

30 April 2025

Quarterly Activities Report & 5B Cashflow March 2025

- **Mt Edon drilling preparations advanced following desktop review and outcrop mapping, refining drill targets at the Sophie Pegmatite ahead of a planned resource definition program**
- **Sophie Pegmatite progressed with planning underway for resource definition drilling following promising exploration results, heritage walk scheduled for June quarter**
- **Mallina Exploration - confirmed lithium mineralisation at Pegmatite 2 over a 1km strike length, remaining open along strike and at depth**
- **West Wodgina targets advanced with multiple new exploration targets identified from soil and rock chip programs**

OVERVIEW

Morella Corporation Limited (**ASX: 1MC** “Morella” or “the Company”) is pleased to report on activities conducted during the March 2025 Quarter.

The primary focus of the Company during the quarter was to advance its exploration and evaluation activities at the Mt Edon Project and 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 is located approximately 2km’s from Paynes Find and approximately 420km’s 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 Ltd (ASX:EMC) Rubidium Resource¹ which lies adjacent to 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.

Several phases of soil sampling, in combination with geochemical results from previous exploration programs, indicated there are several prospective targets for mineralisation bearing pegmatites within the Sayona Joint Venture’s tenure.

¹ *ASX Release Everest Metals Ltd – EMC Delivers World-Class Rubidium Resource at Mt Edon Project, WA – 21 August 2024*

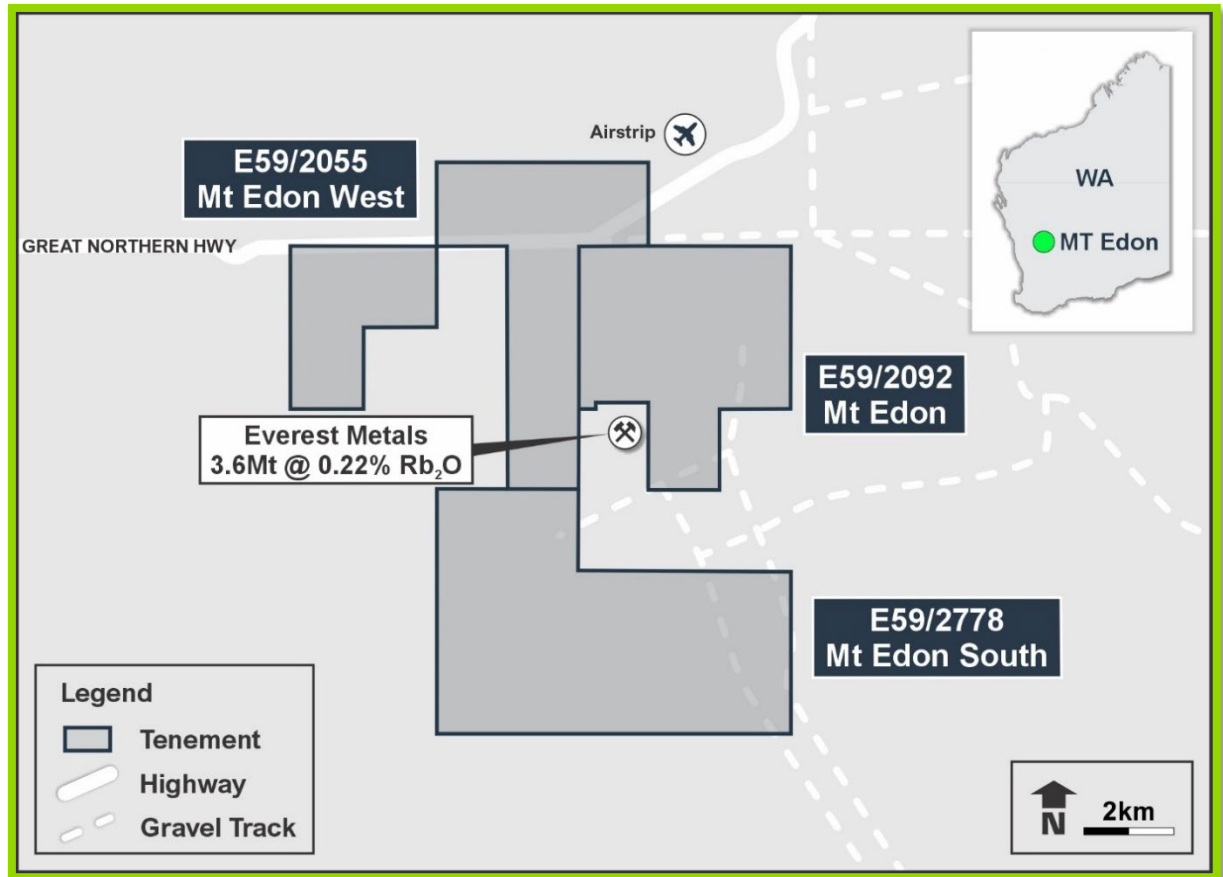


Figure 1: Mt Edon Project location

In 2024, a drill program was executed (Figure 2) which successfully intercepted pegmatite in 15 of the 17 drillholes, with all pegmatite intervals returning rubidium mineralisation over 0.05% Rb₂O.

During the March 2025 Quarter, a desk top review of all the above exploration results determined that they combine to reveal exciting new opportunities at the northeast cluster with the Miles and June pegmatites (Figure 3 and Figure 4) as well as the dramatic increase in the size of the mineralisation found in the Sophie pegmatite discovery (Figure 5 and Figure 6).

