurred should the Group retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted. These obligations will be fulfilled in the normal course of operations, which may include exploration and evaluation activities.

b) Exploration

The Group has the following estimated exploration expenditure commitments at 30 June 2024.

	2024	2023
	\$	\$
No later than one year	2,280,581	2,091,328
Later than one year and not later than five years	2,384,661	2,988,584
Later than five years	-	-
	4,665,242	5,079,912

Consolidated entity disclosure statement

FOR THE YEAR ENDED 30 JUNE 2024

Entity name	Entity type	Body Corporate		Tax residency	
		Country of incorporation or formation	Ownership Interest %	Australian or foreign	Foreign jurisdiction
Morella Corporation Limited	Body Corporate	Australia	N/A	Australian *	N/A
Controlled entities					
Altura Minerals Pty Ltd	Body Corporate	Australia	100%	Australian *	N/A
Morella Minerals (US) Corporation	Body Corporate	United States of America	100%	Foreign	United States of America
Altura Asia Pte Ltd	Body Corporate	Singapore	100%	Foreign	Singapore
Altura Mining Philippines Inc.	Body Corporate	Philippines	40%	Foreign	Philippines
Minvest International Corporation	Body Corporate	Mauritius	100%	Foreign	Mauritius
PT Altura Indonesia	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Minvest Mitra Pembangunan	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Minvest Jasatama Teknik	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Cakrawala Jasindo Pratama	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Cybertek Global Utama	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Velseis Indonesia	Body Corporate	Indonesia	50%	Foreign	Indonesia
PT Suryaraya Permata Cemerlang	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Suryaraya Cahaya Khatulistiwa	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Suryaraya Cahaya Cemerlang	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Suryaraya Permata Khatulistiwa	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Cahaya Permata Khatulistiwa	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Suryaraya Pusaka	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Jasa Tambang Pratama	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Marangkayu Bara Makarti	Body Corporate	Indonesia	56%	Foreign	Indonesia
PT Kodio Multicom	Body Corporate	Indonesia	56%	Foreign	Indonesia

Key assumptions and judgments

Determination of Tax Residency

Section 295(3A) of the *Corporations Act 2001* requires that the tax residency of each entity included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

“Australian resident” has the meaning provided in the Income Tax Assessment Act 1997. The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation’s public guidance in Tax Ruling TR 2018/5 and Practical Compliance Guideline PCG 2018/19.

- Foreign tax residency

The consolidated entity has applied current legislation, double tax agreements, and where available judicial precedent in the determination of foreign tax residency. Where necessary, the Group has used independent tax advisers if foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Partnerships and Trusts

- Morella Corporation Limited and its subsidiaries are not the trustee of a trust, or partner in a partnership or joint venture

* Morella Corporation Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Australian tax consolidation regime.

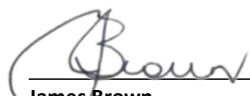
Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 18 to 69 and the remunerations report designated as audited in the Directors Report are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and its performance for the financial year ended on that date;
- (b) The financial statements and notes also comply with International Financial Reporting Standards as set out in Note 1;
- (c) There are reasonable grounds to believe that the Company will be able to pay its debt as and when they become due and payable.
- (d) The Consolidated Entity Disclosure Statement as at 30 June 2024 required by Section 295(3A) of the Corporations Act 2001 is true and correct.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required under section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "James Brown", written over a horizontal line.

James Brown
Director

Singapore, 26 September 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MORELLA CORPORATION LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Morella Corporation Limited (the "Company"), which comprises the consolidated balance sheet as at 30 June 2024, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Morella Corporation Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to the financial report which indicates the consolidated entity has incurred a loss of \$2,948,378 and operating cash outflows of \$3,054,839 for the year ended 30 June 2024. These conditions along with other matters in note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter
As at 30 June 2024 the carrying value of exploration and evaluation assets was \$10,649,560 (2023: \$6,284,940), as disclosed in note 15. The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in notes 1(b) and 1(g). Significant judgement is required: • in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard <i>AASB 6 - Exploration for and Evaluation of Mineral Resources</i> ("AASB 6"); and • in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular: • whether the particular areas of interest meet the recognition conditions for an asset; and • which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.	Our work included, but was not limited to, the following procedures: • Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including: ○ assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for permits that will expire in the near future; ○ holding discussions with the Directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and ○ obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes. • considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and • assessing the appropriateness of the related disclosures in notes 1(b), 1(g) and 15.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of:-

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001; and

for such internal control as the Directors determine is necessary to enable the preparation of:-

- i) the financial report (other than the consolidated entity disclosure statements) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Morella Corporation Limited for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF PERTH



ALEXANDRA CARVALHO
PARTNER

26 September 2024
PERTH, WESTERN AUSTRALIA

Morella Corporation Limited and Controlled Entities

ADDITIONAL ASX INFORMATION

CORPORATE GOVERNANCE

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance

Statement is available on the Company's website at: www.morellacorp.com.

