

MORELLA CORPORATION LIMITED
ABN 39 093 391 774

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

TIME: 10.00am (AEST)

DATE: 2 May 2025

PLACE: The offices of PWC
480 Queen Street,
Brisbane QLD 4000

In accordance with section 110D(1) of the *Corporations Act 2001* (Cth), the Company will not be sending hard copies of the Notice of Meeting to Shareholders, unless a Shareholder has requested a hard copy of the Notice of Meeting or made an election for the purposes of section 110E of the Corporations Act to receive documents from the Company in physical form. Instead, Shareholders can access a copy of the Notice at the following link:

<https://www.morellacorp.com/asx-announcements/>

This Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 0429 596 535.

Morella Corporation Limited

ABN 39 093 391 774

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of Shareholders of Morella Corporation Limited (**Company**) will be held on 2 May 2025 commencing at 10.00am (AEST) at the offices of PWC, 480 Queen Street, Brisbane QLD 4000.

Terms and abbreviations used in this Notice of Meeting, Explanatory Memorandum and Proxy Form are defined in the Glossary.

The purpose of the attached Explanatory Memorandum is to provide information to Shareholders to enable each Shareholder to make an informed decision regarding the Resolutions set out in this Notice of Meeting.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

The Explanatory Memorandum is to be read in conjunction with this Notice of Meeting. Capitalised words and expressions in this Notice of Meeting have the same meaning as in the Explanatory Memorandum and, where not defined in the Explanatory Memorandum, are defined in the attached Glossary.

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASX and ASIC. Neither ASX nor ASIC, nor any of their respective officers takes any responsibility for the contents of this document.

AGENDA

Resolution 1 – Ratification of issue of Tranche 1 Placement Shares

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

"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 27,176,923 Shares pursuant to the Placement, for the purpose and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 1 is contained below.

Resolution 2 – Approval to issue Tranche 2 Placement Shares to a Related Party – James Brown

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

"That for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of 4,311,164 Shares at \$0.026 per Share to James Brown (or his nominee) pursuant to the Placement, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 2 is contained below.

Resolution 3 – Approval to issue Tranche 2 Placement Shares to a Related Party – Shazo Holdings Pty Ltd

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

"That for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of 21,283,792 Shares at \$0.026 per Share to Shazo Holdings Pty Ltd (an Associate of Allan Buckler) pursuant to the Placement, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 3 is contained below.

Resolution 4 – Approval to issue Tranche 2 Placement Shares to a Related Party – Beng Teik Kuan

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

"That for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of 2,039,330 Shares at \$0.026 per Share to Beng Teik Kuan (or his nominee) pursuant to the Placement, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 4 is contained below.

Resolution 5 – Approval to issue Tranche 2 Placement Shares to a Related Party – Dan O'Neill

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

"That for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of 232,504 Shares at \$0.026 per Share to Dan O'Neill (or his nominee) pursuant to the Placement, for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 5 is contained below.

Resolution 6 – Approval to issue Shares to a Related Party in lieu of Directors' Fees – James Brown

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

"That for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of US\$46,800 worth of Shares to James Brown (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 6 is contained below.

Resolution 7 – Approval to issue Shares to a Related Party in lieu of Directors' Fees – Shazo Holdings Pty Ltd

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

"That for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of \$36,000 worth of Shares to Shazo Holdings Pty Ltd (an Associate of Allan Buckler), for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 7 is contained below.

Resolution 8 – Approval to issue Shares to a Related Party in lieu of Directors’ Fees – Beng Teik Kuan

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

"That for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of \$36,000 worth of Shares to Beng Teik Kuan (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 8 is contained below.

Resolution 9 – Approval to issue Shares to a Related Party in lieu of Directors’ Fees – Dan O’Neill

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

"That for the purpose of Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of \$36,000 worth of Shares to Dan O’Neill (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion: A voting exclusion statement for Resolution 9 is contained below.