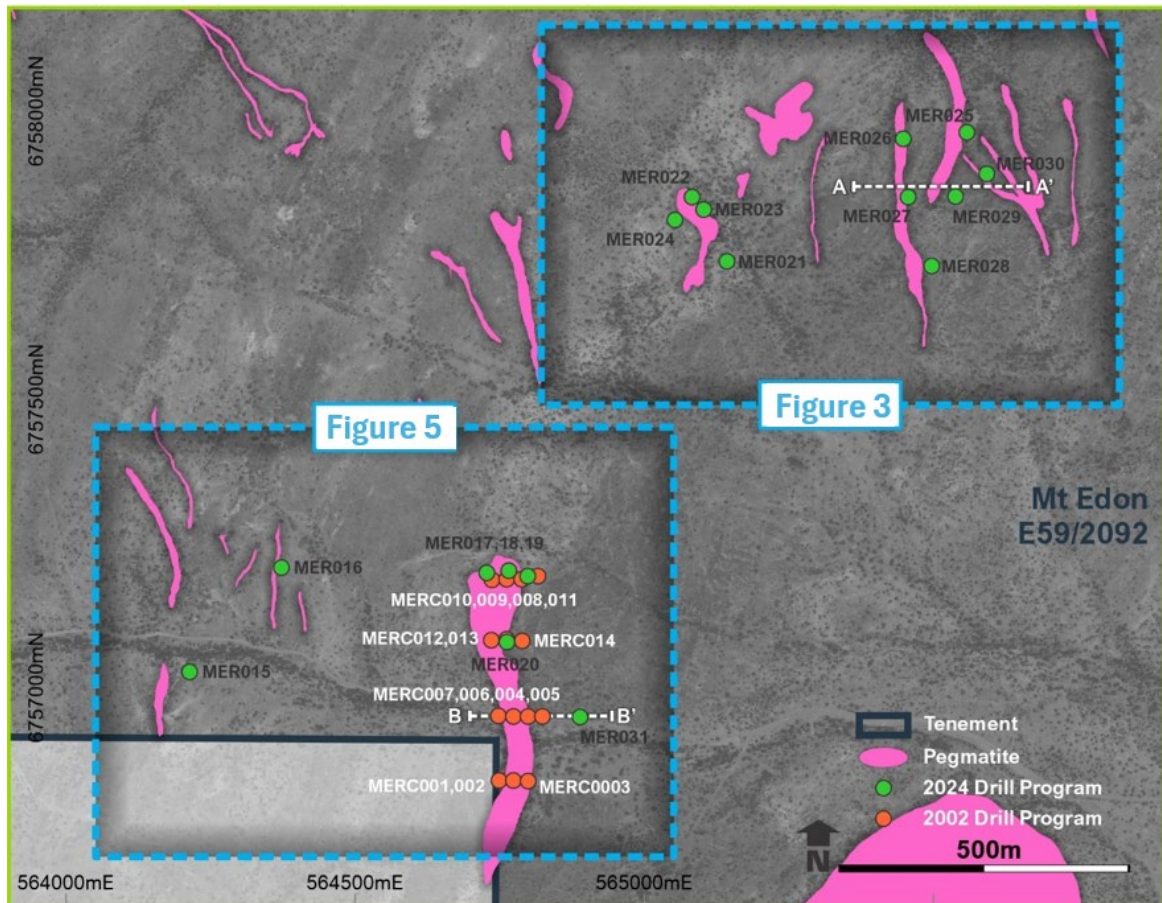


Figure 2: Mt Edon 2024 Drilling Program

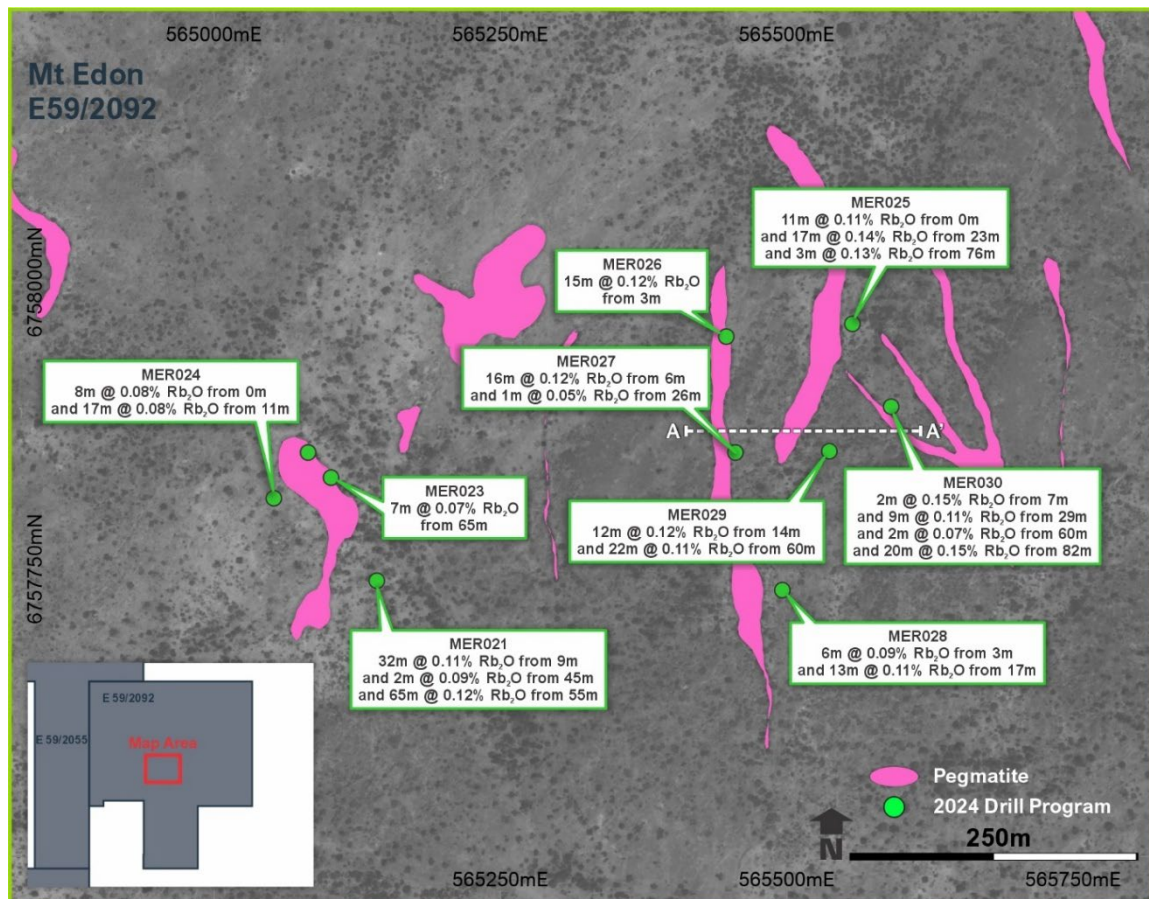


Figure 3: Northeast cluster hole plan showing significant grade intercepts

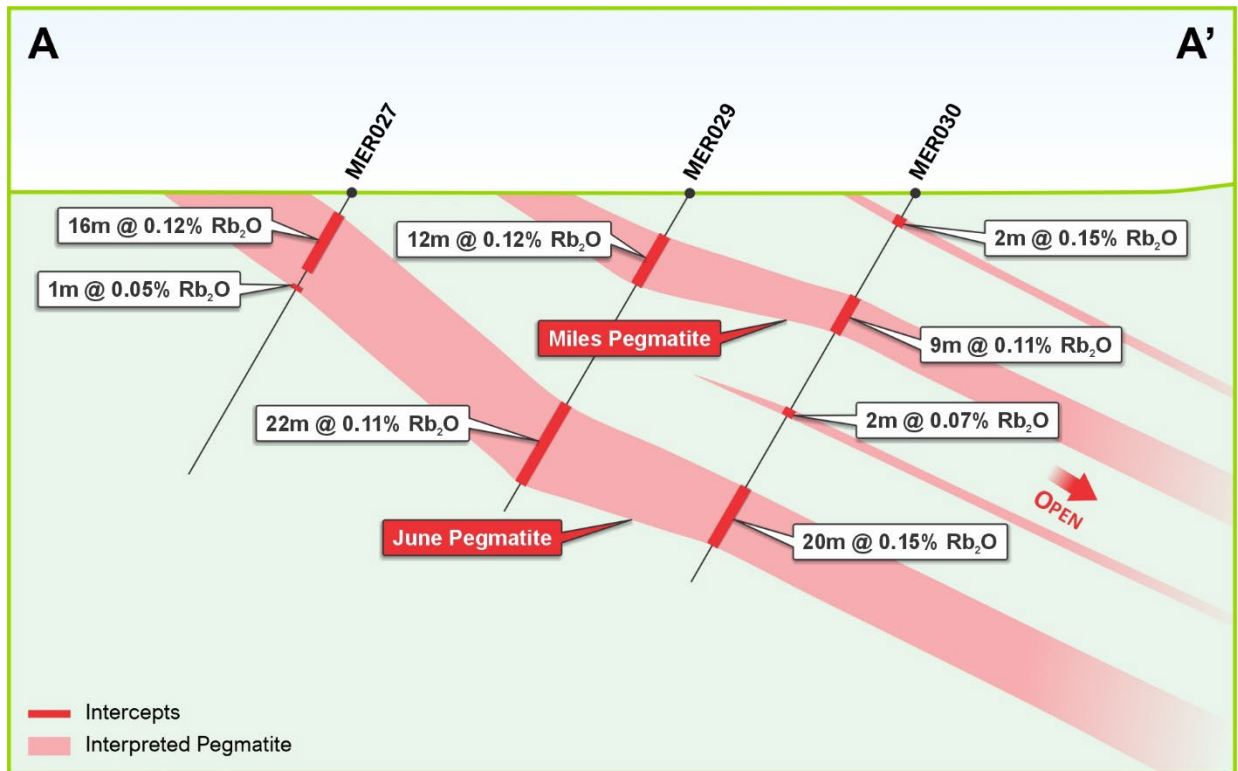


Figure 4: Section A-A' 6757870mN Miles and June Pegmatites

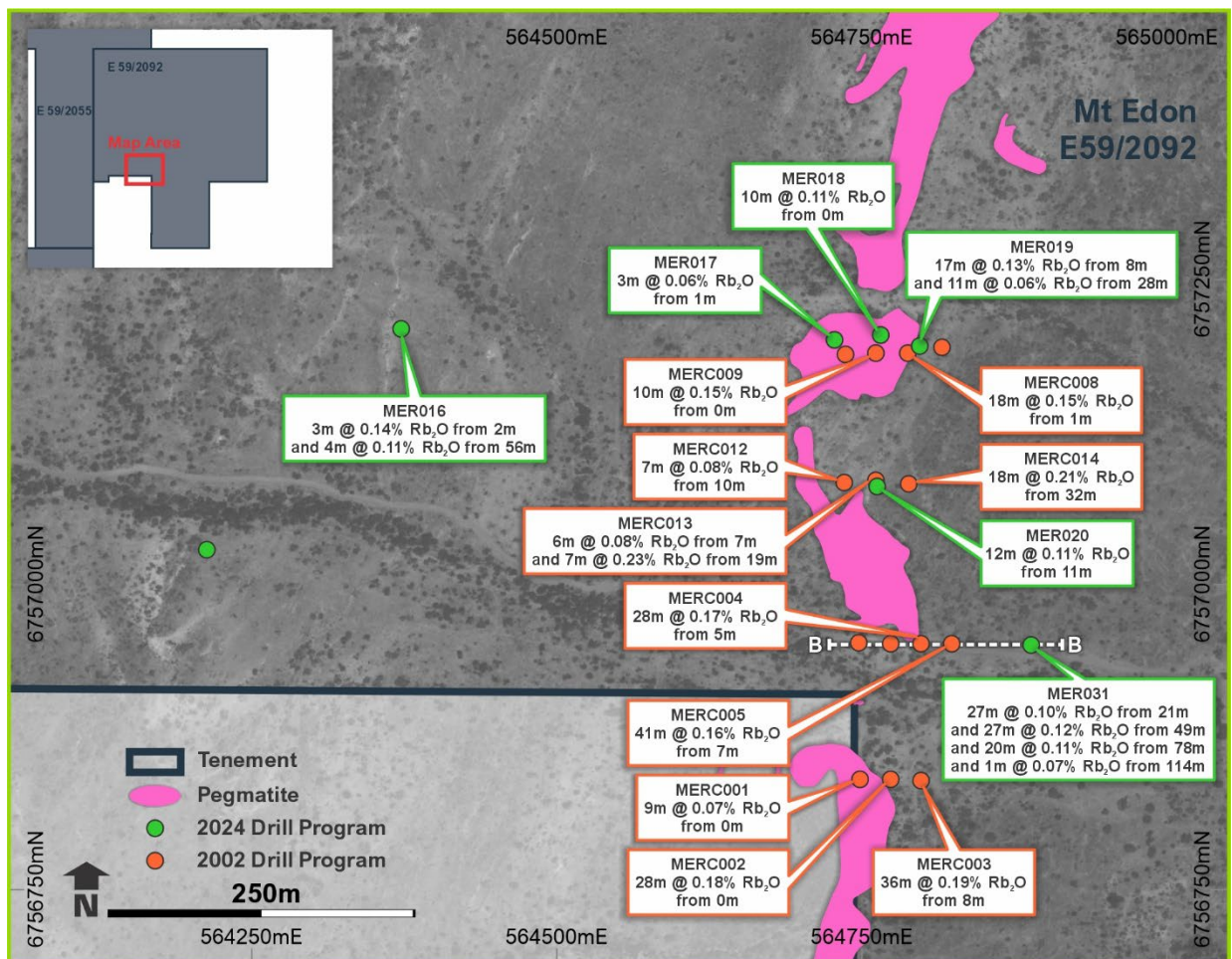


Figure 5: "Sophie" pegmatite area hole plan showing significant grade intercepts

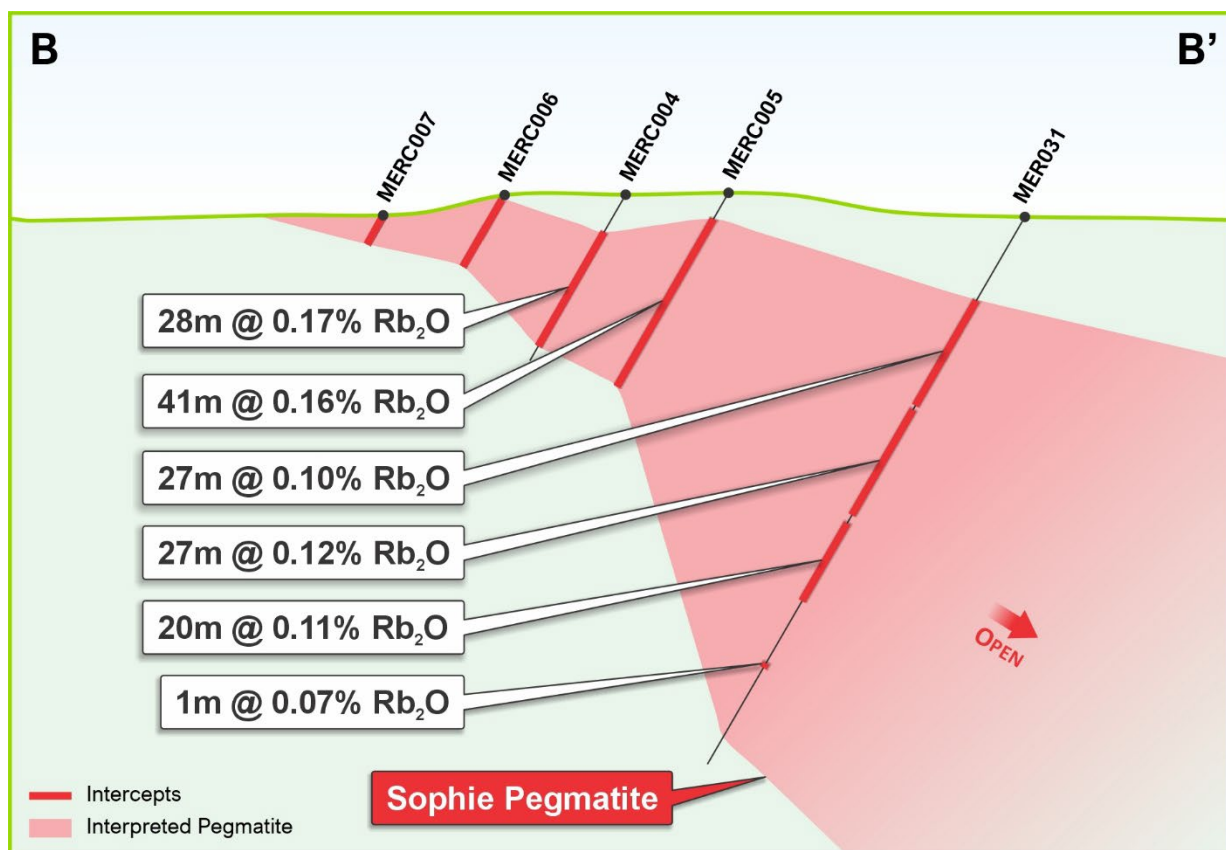


Figure 6: Section B-B' 6756950mN Sophie Pegmatite

During the period planning and preparation work commenced on an upcoming drill program to extend