

31 January 2025

Quarterly Activities Report & 5B Cashflow December 2024

- **Mt Edon - significant rubidium mineralization intersected in 15 out of 17 drill holes, with assays up to 0.59% Rb₂O and 0.63% Li₂O**
- **West Wodgina - identification of 5 new lithium targets with soil assays up to 255ppm Li₂O enhancing the project's prospectivity**
- **Capital Raising - successfully raised ~A\$1.4 million to accelerate exploration activities in Western Australia and Nevada**
- **Collaboration with Interra Resources Limited via placement of shortfall shares strengthens partnership and provides funding for lithium asset evaluation**

OVERVIEW

Morella Corporation Limited (**ASX: 1MC** "Morella" or "the Company") is pleased to report on activities conducted during the December 2024 Quarter.

The primary focus of the Company during the quarter was to advance its exploration and evaluation activities via drilling at the Mt Edon Project and geochemical sampling at the West Wodgina Project both of which form part of the 51% (Morella) / 49% Joint Venture with Sayona Mining Limited (Sayona Joint Venture).

EXPLORATION AND PROJECT DEVELOPMENT

Mt Edon Project (Western Australia – Sayona Joint Venture)

The Mt Edon Project lies 2km to the south of Paynes find, 420km NNE of Perth city (Figure 1).

During the Quarter Morella announced exciting results from its maiden Reverse Circulation (RC) drill program at the Mt Edon Project in the southern Mid-West region of Western Australia.¹

The 2024 Morella drill program was completed in the vicinity of historical drilling locations conducted in 2002 by Haddington International Resources (Haddington) which targeted a single pegmatite unit and successfully intercepted pegmatites in all 14 drillholes with rubidium mineralisation over 0.05% Rb₂O identified in 11 of the 14 drillholes.

The 2024 Morella drill program successfully intercepted pegmatites in 15 of the 17 drillholes expanding upon the 2002 drill program as well as developing new targets identified through field work. All pegmatite intervals returned rubidium mineralisation over 0.05% Rb₂O (rubidium oxide).

A list of the significant intercepts for both programs, up to 0.59% Rb₂O and 0.63% Li₂O is included in **Table 1**.

These results combined to provide exciting opportunities for the newly discovered northeast cluster as well as the dramatic increase in the size of the mineralisation previously identified in 2002, giving Morella great encouragement for further development of the Mt Edon project.

¹ Refer ASX release Drilling at Mt Edon Reveals Rubidium Discoveries dated 5 December 2024
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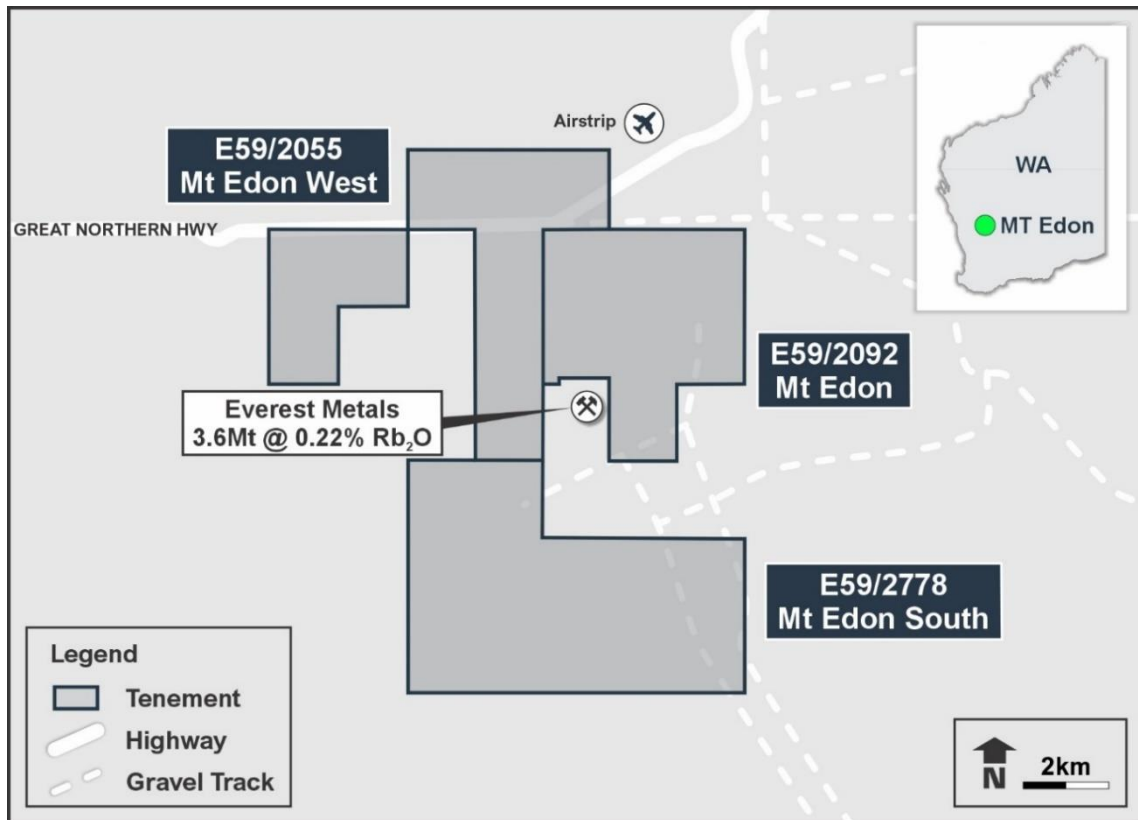


Figure 1: Mt Edon Project location

Morella Managing Director James Brown said:

“The 2024 Mt Edon drilling has unearthed some substantial pegmatite intercepts with a predominant showing of rubidium mineralisation.

Rubidium is designated a Critical Mineral by the US Government Geological Survey of 2023 and according to the U.S. Geological Survey (2023), global Rb resources are relatively scarce, with most resources containing limited Rb content.

The Joint Venture Licences surrounds the Everest Metals Rubidium Resource and with a pegmatite drilling intercept of over 100m, the results auger well for follow up drilling which will be aimed toward the delineation of a Mineral Resource.”