SCHEDULE OF MINERAL PROPERTIES

Location	Tenement Number	Interest
Mt Edon, Pilbara Western Australia	E45/2778	100%
Four Corner Wells	E59/2904	100%
Tabalong, South Kalimantan	PT Suryaraya Permata Khatulistiwa	70%
	PT Suryaraya Cahaya Cemerlang	70%
	PT Suryaraya Pusaka	70%
	PT Kodio Multicom	56%
	PT Marangkayu Bara Makarti	56%
Catanduanes, Philippines	COC 182 (Area 3) – Catanduanes	100%
Albay Region, Philippines	COC 200 (Area 4) – Rapu-Rapu	100%
Bislig Region, Philippines	COC 202 (Area 17) – Surigao del Sur	100%

ISSUED CAPITAL

The issued capital of the company as at 16 August 2024 consists of the following:

270,774,281 fully paid ordinary shares,

11,810,589 Options exercisable at \$0.072 before 31 August 2026

FULLY PAID ORDINARY SHARES

Substantial Shareholders

The names of substantial shareholders and the number of equity securities as disclosed in their most recent substantial shareholder notices received by the Company are:

Holder name	Shares
AC Buckler (Calida Holdings Pty Ltd and Shazo Pty Ltd)	34,222,045
MT Smith	18,396,264
Shanshan Forever International Co., Ltd	18,054,450

Distribution Of Shareholders as at 16 September 2024

Number of shareholders in the following distribution categories:

Fully paid ordinary shares	Holders	Shares	% of issued
1–1,000	857	320,721	0.12
1,001–5,000	879	2,323,444	0.86
5,001–10,000	909	7,217,281	2.67
10,001–100,000	1,976	56,872,579	21.00
100,001 and over	228	204,040,256	75.35
Total	4,849	270,774,281	100
Holders of less than a marketable parcel	3,418	20,009,468	

Morella Corporation Limited and Controlled Entities

ADDITIONAL ASX INFORMATION continued

20 Largest Shareholders – Fully Paid Ordinary Shares at 16 September 2024

Rank	Holder name	Units	% of issued
1	CALIDA HOLDING PTY LTD	29,974,600	11.07
2	SHANSHAN FOREVER INTERNATIONAL CO LIMITED	18,054,450	6.67
3	BNP PARIBAS NOMINEES PTY LTD	14,434,922	5.33
4	MR MAXWELL TERRY SMITH	12,529,597	4.63
5	BNP PARIBAS NOMINEES PTY LTD	11,893,909	4.39
6	MORELLA CORPORATION LIMITED	11,217,825	4.14
7	MR JAMES STUART BROWN & MRS MICHELE LILLIAN BROWN	9,061,876	3.35
8	CITICORP NOMINEES PTY LIMITED	6,154,246	2.27
9	TERRYJOY PTY LTD	5,866,667	2.17
10	LITHIUM CORPORATION	3,294,089	1.22
11	DR YOON MEI HO	3,010,213	1.11
12	SEOK YIN CHUA	3,000,000	1.11
13	SHAZO HOLDINGS PTY LTD	2,840,703	1.05
14	MR BENG TEIK KUAN	2,807,684	1.04
15	N YOUNG INVESTMENTS PTY LTD	2,377,826	0.88
16	NEWBERRY MANOR PTY LTD	2,036,889	0.75
17	FINCLEAR SERVICES PTY LTD	1,941,809	0.72
18	HENDO FAMILY SUPERANNUATION PTY LTD	1,811,081	0.67
19	KANIMBLA SOLUTIONS PTY LTD	1,777,679	0.66
20	BNP PARIBAS NOMINEES PTY LTD	1,750,111	0.65
Total		145,836,176	53.86

UNQUOTED OPTIONS.

As at 16 September 2024 the Company has on issue 11,810,589 Unquoted Options to subscribe for 1 fully paid ordinary share in the company for \$0.072 expiring on 31 August 2026.

Substantial Option-holders

As at 16 September 2024 the following classes Option holders held equal to or greater than 20% of the Unlisted Options on issue.

Holder name	Options	
	Securities	% interest
BNP Paribas Nominees Pty Ltd <UOBKH R'MIERS>	2,541,635	21.52

Distribution Of Option Holders as at 16 September 2024

Unlisted Options exercisable at \$0.076 on or before 31 August 2026	Holders	Options	% of issued
1–1,000	117	36,568	0.31
1,001–5,000	123	313,152	2.65
5,001–10,000	36	269,362	2.28
10,001–100,000	39	907,424	7.68
100,001 and over	15	10,284,083	87.08
Total	330	11,810,589	100.00

Morella Corporation Limited and Controlled Entities

ADDITIONAL ASX INFORMATION

ORDINARY SHARES

VOTING RIGHTS

On a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote. On a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote for each fully paid share held.

ON MARKET BUY BACK

There is no current on market buy back offer for Morella shares.

PERFORMANCE RIGHTS

There are no current Performance Rights related to Morella shares on issue.

UNLISTED OPTIONS

The total number of Options on issue is 11,810,589

These Options are exercisable at a price of \$0.072 on or before 31 August 2026.

The Options have no voting rights

COMPETENT PERSONS STATEMENTS

The information in this statement is based on, and fairly represents, information and supporting documentation prepared by the competent persons listed below.

The information in this report that relates to Exploration Results at the Company's Mallina Project is based on information compiled by Mr Henry Thomas, who is a Member of the Australasian Institute of Mining and Metallurgy and is the Exploration Manager employed by Morella Corporation. Mr Henry Thomas 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 Henry Thomas 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 Hydro Geological Exploration Results at the Company's Fish Lake Valley and North Big Smoky 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.

The information in this announcement that relates to Geophysical Exploration results complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Dr Jayson Meyers, a consultant to Morella Corporation and a Director of Resource Potentials Pty Ltd. Dr Meyers is a Fellow of the Australasian Institute of Geoscientists. He 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 JORC Code. Dr Meyers consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. Dr Meyers does not hold securities in the Company.