the understanding of the Sophie Pegmatite along strike and down dip, these activities are undertaken with a view to the development of a mineral resource in the future.

Initial on-site evaluation by Morella staff was undertaken by refining of the outcrop map to 1:2000 scale, as well as ground truthing of the planned drill pattern (Figure 7).

The Company has been formally notified by the Department of Mines, Industry Regulation and Safety that its program of works for utilising ground disturbing equipment had been approved, and a heritage survey has been scheduled for early next quarter before operations will begin.

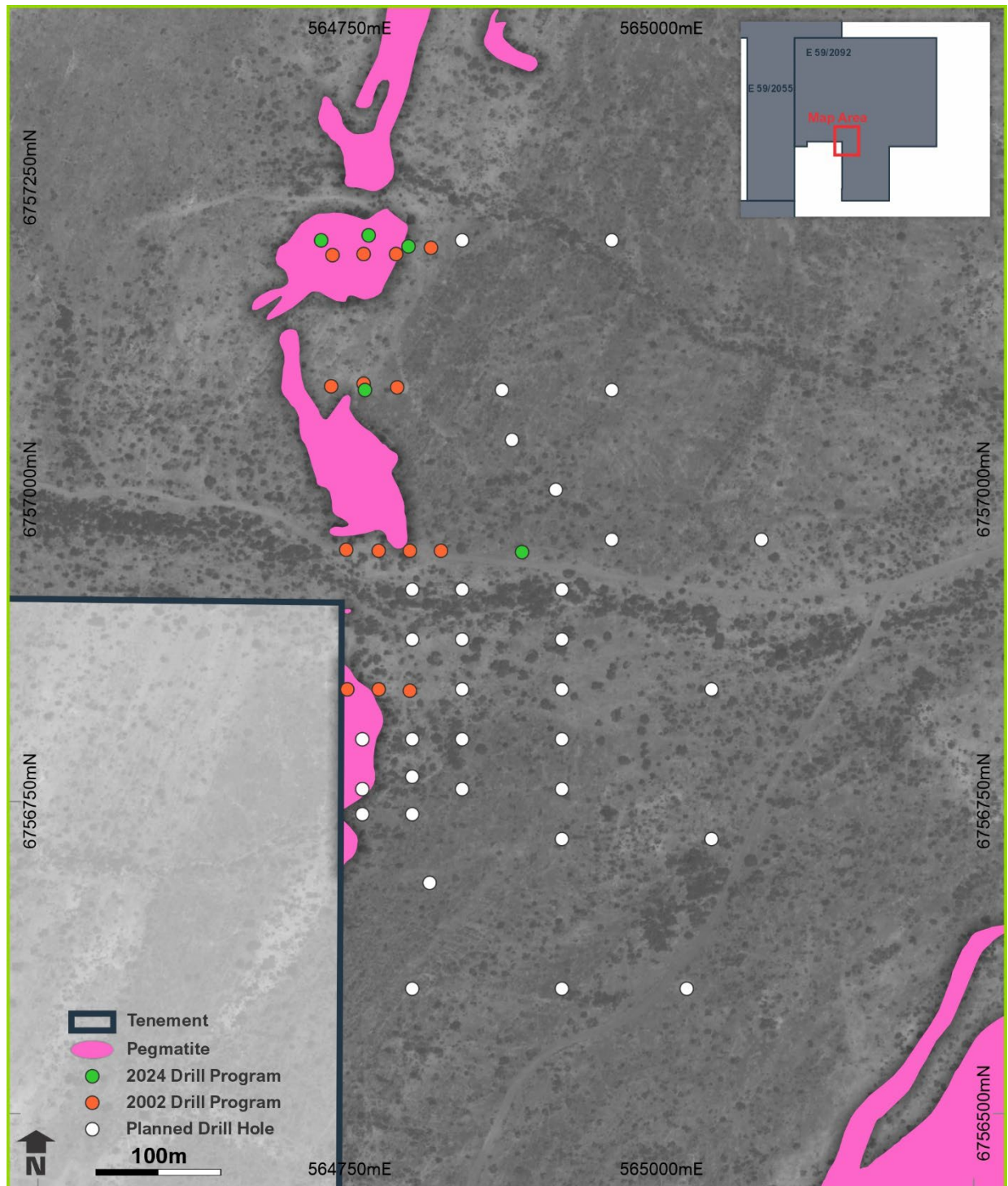


Figure 7: Development drilling plan

Mallina Project (Western Australia – Sayona Joint Venture)

The Mallina project is located 110 kilometres southwest of Port Hedland and is accessible via the Northwest Coastal Highway in Western Australia.

The Project is located within the Mallina Basin, a 70km wide basin that extends in an east-west orientation for almost 140km along the central Pilbara coast. There is limited bedrock exposure in the region, however historical exploration, mapping and study work indicates the presence of mineralised structures within the Project area.