By order of the Board

JOHN LEWIS
Company Secretary
24 March 2025

VOTING EXCLUSION STATEMENTS

Resolution 1

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue, or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 2 - 9

The Company will disregard any votes cast in favour of each of these Resolutions by or on behalf of a person who is to receive the securities in question and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any Associate of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

VOTING PROHIBITION STATEMENT – RESOLUTIONS 6 - 9

In accordance with section 250BD of the Corporations Act, a vote must not be cast on Resolutions 6 to 9 by a member of the Key Management Personnel, or a Closely Related Party of a member of the Key Management Personnel, acting as proxy if their appointment does not specify the way the proxy is to vote on this Resolution. However, the Company will not disregard any proxy votes cast on that Resolution by a Key Management Personnel if the Key Management Personnel is the Chair acting as proxy and their appointment expressly authorised the proxy even though the Resolution is connected with remuneration of the Key Management Personnel for the Company.

NOTES

RIGHT TO VOTE

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders as at 5.00pm (AEST) on 30 April 2025.

VOTING BY PROXY

Proxy Forms should be returned to the Company's Share Registry, MUFG Corporate Markets (AU) Limited, in accordance with the instructions on the enclosed proxy form by 10.00am (AEST) on 30 April 2025.

Proxy Forms received later than the time specified above will be invalid.

The following methods of delivery for proxies are specified:

By post: Morella Corporation Limited

C/- MUFG Corporate Markets (AU) Limited

A division of MUFG Pension & Market Services

Locked Bag A14

Sydney South NSW 1235

Online: <https://au.investorcentre.mpms.mufg.com/>, enter your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

By facsimile: (+61 2) 9287 0309

By delivery: MUFG Corporate Markets (AU) Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders of Morella Corporation Limited (**Company**) in connection with the business to be conducted at the Extraordinary General Meeting to be held at the offices of PWC, 480 Queen Street, Brisbane QLD 4000 on 2 May 2025 commencing at 10.00am (AEST).

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. BACKGROUND TO RESOLUTIONS 1 TO 5 - ISSUE OF PLACEMENT SHARES

As announced to the ASX on 16 December 2024, the Company has received firm commitments to raise approximately \$1.4 million by issuing approximately 55 million Shares via a two-tranche placement (**Placement**).

As such the purpose of Resolutions 1 to 5 is for Shareholders to:

- (a) ratify the issue of 27,176,923 Shares issued using the Company's placement capacity under Listing Rule 7.1A under Resolution 1 (**Tranche 1 Placement Shares**); and
- (b) approve the issue of 27,866,790 Shares to be issued to the Directors in accordance with Listing Rule 10.11 under Resolutions 2 to 5 (**Tranche 2 Placement Shares**),

together the **Placement Shares**.

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

- (a) exploration activities and advancing the development of future drilling targets across the Company's projects in Western Australia and Nevada; and
- (b) general working capital.

The Tranche 1 Placement Shares, the subject of Resolution 1, were issued without Shareholder approval using the Company's 10% placement capacity under Listing Rule 7.1A. Resolution 1 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Tranche 1 Placement Shares.

The Tranche 2 Placement Shares, the subject of Resolutions 2 to 5, shall only be issued with Shareholder approval. Resolutions 2 to 5 seek the approval of Shareholders to issue the Tranche 2 Placement Shares to the Directors and related parties pursuant to Listing Rule 10.11.

2. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES

2.1 Background

The purpose of Resolution 1 is for Shareholders to ratify the issue of the Tranche 1 Placement Shares which was undertaken by way of a Placement to sophisticated and professional investors without Shareholder approval, as announced to ASX on 16 December 2024.

2.2 Regulatory Requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period (**15% Placement Capacity**).

In addition to its 15% Placement Capacity the Company has obtained Shareholder approval pursuant to Listing Rule 7.1A at its 2024 Annual General Meeting (**AGM**) to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period

after the Company's 2024 AGM without needing prior Shareholder approval (**10% Placement Capacity**).

The issue of the Tranche 1 Placement Shares does not fit within any of the exceptions under Listing Rule 7.1, and as the issue has not yet been approved by Shareholders, it effectively uses up part of the 10% limit in Listing Rule 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1A for the 12 month period following the date of the issue of the Tranche 1 Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to maintain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain shareholder approval.