Table 1: Selected highlights of Rubidium grade intercepts

Hole ID	Easting(m)	Northing(m)	From (m)	To (m)	Intercept
MERC002	564773	6756840	0	28	28m @ 0.18% Rb₂O
		inc.	11	19	8m @ 0.29% Rb₂O
MERC003	564798	6756839	8	44	36m @ 0.19% Rb₂O
		inc.	14	17	3m @ 0.31% Rb₂O
		inc.	22	29	7m @ 0.25% Rb₂O
MERC004	564798	6756837	5	33	28m @ 0.17% Rb₂O
		inc.	18	23	5m @ 0.28% Rb₂O
		inc.	40	41	1m @ 0.28% Rb₂O
MERC005	564823	6756951	7	48	41m @ 0.16% Rb₂O
		inc.	34	36	2m @ 0.31% Rb₂O
		inc.	44	45	1m @ 0.28% Rb₂O
MERC008	564787	6756189	1	19	18m @ 0.15% Rb₂O
		inc.	9	11	2m @ 0.34% Rb₂O
		inc.	17	18	1m @ 0.27% Rb₂O
MERC014	564748	6757082	32	50	18m @ 0.21% Rb₂O
		inc.	34	40	6m @ 0.29% Rb₂O
MER019	564797	6757195	8	25	17m @ 0.13% Rb₂O
MER021	565142	6757740	9	41	32m @ 0.11% Rb₂O
		and	55	120	65m @ 0.12% Rb₂O
		inc.	60	61	1m @ 0.27% Rb₂O
MER025	565557	6757964	23	40	17m @ 0.14% Rb₂O
		inc.	82	83	1m @ 0.26% Rb₂O
		inc.	82	83	1m @ 0.26% Rb₂O
MER029	565537	6757853	60	82	22m @ 0.11% Rb₂O
MER030	565591	6757892	82	102	20m @ 0.15% Rb₂O
MER031	564888	6756950	21	48	27m @ 0.10% Rb₂O
		and	49	76	27m @ 0.12% Rb₂O
		inc.	55	56	1m @ 0.59% Rb₂O
		and	78	98	20m @ 0.11% Rb₂O
		inc.	84	85	1m @ 0.29% Rb₂O

Drilling Program Results

In 2002, Haddington undertook a drill program (14 holes for 425m) targeting a 500m strike length of a single pegmatite that now falls within the Mt Edon Project area (**Figure 2**)². All 14 drill holes intercepted a pegmatite unit. The drilling was targeting Tantalum mineralisation as was the primary goal of all Haddington exploration in the Mt Edon area.

During September and October 2024, Morella executed a drill program (17 holes for 1,464m) both twinning and extending upon the Haddington drill results, as well as testing new targets identified through extensive mapping, rock chip sampling³, and soils sampling⁴. All but 2 drill holes successfully intercepted the targeted pegmatites.

Though originally targeted at lithium mineralisation the positive Rubidium results found in the 2002 drilling as well as the new 2024 results provide substantial scope for the project development potential.

²WAMEX Report A64966 - Dated 25 May 2002.

³ Morella ASX Release – Lithium targets identified at Mt Edon project in Western Australia – 23 June 2022

⁴ Morella ASX Release - Successful soil program at Mt Edon – 10 July 2023

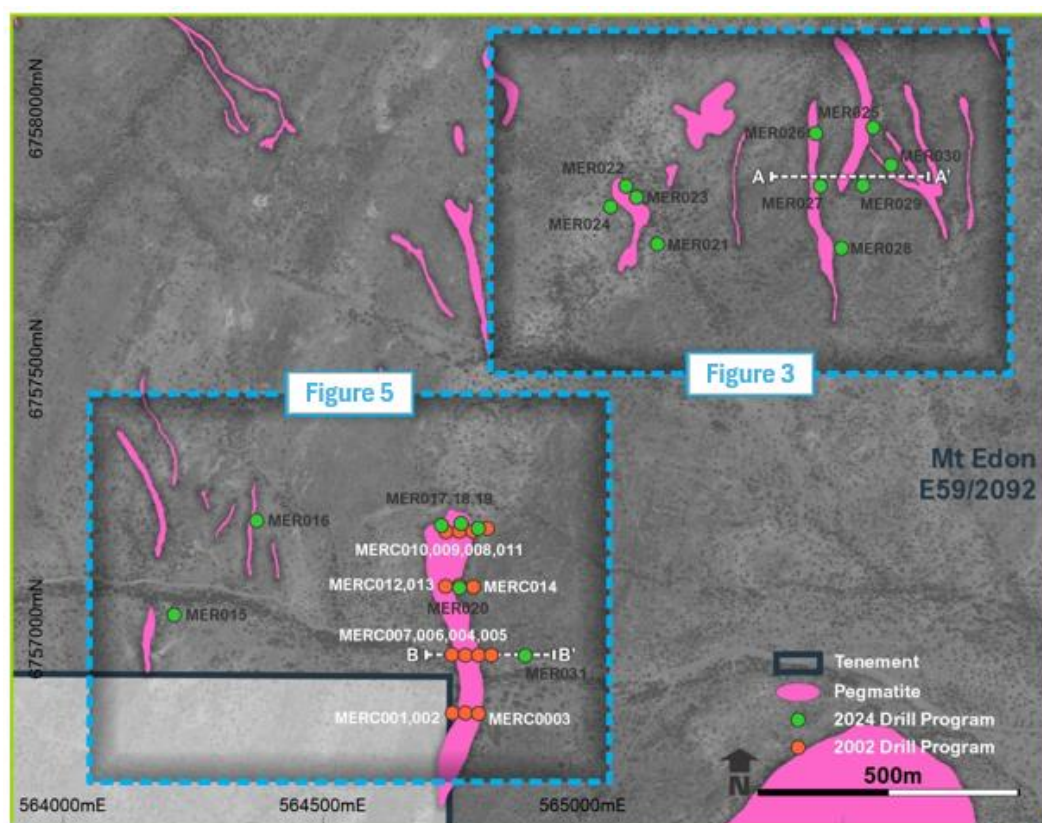


Figure 2: Mapped pegmatite outcrop with drillholes.

Pegmatite intervals from eleven (11) of the drill holes at the historical 2002 drill program were submitted to Ultra Trace Laboratories for analysis for an elemental suite including Ta₂O₅, Nb₂O₅, Sn, Rb, and Cs using XRF spectrometry and Li using ICP-MS.

All pegmatite intervals from the 2024 Morella drill program were submitted for assay to ALS Global Laboratories Perth for an extensive suite of 24 elements by peroxide fusion followed by ICP-MS analysis.

Significant rubidium assay results (Rb₂O > 0.05%) from both drill programs are shown in Table 2. The significant intercepts are also presented in Figure 3 and Figure 5 showing the drill collar locations.