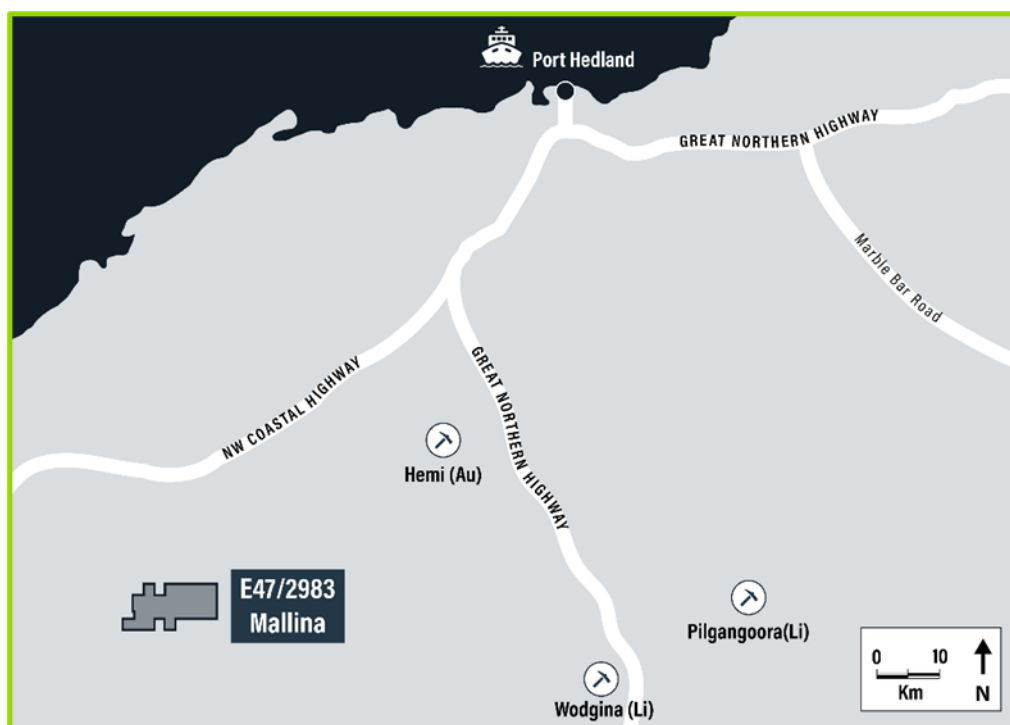


Figure 8: Mallina Project Location

The spodumene-bearing dykes at Mallina are recognised as composite or hybrid intrusions of early monzogranite and latter aplite phases. These phases are typical late phase components of the Split Rock Supersuite, which is considered the fundamental control on the formation of rare-metal pegmatite systems across the region.

Extensive works programs including mapping, rock chip sampling, and soil sampling programs developed multiple drill targets, several of which have been tested with a total of 149 Reverse Circulation (RC) drillholes and 4 Diamond drill holes.

The most prospective target, Pegmatite 2 (Figure 9), has been the focus of the most drilling and has yielded intercepts up to 20m @ 1.12% Li_2O .

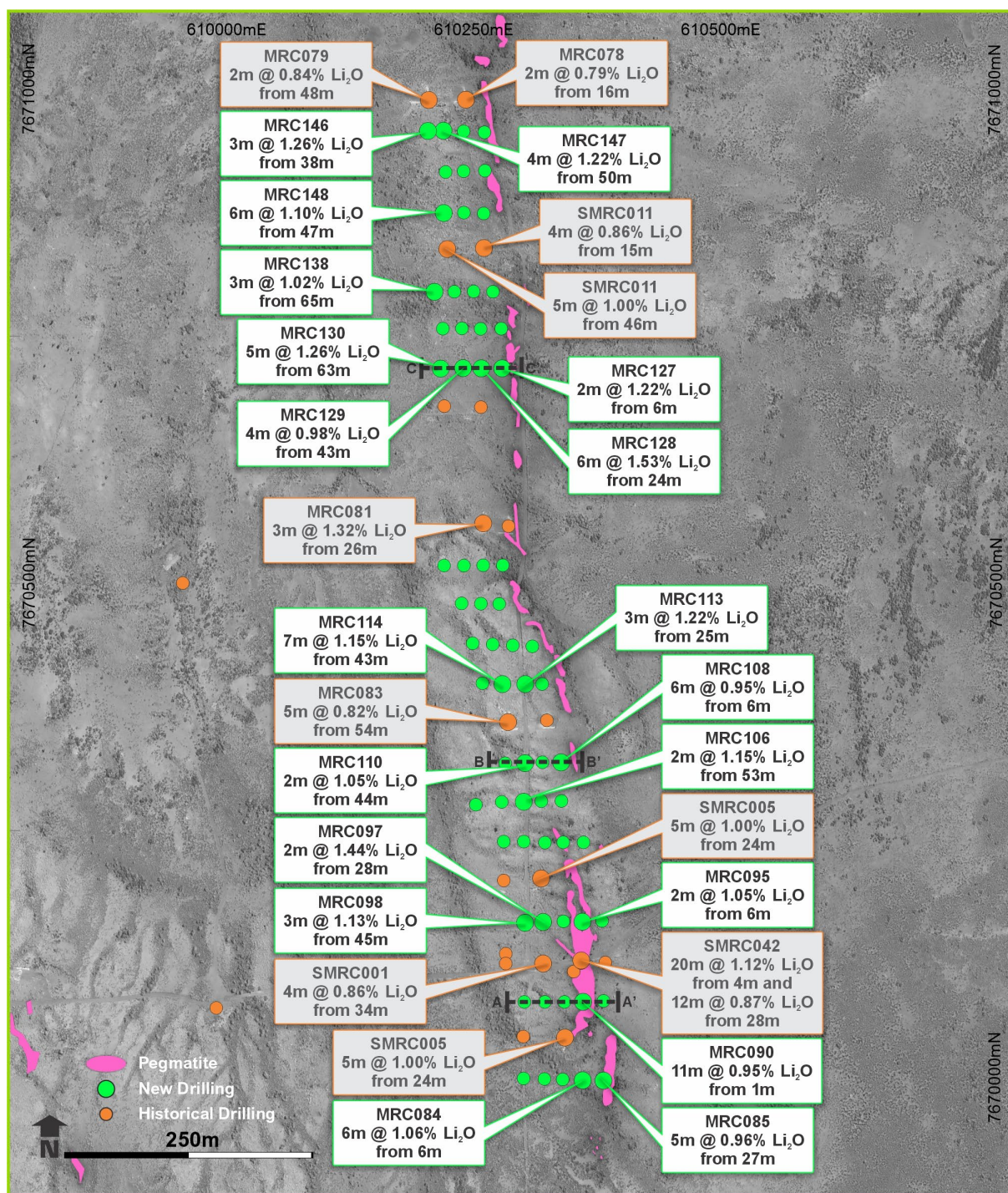


Figure 9: Pegmatite 2 hole plan showing significant grade intercepts

With mineralisation confirmed along 1km of strike length and open both along strike and at depth along a significant portion of the total strike, Pegmatite 2 is a prime target for further extensional drilling in conjunction with the development of additional prime targets within the Mallina project.