To this end, Resolution 1 seeks Shareholder ratification of the issue of the Tranche 1 Placement Shares issued in accordance with Listing Rule 7.1A under and for the purposes of Listing Rule 7.4.

If Resolution 1 is passed, the issue of the Tranche 1 Placement Shares will be excluded in calculating Company's 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the date of the issue of the Tranche 1 Placement Shares.

If Resolution 1 is not passed, the issue of the Tranche 1 Placement Shares will be included in calculating the Company's 10% limit in Listing Rule 7.1A, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the date of the issue of the Tranche 1 Placement Shares.

2.3 Listing Rule 7.5

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(a) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified and selected**

The Tranche 1 Placement Shares were issued to sophisticated and professional investors who participated in the Placement as announced to ASX on 16 December 2024.

The sophisticated and professional investors were identified by the Company directly and by Canaccord Genuity (Australia) Limited who acted as Lead Manager and Bookrunner to the Placement.

(b) **Number of securities issued or agreed to be issued**

Under Resolution 1, the Company seeks from Shareholders, approval for, and ratification of the issue of 27,176,923 Shares.

(c) **Terms of the securities**

The Tranche 1 Placement Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company has applied to ASX for official quotation of the Shares.

(d) **Date of issue**

The Tranche 1 Placement Shares were issued on 23 December 2024.

(e) **Issue price or other consideration**

The issue price was \$0.026 per Placement Share.

(f) **Purpose of the issue, including the intended use of the funds raised**

The purpose of the issue is to provide the company with working capital to pursue the investment of the Company in the Mallina Joint Venture in Western Australia and the Lithium Corporation Earn-ins in the USA.

The intended use of funds raised, from the issue of the Tranche 1 Placement Shares under the Placement, is detailed below:

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

(g) **Relevant agreement**

The Tranche 1 Placement Shares were not issued pursuant to any agreement.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolution 1 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Memorandum.

2.4 Board recommendation

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to retain the flexibility to issue further securities representing up to 10% of the Company's share capital during the period up to the Company's next AGM without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of Resolution 1.

3. RESOLUTIONS 2 TO 5 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES TO RELATED PARTIES

3.1 Background

The purpose of Resolutions 2 to 5 is for Shareholders to approve the issue of 27,866,790 Tranche 2 Placement Shares to the Directors and related parties to be issued in accordance with Listing Rule 10.11 .

It is proposed that the Directors and related parties will receive the following Tranche 2 Placement Shares:

- (a) Resolution 2, James Brown (or his nominee): 4,311,164 Shares;
- (b) Resolution 3, Shazo Holdings Pty Ltd (an Associate of Allan Buckler): 21,283,792 Shares;
- (c) Resolution 4, Beng Teik Kuan (or his nominee): 2,039,330 Shares; and
- (d) Resolution 5, Dan O'Neill (or his nominee): 232,504 Shares.

3.2 Listing Rules

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities, without the approval of shareholders, to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders.

The Directors are related parties of the Company. Shazo Holdings Pty Ltd is an Associate of Director, Allan Buckler and is therefore, a related party of the Company. As such, Shareholder approval is sought under Listing Rule 10.11 as Resolutions 2 to 5 propose the issue of securities to the related parties or their respective nominees.

If any of Resolutions 2 to 5 are passed, the Company will be able to issue the Tranche 2 Placement Shares the subject of the Resolution that is passed to the relevant related party or their respective nominee.

If any of Resolutions 2 to 5 are not passed, the Company:

- (a) will not be able to issue the Tranche 2 Placement Shares the subject of the Resolution that is not passed to the relevant related party or their respective nominee;
- (b) the funds advanced from the relevant related party will be required to be immediately repaid by the Company; and
- (c) the Company would most likely face a significant cash shortage that could jeopardise its position in terms of solvency which could result in the Company most likely needing to raise further cash at a significantly discounted rate.

As Shareholder approval under Resolutions 2 to 5 is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

3.3 Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(a) **Name of person to receive securities**

The Tranche 2 Placement Shares are to be issued to:

- (i) James Brown (or his nominee) pursuant to Resolution 2;
- (ii) Shazo Holdings Pty Ltd (an Associate of Allan Buckler) pursuant to Resolution 3;
- (iii) Beng Teik Kuan (or his nominee) pursuant to Resolution 4; and
- (iv) Dan O'Neill (or his nominee) pursuant to Resolution 5.