Table 2: Significant Intercepts from both drilling programs (>0.05 Rb₂O%)

Hole ID	Easting (m)	Northing(m)	From (m)	To (m)	Interval (m)	Rb ₂ O (%)	Li ₂ O (%)
MERC001	564748	6756840	0	9	9	0.07	0.03
MERC002	564773	6756840	0	28	28	0.18	0.04
		inc.	0	2	2	0.23	0.04
		inc.	11	19	8	0.29	0.04
MERC003	564798	6756839	8	44	36	0.19	0.05
		inc.	14	17	3	0.31	0.07
		inc.	22	29	7	0.25	0.04
		inc.	30	38	8	0.20	0.04
		inc.	40	41	1	0.28	0.03
MERC004	564798	6756837	5	33	28	0.17	0.04
		inc.	18	23	5	0.28	0.04
		inc.	27	30	3	0.24	0.04
MERC005	564823	6756951	7	48	41	0.16	0.06
		inc.	9	16	7	0.23	0.04
		inc.	34	36	2	0.31	0.03
		inc.	39	40	1	0.21	0.05

Hole ID	Easting (m)	Northing(m)	From (m)	To (m)	Interval (m)	Rb ₂ O (%)	Li ₂ O (%)
		inc.	44	45	1	0.28	0.16
MERC006	564773	6756951	NSI				
MERC007	564747	6756952	NSI				
MERC008	564787	6756189	1	19	18	0.15	0.12
		inc.	9	11	2	0.34	0.26
		inc.	17	18	1	0.27	0.11
MERC009	564761	6757189	0	10	10	0.15	0.05
		inc.	0	1	1	0.25	0.09
		inc.	5	6	1	0.29	0.02
MERC010	564736	6757188	NSI				
MERC011	564815	6757194	NSI				
MERC012	564735	6757083	10	17	7	0.08	0.06
MERC013	564761	6757085	7	13	6	0.08	0.05
		and	19	26	7	0.23	0.30
		inc.	19	24	5	0.26	0.32
MERC014	564748	6757082	32	50	18	0.21	0.06
		inc.	34	40	6	0.29	0.05
		inc.	43	49	6	0.23	0.07
MER015	564213	6757028	NSI				
MER016	564372	6757209	2	5	3	0.14	0.04
		and	56	60	4	0.11	0.04
MER017	564727	6757200	1	4	3	0.06	0.04
MER018	564765	6757204	0	10	10	0.11	0.04
		inc.	8	9	1	0.24	0.1
MER019	564797	6757195	8	25	17	0.13	0.08
		inc.	15	16	1	0.22	0.04
		inc.	19	21	2	0.21	0.11
		inc.	23	24	1	0.25	0.14
		and	28	39	11	0.06	0.08
MER020	564762	6757080	11	23	12	0.11	0.11
MER021	565142	6757740	9	41	32	0.11	0.03
		inc.	28	29	1	0.20	0.01
		and	45	47	2	0.09	0.03
		and	55	120	65	0.12	0.02
		inc.	60	61	1	0.27	0.01
		inc.	72	73	1	0.20	0.02
		inc.	82	83	1	0.26	0.02
		inc.	89	90	1	0.22	0.02
MER022	565082	6757852	NSI				
MER023	565102	6757830	65	72	7	0.07	0.06
MER024	565052	6757812	0	8	8	0.08	0.09
		and	11	28	17	0.08	0.07
MER025	565557	6757964	0	11	11	0.11	0.04
		and	23	40	17	0.14	0.05
		and	76	79	3	0.13	0.05
MER026	565447	6757953	3	18	15	0.12	0.05
		inc.	6	7	1	0.23	0.05

Hole ID	Easting (m)	Northing(m)	From (m)	To (m)	Interval (m)	Rb ₂ O (%)	Li ₂ O (%)
MER027	565455	6757852	6	22	16	0.12	0.04
		inc.	13	14	1	0.21	0.02
MER028	565496	6757732	3	9	6	0.09	0.07
		and	17	30	13	0.11	0.03
		inc.	20	21	1	0.2	0.03
MER029	565537	6757853	14	26	12	0.12	0.03
		inc.	24	25	1	0.22	0.03
		and	60	82	22	0.11	0.09
		inc.	60	64	4	0.22	0.17
MER030	565591	6757892	7	9	2	0.15	0.06
		and	29	38	9	0.11	0.04
		and	60	62	2	0.07	0.03
		and	82	102	20	0.15	0.06
		inc.	85	91	6	0.24	0.06
		inc.	96	97	1	0.20	0.18
MER031	564888	6756950	21	48	27	0.10	0.05
		inc.	24	25	1	0.23	0.01
		inc.	34	35	1	0.21	0.03
		and	49	76	27	0.12	0.11
		inc.	55	56	1	0.59	0.63
		and	78	98	20	0.11	0.05
		inc.	84	85	1	0.29	0.08

The Northeast cluster within tenement E59/2092 shows a well stacked system of multiple mineralised pegmatites (Figure 3). With mapped strike length of ~450m and individual mineralised thicknesses of up to 22m (Figure 4) the tenement shows great potential for further development and could act as a key component in the Mt Edon Project story.

The single large pegmatite drilled by Haddington in 2002 “Main Pegmatite” (Figure 5) shows multiple mineralised intercepts up to 41m @ 0.16% Rb₂O (Figure 6). With a mapped surface expression strike length of ~600m and the dramatic increase in mineralised thickness discovered in the 2024 drilling to a combined 74m in MER031 (pegmatite intercept of 112m), the potential for this pegmatite discovery is truly remarkable with the ability to define the Mt Edon project.

The mineralised intercepts of this drilling program of up to 0.59% Rb₂O and 0.63% Li₂O compare favourably with the grades of the Everest Metals Ltd drilling released in July 2024⁵.

⁵ ASX Release – Everest Metals Corporation – Mt Edon Drilling Delivers World Class Rubidium Grades of up to 0.54% 4 July 2024