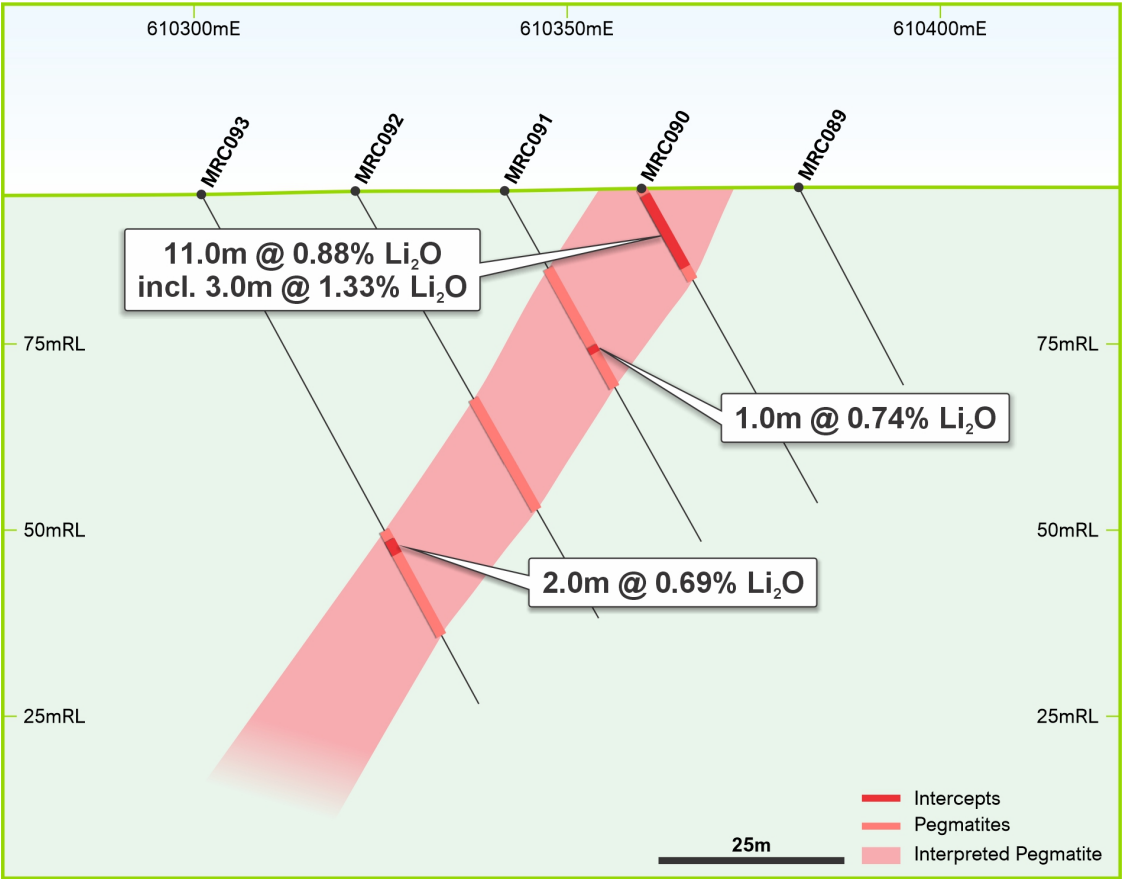


Figure 10: Section A - A' 7670080

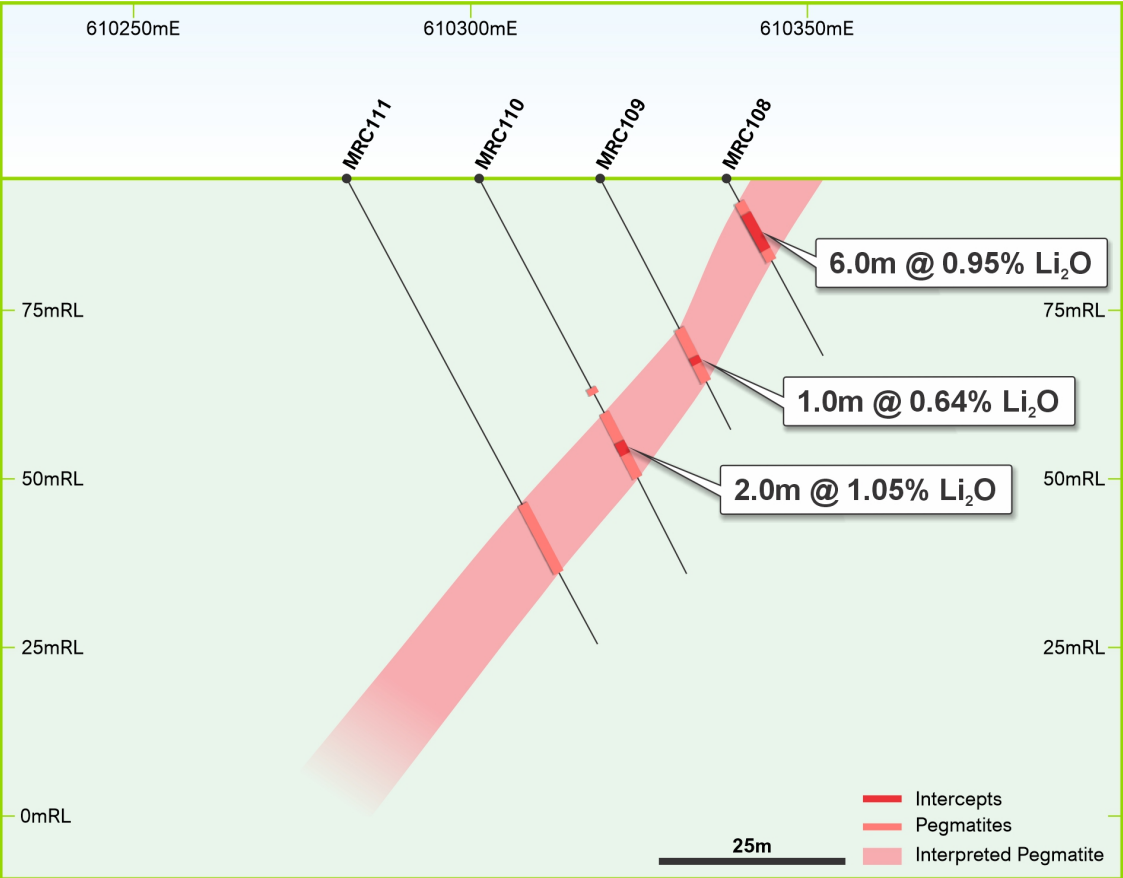


Figure 11: Section B - B' 7670320

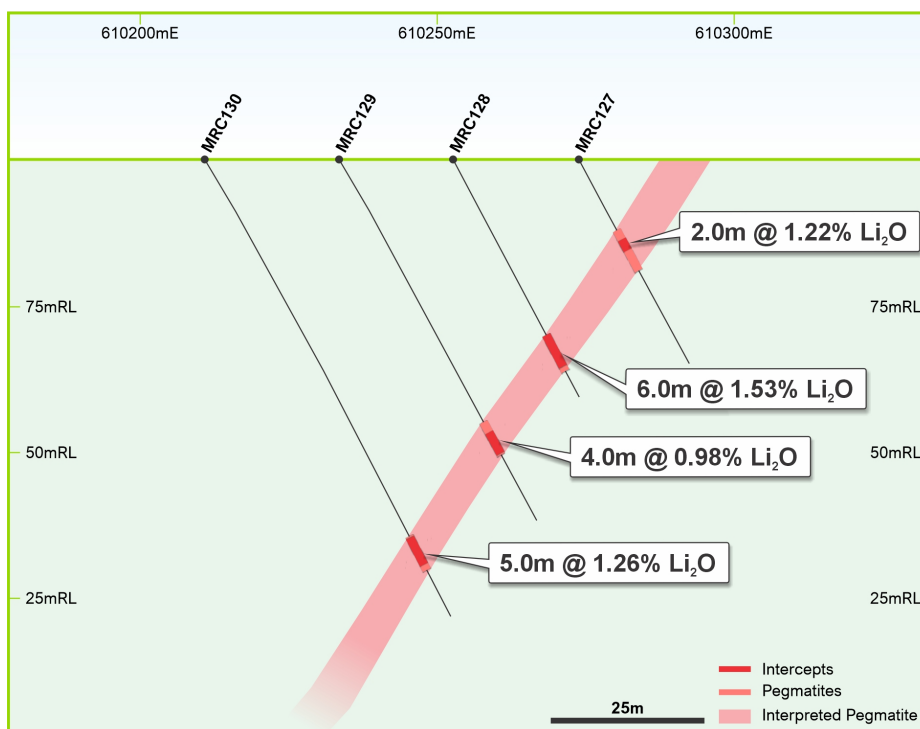


Figure 12: Section C - C' 7670720

During the period an analysis of all previous exploration determined that future works should begin with a ground gravity survey covering the central mafic unit. The purpose of which is to explore for large, fully concealed pegmatite units appropriate for testing with a targeted drill program. A proposal has been submitted to the Western Australian government under the Co-funded Geophysics Program (CGP) for partial funding of the survey. Notification of success is expected within the next quarter.