(b) **Nature of relationship between person to receive securities and the Company**

Messrs Brown, Kuan and O'Neill are directors of the Company, and, as such, are persons who fall within Listing Rule 10.11.1. Shazo Holdings Pty Ltd is an Associate of Director Allan Buckler, and, as such, is within Listing Rule 10.11.4.

(c) **Number and class of securities to be issued**

The maximum number of Tranche 2 Placement Shares that will be issued is 27,866,790 as follows:

- (i) Resolution 2, James Brown: 4,311,164 Shares;
- (ii) Resolution 3, Shazo Holdings Pty Ltd (an Associate of Allan Buckler): 21,283,792 Shares;
- (iii) Resolution 4, Beng Teik Kuan: 2,039,330 Shares; and
- (iv) Resolution 5, Dan O'Neill: 232,504 Shares.

(d) **Material terms of the securities**

The Tranche 2 Placement Shares will be fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares

and rank equally in all respects with the existing Shares. The Company will apply to ASX for official quotation of the Shares.

(e) **Date of issue**

The Company anticipates that the Tranche 2 Placement Shares will be issued as soon as practicable after the Meeting and in any event not later than 1 month after the date of the Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).

(f) **Issue price or other consideration**

The Tranche 2 Placement Shares are being issued pursuant to the Placement at an issue price of \$0.026 per fully paid ordinary share.

(g) **Purpose of the issue, including the intended use of the funds raised**

The purpose of the issue is to provide funds to the Company for exploration activities and advancing the development of future drilling targets across the Company's projects in Western Australia and Nevada and general working capital.

(h) **Relevant agreement**

The Tranche 2 Placement Shares are being issued without agreement on the terms normally associated with a capital raising of this type by the Company.

(i) **Voting exclusion statement**

A voting exclusion statement for each of Resolutions 2 to 5 is included in the Notice of Meeting preceding this Explanatory Memorandum.

3.4 Section 195(4) of the Corporations Act

Each Director has a material personal interest in the outcome of Resolutions 2 to 5 (as applicable to each Director) by virtue of the fact that Resolutions 2 to 5 are concerned with the issue of securities to the Directors or their Associates.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

3.5 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act and includes a director of the company and entities controlled by directors of the company. As such, the Directors and Shazo Holdings Pty Ltd are related parties of the Company for the purposes of section 208 of the Corporations Act.¹

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial

¹ Shazo Holdings Pty Ltd is an entity controlled by Allan Buckler.

benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of the Tranche 2 Placement Shares under Resolutions 2 to 5 constitute the provision of a financial benefit to a related party.

One of the nominated exceptions to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm's length (or on terms less favourable than arm's length).

Given the related parties will be participating in the Placement on the same arm's length terms as the parties who are not related parties of the Company, the Board is of the view that the issue of the Tranche 2 Placement Shares pursuant to Resolutions 2 to 5 respectively constitutes the provision of a financial benefit on arm's length terms, and accordingly that Shareholder approval under Chapter 2E of the Corporations Act is not required.

3.6 Board recommendation

Each of the Directors has a material personal interest in the outcome of Resolutions 2 to 5 (as applicable to that Director) and accordingly each Director declines to make a voting recommendation to Shareholders.

4. RESOLUTIONS 6 TO 9 – APPROVAL TO ISSUE SHARES TO DIRECTORS IN LIEU OF DIRECTORS' FEES

4.1 Background

The purpose of Resolutions 6 to 9 is for Shareholders to approve the issue of Shares to the Directors (or their Associates) in lieu of Directors Fees as follows:

- (a) Resolution 6, James Brown (or his nominee): US\$46,800 in Shares, being 30% of Mr Brown's directors' fees for the period 1 January 2025 to 30 June 2025 (**MD Shares**);
- (b) Resolution 7, Shazo Holdings Pty Ltd (an Associate of Allan Buckler): \$36,000 in Shares, being 100% of Mr Buckler's directors' fees for the period 1 January 2025 to 30 June 2025²;
- (c) Resolution 8, Beng Teik Kuan (or his nominee): \$36,000 in Shares, being 100% of Mr Kuan's directors' fees for the period 1 January 2025 to 30 June 2025; and
- (d) Resolution 9, Dan O'Neill (or his nominee): \$36,000 in Shares, being 100% of Mr O'Neill's directors' fees for the period 1 January 2025 to 30 June 2025, (together with the Shares to be issued under Resolutions 7 and 8, the **NEDs Shares**),

together, **Director Shares**.