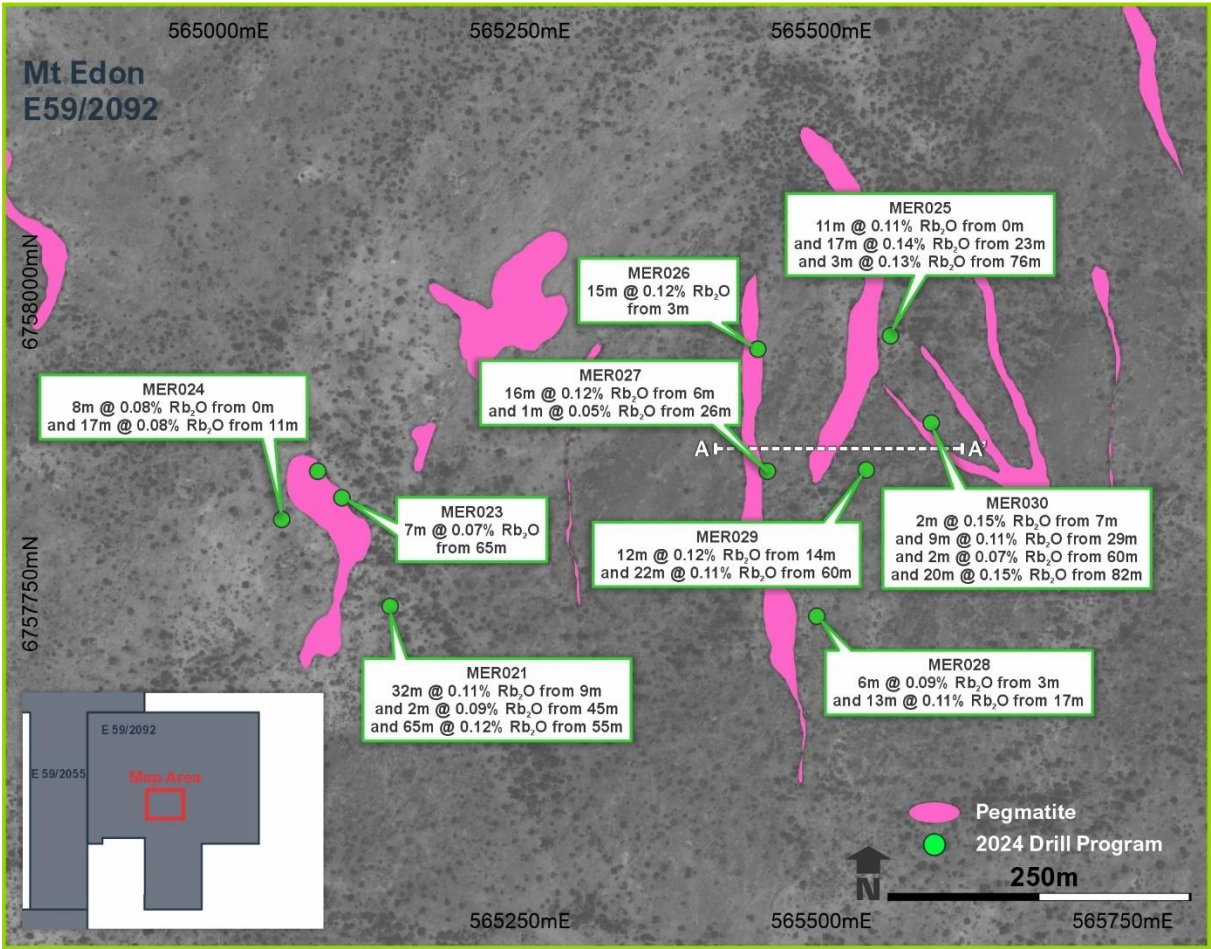


Figure 3: North East cluster hole plan showing significant grade intercepts

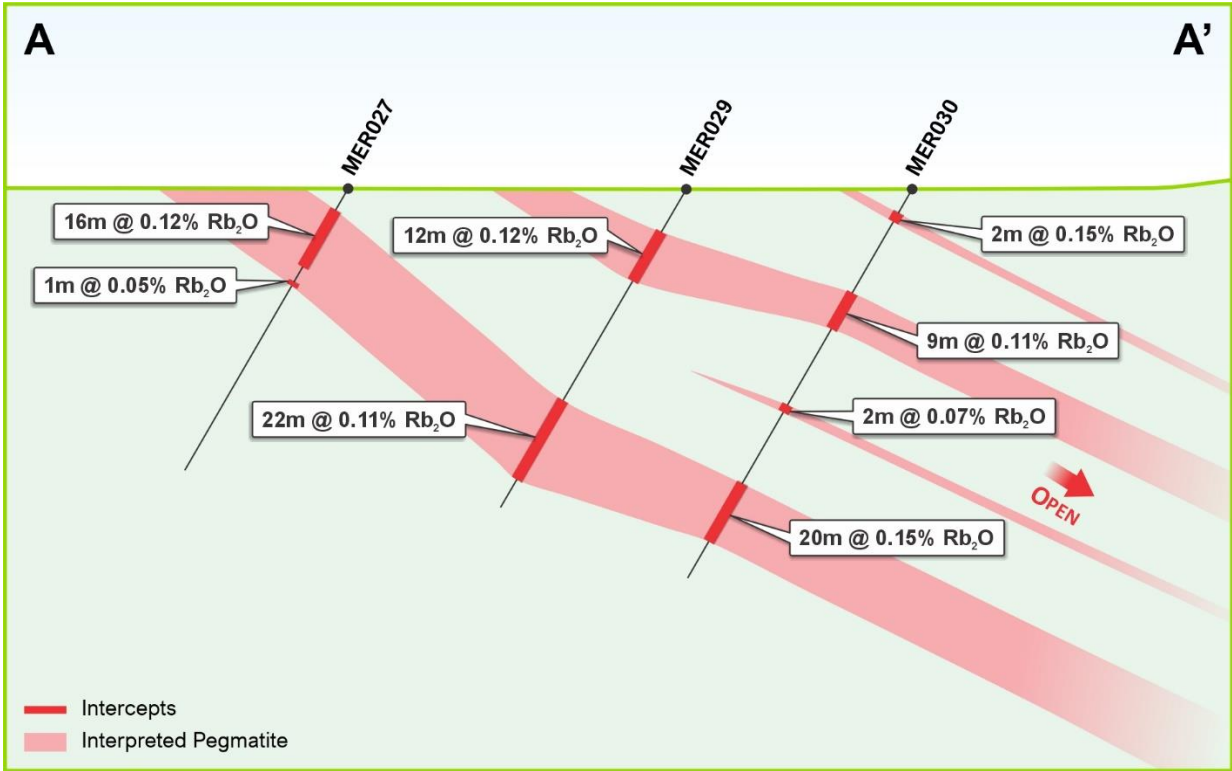


Figure 4: Section A-A' 6757870mN

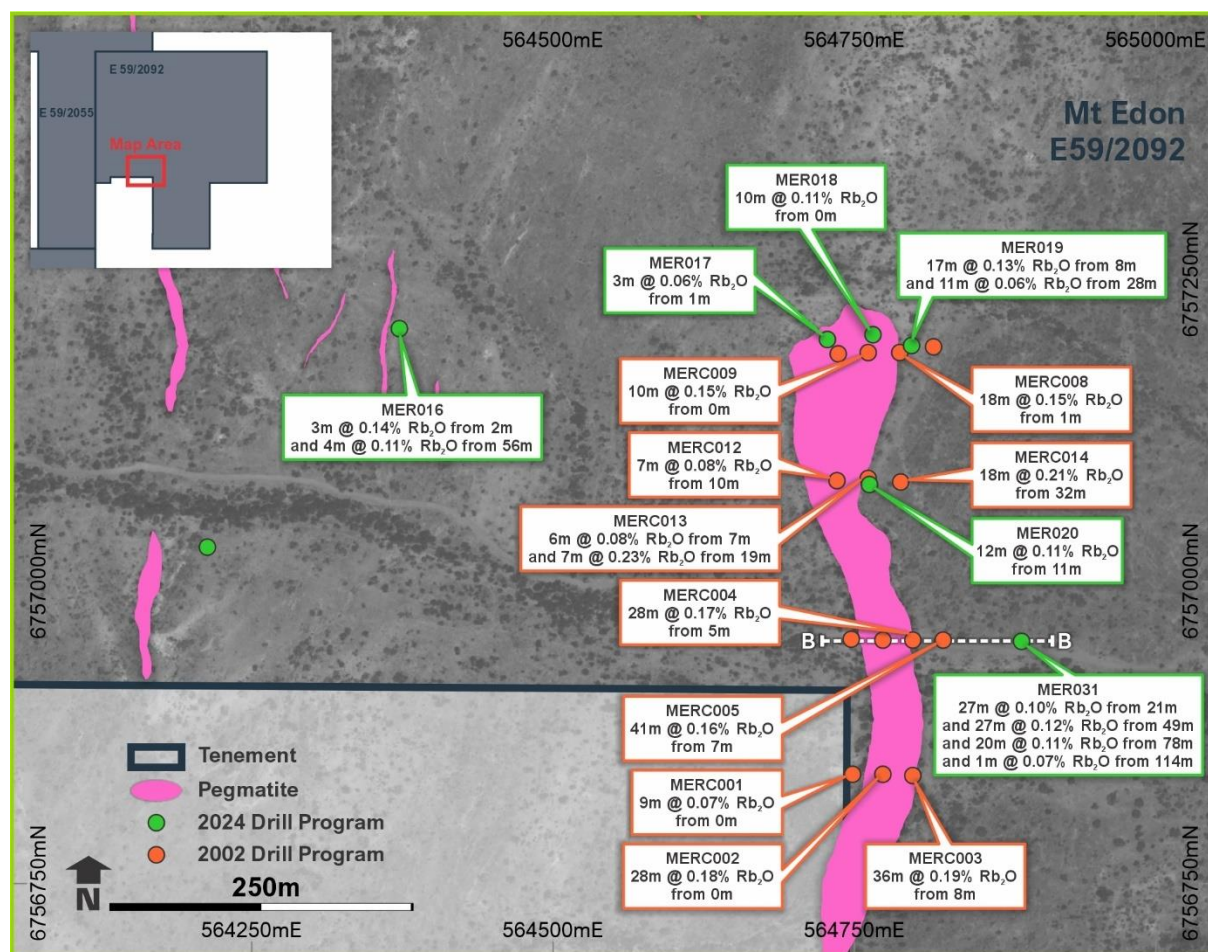


Figure 5: "Main" pegmatite area hole plan showing significant grade intercepts

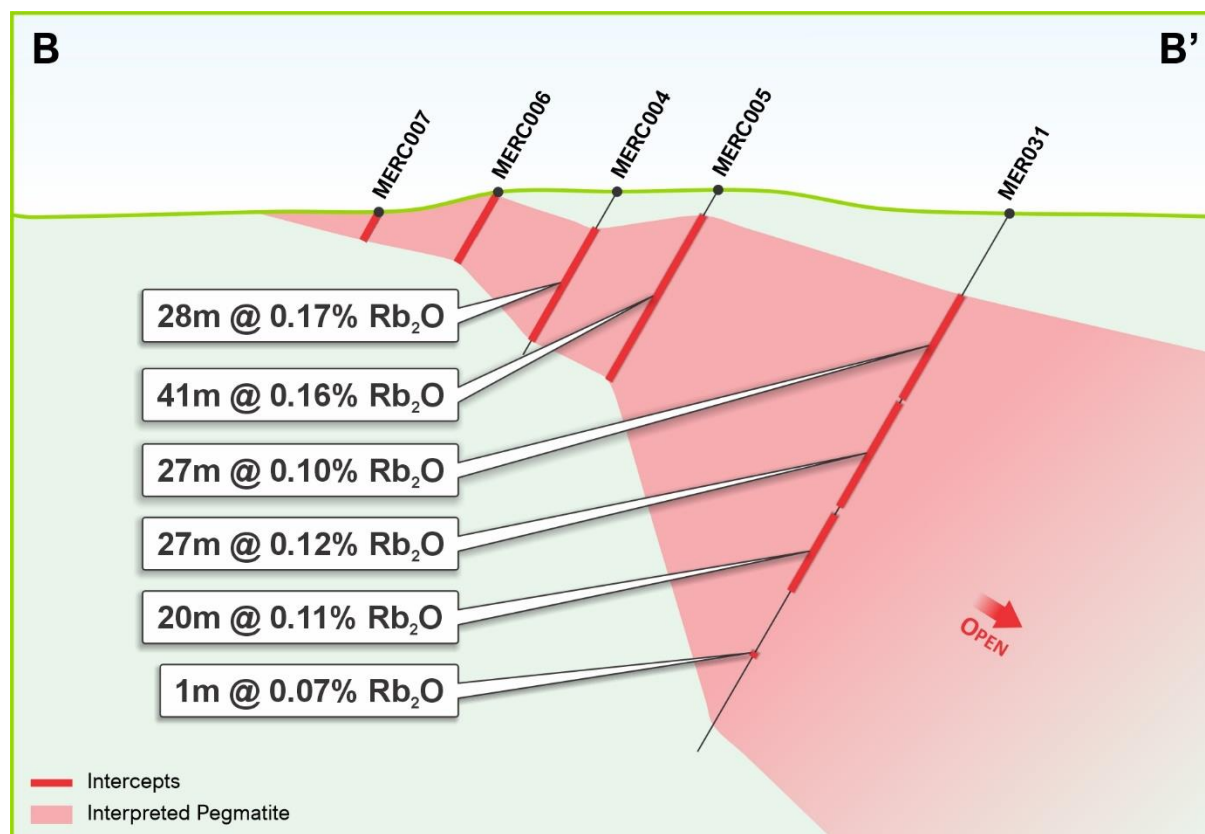


Figure 6: Section B-B' 6756950mN

Mt Edon Project

The Mt Edon Project is located approximately 2km from Paynes Find and approximately 420km north of Perth via the Great Northern Highway. The Project overlies the southern greenstone sequences of the Paynes Find Belt, a 5km wide package of mafic, ultramafic and felsic volcanic rocks. A significant volume of pegmatite dykes/sills cut the greenstone stratigraphy and are the targets for Morella's pegmatite mineral-focussed exploration activities.