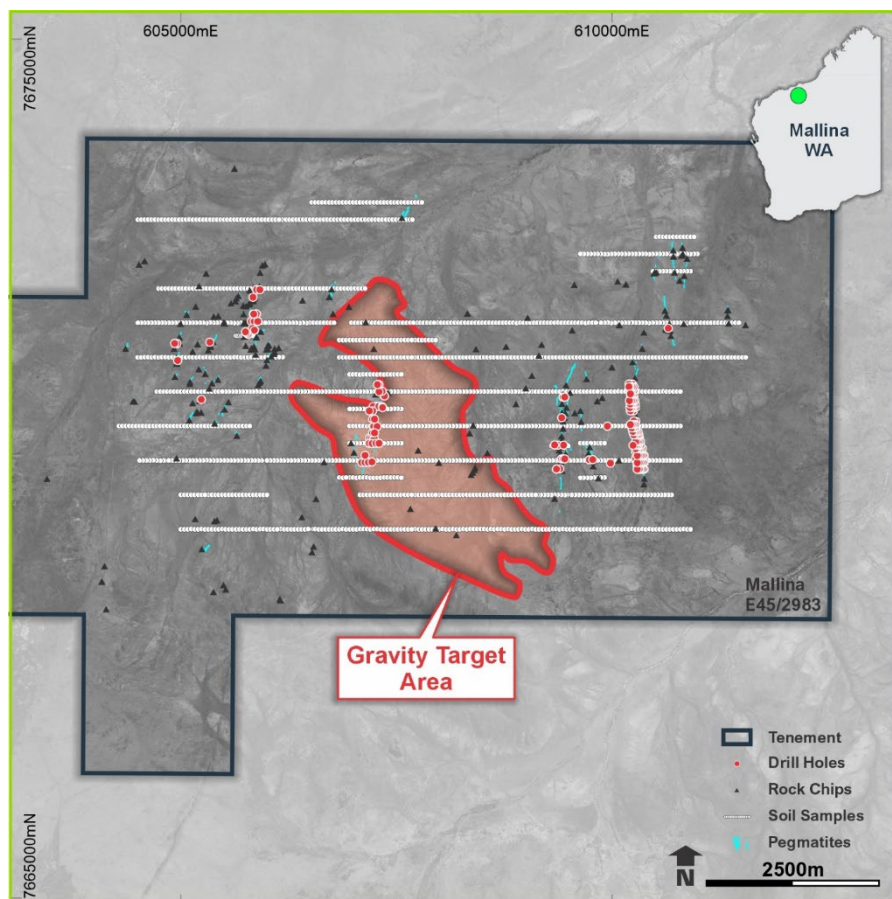


Figure 13: Targeted Ground Gravity Survey Area

West Wodgina (Western Australia – Sayona Joint Venture)

The West Wodgina prospect is located 100km south of Port Hedland and 8km west of the world class Wodgina Lithium Operation. The Project forms part of the broader Western Australian joint venture portfolio between Morella and lithium producer Sayona Mining Limited.

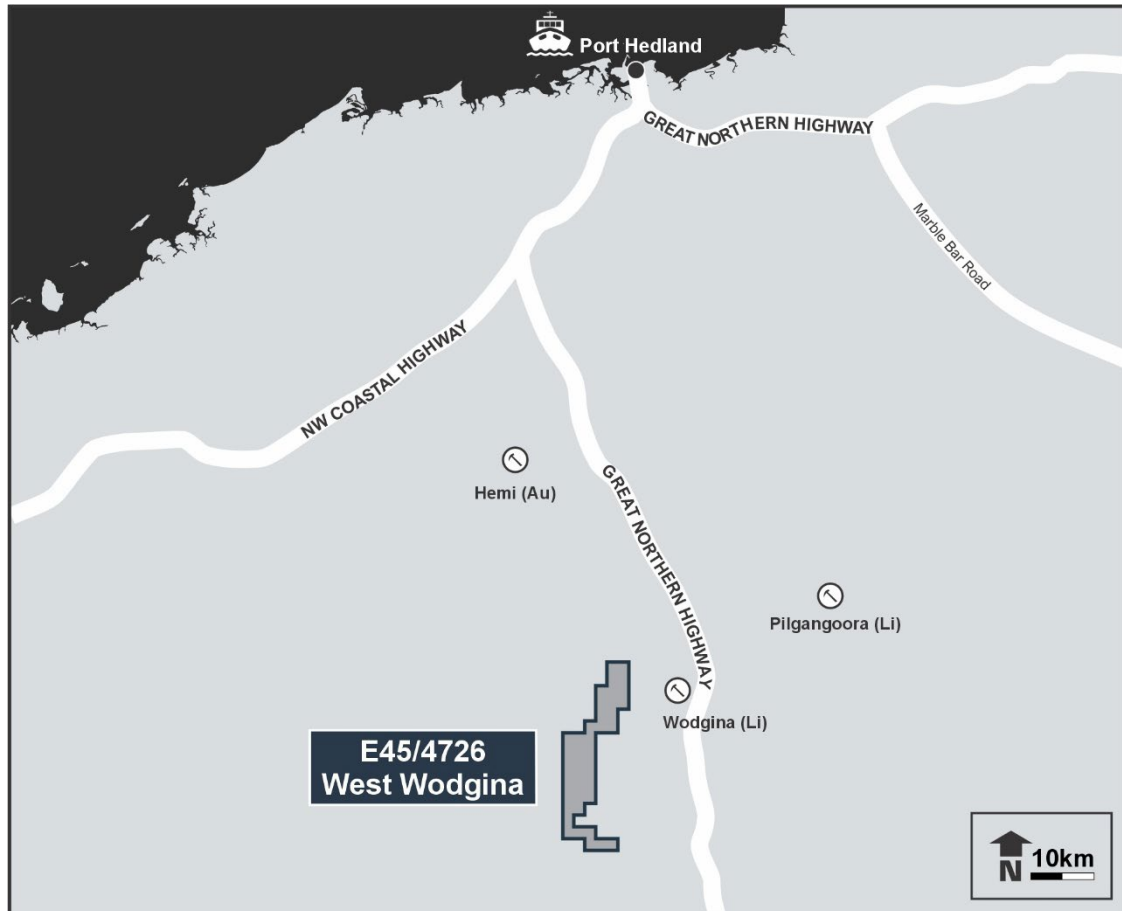


Figure 14: West Wodgina Project Location

Using the results of several soil sampling programs in conjunction with rock chip sampling and airborne geophysical surveys, several promising development targets have been defined within the project area.