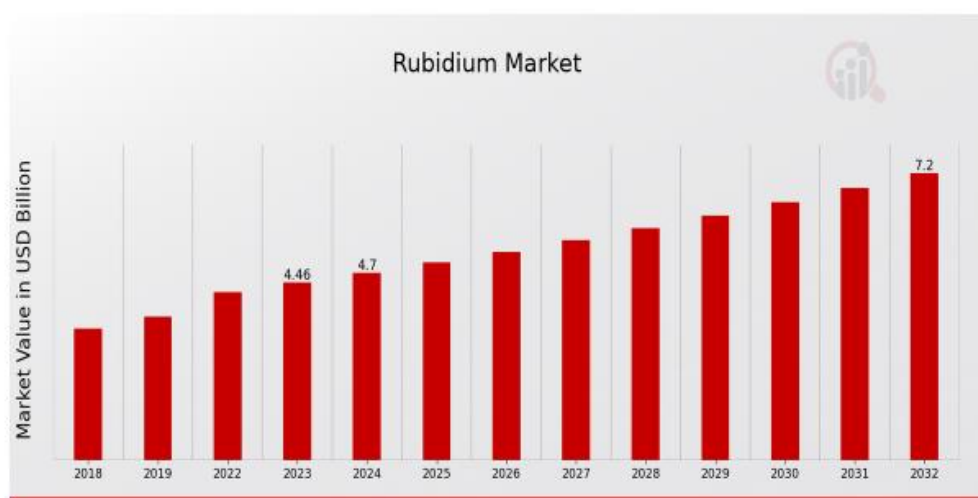
The recently finalised Everest Metals Rubidium Resource ⁶ which is surrounded on 3 sides by Morella's Mt Edon project tenement package is an exciting development for the district and supports the prospectivity of the region beyond its extensive gold history.

Rubidium Uses and Market

Rubidium is currently used in the manufacture of many high-end products including photocells, speciality glasses such as fibre optic cables, ceramics, telecommunications systems including an important role in GPS systems, and night vision devices. There are also uses in medical equipment, atomic clocks, and quantum computing, and in fireworks to give them a purple colour.

It is Rubidium's potential use in rechargeable batteries that has the most upside. If sodium-ion batteries were to take market share from lithium-ion batteries in the future, the small amounts of rubidium and caesium that has been shown to improve the performance of sodium-ion batteries could grow the market significantly.

The Rubidium Market Size was estimated at US \$4.22 (Billion) in 2022. The Rubidium Industry is expected to grow from US \$4.46 (Billion) in 2023 to US \$7.20 (Billion) by 2032. The Rubidium Market CAGR (growth rate) is forecast at 5.48% during the forecast period (2024 - 2032) ⁷.



Conclusions and next steps

The 2002 Haddington drill program successfully intercepted pegmatite in all 14 drillholes with rubidium mineralisation identified in 11. The 2024 Morella drill program successfully intercepted pegmatite in 15 of the 17 drillholes, with all pegmatite intervals returning rubidium mineralisation over 0.05% Rb₂O.

These results combine to provide exciting new opportunities at the northeast cluster as well as the dramatic increase in the size of the mineralisation found in the Main pegmatite discovery, giving great

⁶ ASX Release Everest Metals Ltd – EMC Delivers World-Class Rubidium Resource at Mt Edon Project, WA – 21 August 2024

⁷ Source: <https://www.marketresearchfuture.com/reports/rubidium-market-27298>

encouragement to further development of the Mt Edon project.

Looking forward, future works include more detailed mapping of the pegmatite outcrops throughout the main pegmatite and northeast cluster areas, as well as planning and executing additional drilling to further develop these areas, testing both strike and depth extensions.

West Wodgina Lithium Project (Sayona Joint Venture)

During the Quarter Morella announced highly encouraging assay results from the soil sampling program completed at the West Wodgina Lithium project (West Wodgina) prospect located 100km south of Port Hedland and 8km west of the world class Wodgina Lithium Operation.

Targeted to test zones delineated by aeromagnetic survey, remote surface mapping, and surface geochemistry as prospective for lithium-bearing pegmatites, as well as infill sampling to better define identified anomalies, it has yielded 5 new targets with results up to 255ppm Li₂O.

Morella Managing Director James Brown said:

"As we wrap up this part of the field season it is very encouraging signs for the West Wodgina prospect which forms part of the Morella / Sayona JV. The proximity to the operating Wodgina Lithium Mine and the fact the tenement is very sizeable leads us to believe that the discovery opportunities are very attractive with planned further detailed assessment and drilling program to follow."

West Wodgina Sampling

The areas chosen for assessment complements the results of the previous soil sampling program ⁸ and historic field exploration in combination with aeromagnetic surveys and remote mapping exercises.

A total of 1,016 soil samples were collected over the untested prospective areas. Additionally, 159 samples were collected over two areas covered by the previous soil program generating infill lines to improve the anomaly definition. Each sample was taken from a small, 30cm pit with the soil material passed through a <2mm sieve and submitted as a total assay. The sample locations are shown in Figure 7.

⁸ ASX Release - Successful soil sampling program at the West Wodgina Lithium Project – 22 November 2023

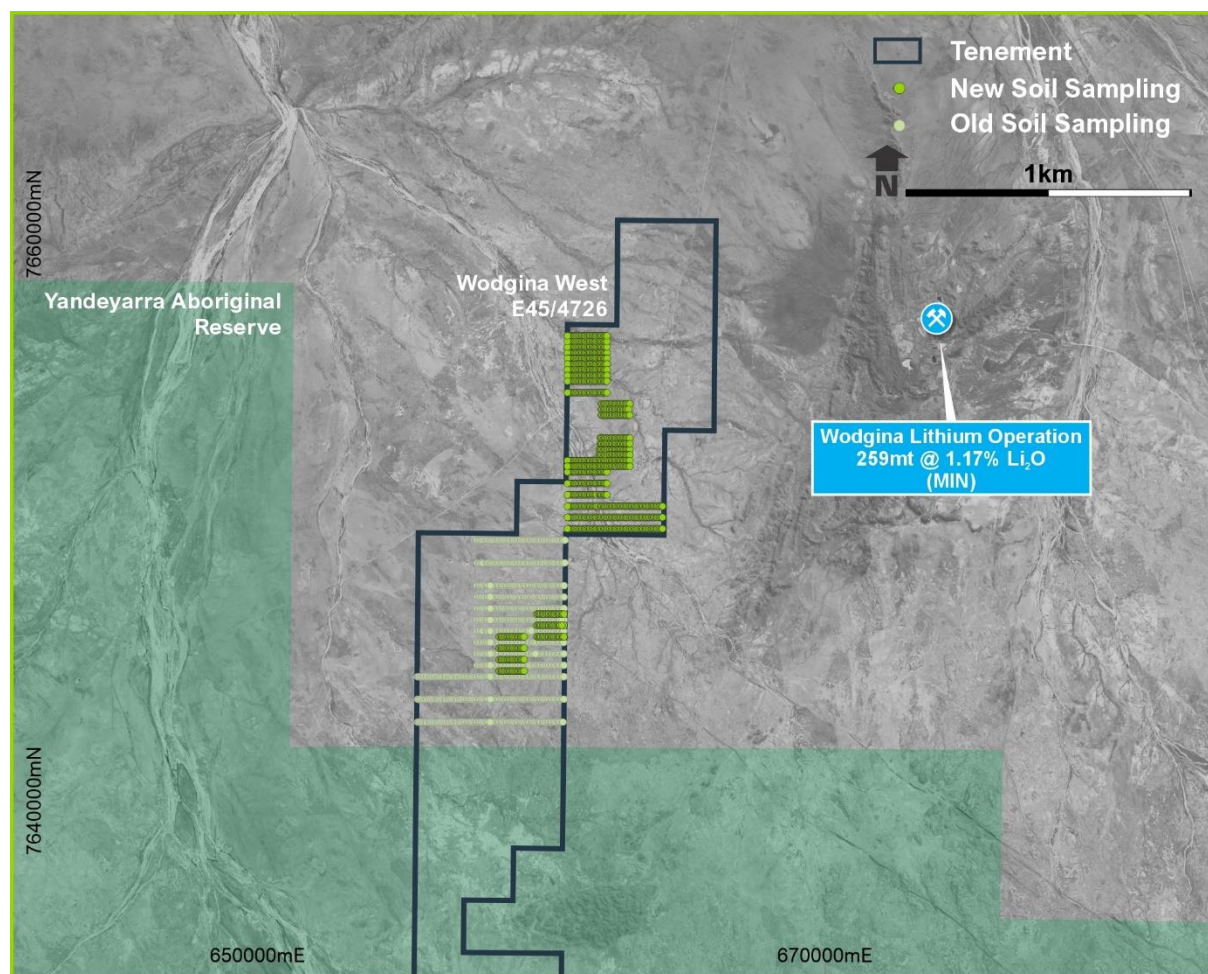


Figure 7: West Wodgina soil sampling program

The minus 2mm samples were dispatched to ALS Global in Perth for assay in full on 16 September 2024. Samples were assayed for a standard multi element lithium suite including rare earth elements using the process of a 4-acid digest followed by ICP-MS for detection.

Using the results of this soil sampling program, in conjunction with previous soil sampling results, we have identified 5 new promising development targets with soil assays up to 255ppm Li₂O within the West Wodgina project area, with existing targets further defined (Figure 8).

These targets give strong indications of potential mineralisation within the underlying pegmatites, warranting further exploration.

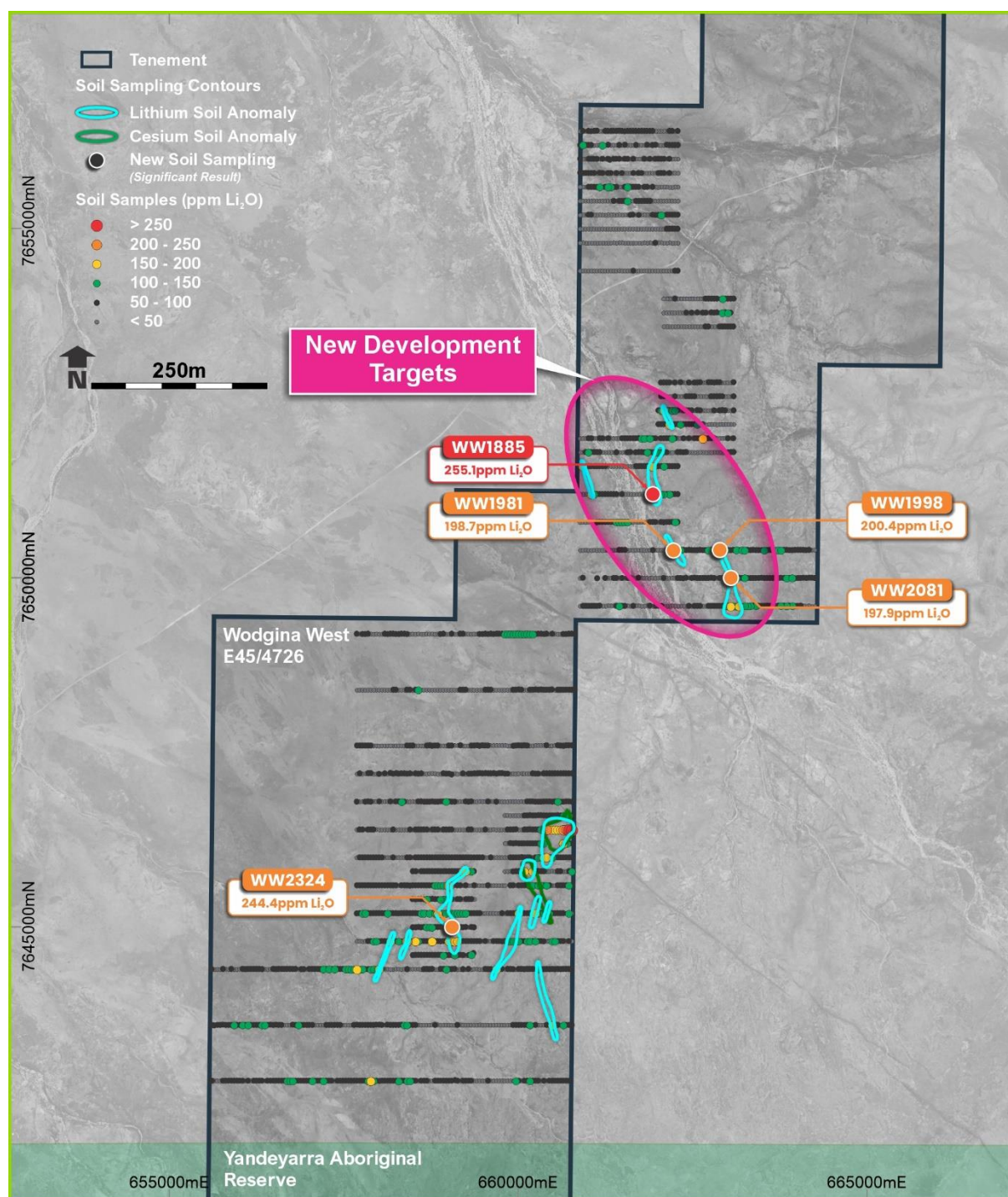


Figure 8: Soil assay Li anomaly targets

Conclusions and next steps

The soil anomalies indicate there are notable prospective targets for lithium bearing pegmatites within the tenement. Future works include:

Using the mapped outcrops, to design and execute a maiden drilling program targeting the most significant geochemical anomalies to investigate the presence of lithium bearing pegmatites in these areas.

Fish Lake Valley Project (FLV)

The annual renewal for the 297 placer claims at Fish Lake Valley has been completed. In total 86 eighty acre placer claims and 211 twenty acre placer claims have been successfully renewed with the bureau of Land Management in Nevada.

In addition, a 2 year extension to the permits for the previous two drilling campaigns has been secured with the Nevada Department of Minerals and Bureau of Land Management allowing for further work to be undertaken under those permits.