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

A site visit is planned in the coming quarter to better understand the geology of those anomalous target areas and facilitate the targeting of potential drill programs.

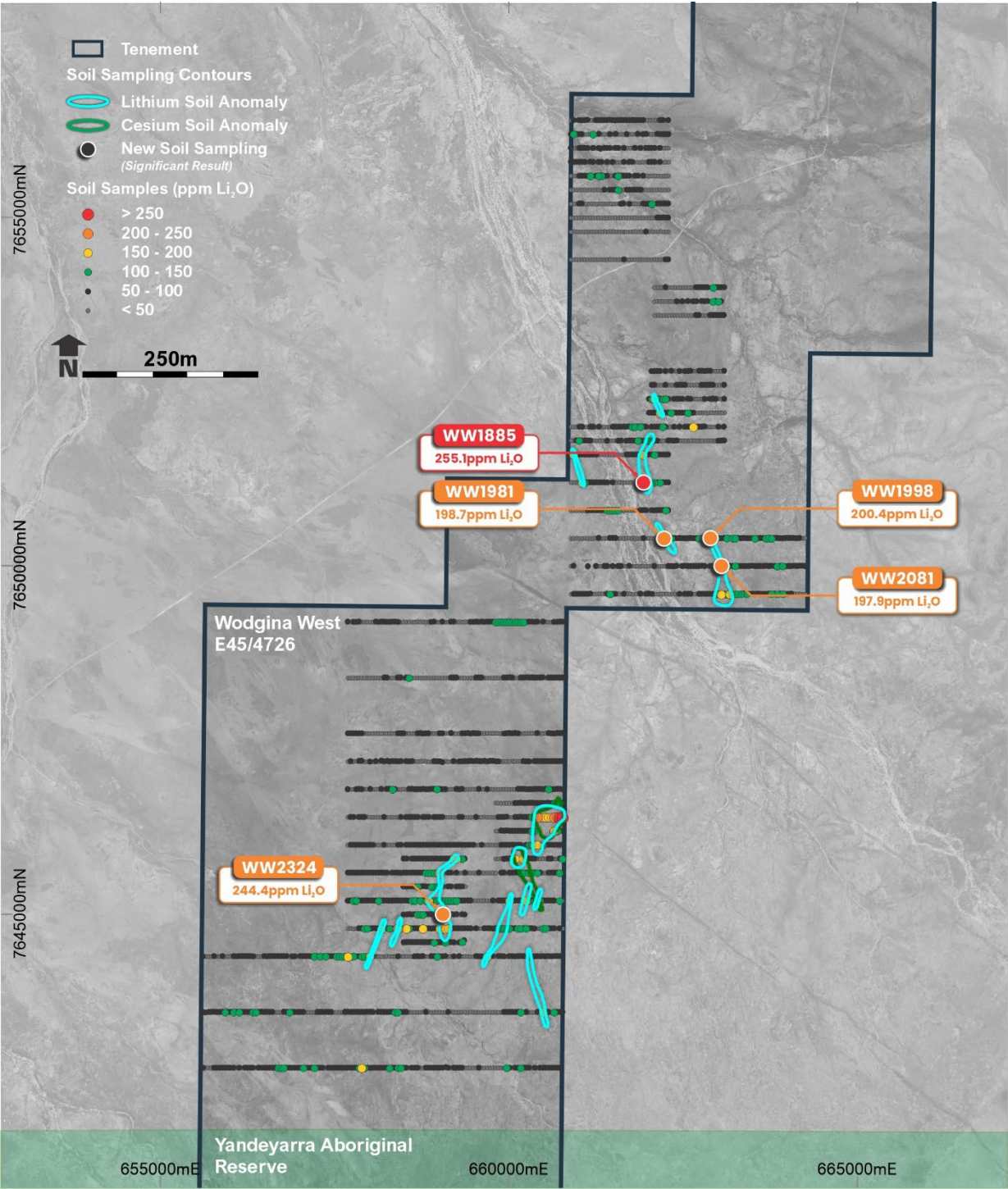


Figure 15: Wodgina West Soil anomalies and targets

CORPORATE

Extraordinary General Meeting

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.

In the March Quarter an Extraordinary Meeting of Shareholders was scheduled for 2 May 2025, and a Notice of Meeting was made available to shareholders on 24 March 2025, to ratify the issue of the above shares issued in December 2024 and to authorise the issue of shares to Directors, as related parties, that were included in the December 2024 Placement.

Also included in the Notice of Meeting were resolutions seeking the issue of a separate tranche of shares to the Directors (Director Shares) in satisfaction of a portion of their fees for the 2025 year.

The Board considers the issue of the Director Shares to the Directors (or their Associates) to be in the best interests of the Company in order to preserve cash reserves and to further the interests of the Company and its shareholders.

Morella Managing Director James Brown said:

"The Board believes that the Company's exploration licences are very promising especially the new Rubidium discoveries at our Mt Edon Project. As a result, the Board believes that the Company is best served by maintaining its cash reserves so that Morella can spend more funds on in the ground exploration. Therefore, the Board are willing to accept payment for their fees in script rather than cash."

The Company sought and was granted by the ASX a waiver from Listing Rule 10.13.5 to issue the above Director Shares more than one month after the meeting. Should the resolutions, at the EGM, be successful it is anticipated that the shares will be issued in July 2025.

Half Yearly Report

On 10 March 2025 Morella released its audit reviewed Half Year End Accounts for the period ending 31 December 2024. The accounts were released to the ASX platform and can be downloaded there or from the Company's own website.

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.

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:

- \$4,000 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.

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%

The Following licences are the subject of the Joint Venture with Sayona. These licences are in the process of being transferred into Morella name as is required under the Joint Venture Agreement

Location	Tenement Number
Tabba Tabba East	E45/4703
West Wodgina	E45/4726
Strelley	E45/5288
Strelley West	E45/5289
Mallina	E47/2983
Mt Edon West	E59/2055
Mt Edon	E59/2092
Mac Well	E45/5904

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 March 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	208	444
1.2	Payments for		
	(a) exploration & evaluation	(60)	(181)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(257)	(1,137)
	(e) administration and corporate costs	(255)	(942)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	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	5	32
1.9	Net cash from / (used in) operating activities	(359)	(1,783)
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	(211)	(1,368)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) reimbursement from tenement holder	23	543
	(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	(188)	(847)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(19)	3,166
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)
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)	(36)
3.10	Net cash from / (used in) financing activities	(31)	2,929

4.	Net increase / (decrease) in cash and cash equivalents for the period	(578)	299
4.1	Cash and cash equivalents at beginning of period	1,330	430
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(359)	(1,783)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(188)	(847)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(31)	2,929
4.5	Effect of movement in exchange rates on cash held	(3)	20
4.6	Cash and cash equivalents at end of period	749	749

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	749	1,330
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)	749	1,330

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
4
-
-

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⁾	3,593	3,593
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	3,593	3,593
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)	(359)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(188)
8.3	Total relevant incoming / (outgoings) (item 8.1 + item 8.2)	(547)
8.4	Cash and cash equivalents at quarter end (item 4.6)	749
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	749
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.4

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 public offer and a placement with sophisticated investors during the previous two quarters. 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. Additionally, the Company has the ability to vary exploration activity in order to manage funding.

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: 30 April 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.