North Big Smoky Project (NBS)

The annual renewal for the 388 twenty acre placer claims at NBS Carvers project and 356 twenty acre placer claims at the Austin project have been successfully renewed with the Nevada Bureau of Land Management (BLM).

The BLM also inspected the rehabilitation of four drill sites that were prepared for the drilling in June 2023 at the Carvers project. The sites were deemed rehabilitated to the BLM satisfaction and the bond was returned.

CORPORATE

Rights Issue Shortfall Placement

On 17 October 2024 Morella accepted an application for 24,258,333 Shares, for a total value of \$873,300, under the Shortfall Offer from Interra Resources Limited (Interra), a Singapore-incorporated company listed on the Singapore Exchange mainboard.

Interra, is engaged in the business of petroleum exploration and production (E&P). Since the appointment of the new Chairman in August 2023, Interra has been actively exploring a variety of new businesses and collaboration opportunities to identify suitable new ventures and strategic alliances to meet a new investment profile. These include moving into the areas of renewable energy. Interra views this opportunity as a long-term investment and partnership with Morella whose goals are compatible and synergistic with the Company's venture into the renewable energy sector.

Issue of Anniversary Shares to Lithium Corporation

During the Quarter the Company met anniversary milestones under both the Fish Lake Valley (FLV) and North Big Smoky (NBS) Earn in Agreements.

As a result of the Company meeting the 3rd Anniversary Milestone included in the Earn in Agreement for the FLV project and the 2nd Anniversary Milestone included in the Earn in Agreement for the NBS project, the Company issued a total of 8,055,966 Fully Paid Ordinary shares.

Morella has already met the total expenditure required under both of the Earn in Agreements and will seek to finalise the Joint Venture Agreement in 2025.

Annual general Meeting

The Company conducted the Annual general Meeting of Shareholders on 29 November 2024. Each item of business put before the Meeting were passed by shareholders on a poll as is required.

December 2024 Placement

In December 2024 the Company undertook a Share Placement to institutional, sophisticated and professional investors for the placement of 55,043,713 new fully paid ordinary shares ("New Shares") at

an issue price of A\$0.026 per New Share to raise gross proceeds of approximately A\$1.40 million ("Placement" or "Equity Raising").

As part of the Equity Raising, the Company's Board of Directors will subscribe for approximately A\$725,000 in New Shares, which is subject to shareholder approval to be sought at an upcoming Extraordinary General Meeting ("EGM") expected to be held in March 2025.

The Placement comprises two tranches:

- **Tranche 1:** to raise A\$706,600 via the issue of 27,176,923 New Shares utilising the Company's available placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A.
- **Tranche 2:** to raise A\$724,537 via the issue of 27,866,790 New Shares under the Director Participation which is subject to shareholder approval to be sought at an upcoming EGM expected to be held in March 2025.

Use of Funds

Proceeds from the Placement, together with existing cash will be applied to:

- Exploration activities and advancing the development of future drilling targets across the Company's projects in Western Australia and Nevada; and
- General working capital.

Morella Managing Director James Brown said:

"The support from new and senior shareholders coupled with the continued support of the Morella board of directors goes a long way to validating the direction of the Company. Morella has an attractive suite of projects with this funding directed toward maintaining positive momentum of these projects."

Canaccord Genuity (Australia) Limited acted as Lead Manager and Bookrunner to the Placement.

Unmarketable Parcel Facility

The Company appointed Canaccord Genuity (Australia) Limited to facilitate the sale of the Unmarketable Parcels announced on 13 May 2024. The Shares under the Facility are being sold at market prices, subject to prevailing market conditions and available liquidity. Shareholders whose shares are sold under the Facility will receive a proportionate share of the total proceeds of all the Shares sold under the Facility. Payment for Shares will be remitted by Link Market Services as soon as practicable following the settlement of the sale of all the Shares sold through the Facility.

The Company is monitoring the sale of the facility shares. However, recent price and volumes of Morella share sales have meant that not all the shares have been sold. The Company is monitoring the situation, and it is working towards finalising the sale of the large number of shares that have been realised under the Facility. The Company will continue to act to get the best possible result for the participants in the Unmarketable Parcel Facility

Other Disclosure

As disclosed under item 6 in the Appendix 5B, the Company made payments to related parties as follows:

- \$60,000 relating to the Directors fees for the Quarter.

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

Contact for further information.

Investors | Shareholders

James Brown

Managing Director

E: info@morellacorp.com

Competent Persons Statement

The information in this announcement that relates to Exploration Results 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 announcement that relates to Geophysical Results at FLV 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 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.

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

Schedule of Tenements

The schedule below discloses the exploration tenements held by the Company at the end of the Quarter, none were sold or cancelled.

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Morella Corporation Limited

ABN

39 093 391 774

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	96	236
1.2	Payments for		
	(a) exploration & evaluation	(62)	(120)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(411)	(880)
	(e) administration and corporate costs	(300)	(687)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	• Sundry income	1	27
1.9	Net cash from / (used in) operating activities	(675)	(1423)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(22)
	(d) exploration & evaluation	(510)	(1,157)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) reimbursement from tenement holder	305	520
	(c) property, plant and equipment	-	-
	(d) investments – Sale of shares on market	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Term deposit facility	-	-
2.6	Net cash from / (used in) investing activities	(205)	(659)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,316	3,185
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	504
3.6	Repayment of borrowings	(705)	(705)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	• Payments of lease liabilities	(12)	(24)
3.10	Net cash from / (used in) financing activities	1,599	2,960

4.	Net increase / (decrease) in cash and cash equivalents for the period	719	878
4.1	Cash and cash equivalents at beginning of period	577	430
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(675)	(1,423)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(205)	(659)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,599	2,960
4.5	Effect of movement in exchange rates on cash held	34	22
4.6	Cash and cash equivalents at end of period	1,330	1,330

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,330	575
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,330	575

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- Directors Fees paid in the Qtr
 - Interest paid on funding facility in the Qtr.
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
60
-
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities ⁽ⁱ⁾	3,217	3,217
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	3,217	3,217
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
(i)	Morella has executed an unsecured facility with related entities to fund the Deed of Company Arrangement and initial working capital requirements. The facility maturity date is March 2026 with an interest rate of 8% pa. The facility can be converted into shares at the option of the lender whilst meeting the appropriate regulatory approvals.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(675)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(205)
8.3	Total relevant incoming / (outgoings) (item 8.1 + item 8.2)	(880)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,330
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,330
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.5

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8

If item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has completed a placement with sophisticated investors during the quarter. The Company has the ability to vary exploration intensity in order to manage funding. The Company believes that additional capital will be required during the year and is confident of raising such capital when required, based on previous funding outcomes the Board expects a high probability of success.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company has been successful and well supported for funding previously and the Board expects sufficient funds can be raised to meet the Group's operational objectives

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025

Authorised by: Morella Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.