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.

4.2 Listing Rules

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities, without the approval of shareholders, to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has

² Mr Buckler, a director of the Group provided corporate services via his controlled entity Shazo Holdings Pty Ltd. These services are provided under a service agreement for director's fees.

- nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders.

The Directors are related parties of the Company. Shazo Holdings Pty Ltd is an Associate of Director Allan Buckler, and, as such, is within Listing Rule 10.11.4. As such, Shareholder approval is sought under Listing Rule 10.11 as Resolutions 6 to 9 propose the issue of securities to the related parties or their respective nominees.

If any of Resolutions 6 to 9 are passed, the Company will be able to issue the Director Shares the subject of the Resolution that is passed to the relevant related parties or their respective nominee.

If any of Resolutions 6 to 9 are not passed, the Company:

- (a) will not be able to issue the Director Shares the subject of the Resolution that is not passed to the relevant related party or their respective nominee; and
- (b) the Company will have to pay the relevant related party 100% of his directors' fees for the period in section 4.1 in cash.

As Shareholder approval under Resolutions 6 to 9 is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

4.3 Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(a) **Name of the persons to receive the securities**

The Director Shares are to be issued to:

- (i) James Brown (or his nominee) pursuant to Resolution 6;
- (ii) Shazo Holdings Pty Ltd (an Associate of Allan Buckler) pursuant to Resolution 7;
- (iii) Beng Teik Kuan (or his nominee) pursuant to Resolution 8; and
- (iv) Dan O'Neill (or his nominee) pursuant to Resolution 9.

(b) **Nature of relationship between person to receive securities and the Company**

Messrs Brown, Kuan and O'Neill are directors of the Company, and, as such, are persons who fall within Listing Rule 10.11.1. Shazo Holdings Pty Ltd is an Associate of Director Allan Buckler, and, as such, is within Listing Rule 10.11.4.

(c) **Issue price**

The NEDs Shares will be issued at a deemed issue price based on the 15-day VWAP of Shares on the ASX immediately prior to the end of each quarter (e.g. 31 March 2025 and 30 June 2025).

The MD Shares will be issued at a deemed issue price based on the 15-day VWAP of Shares on the ASX immediately prior to the date of issue.

(d) **Number and class of securities to be issued**

The maximum number of Director Shares will be calculated using the following formula:

- (i) NED Shares:

Total director fees for the quarter ending 31 March 2025 / 15-day VWAP of Shares on the ASX immediately prior to the end of the quarter

Total director fees for the quarter ending 30 June 2025 / 15-day VWAP of Shares on the ASX immediately prior to the end of the quarter

(ii) MD Shares:

Total director fees sacrificed / 15-day VWAP of Shares on the ASX immediately prior to the date of issue

The possible dilutionary effect of the Directors Shares is set out in Schedule 1 to the Notice of Meeting. The table sets out the number of Director Shares which will be issued at a price of \$0.010, \$0.020 and \$0.030 being a 50% reduction of the Share price at 28 February 2025, the Share price at 28 February 2025 and a 50% increase to the Share price at 28 February 2025. However, as the price at which the Company's Shares may trade will change from time to time, the exact number of Director Shares to be issued (and the dilutionary effect of the issue) cannot be determined at this time.

(e) **Directors' remuneration**

The current remuneration package of each of the Directors is set out below:

Remuneration for financial year ending 30 June 2025			
Director	Cash Payment	Superannuation	Total
James Brown	US\$312,000	\$0	US\$312,000
Allan Buckler	\$72,000	\$0	\$72,000
Beng Teik Kuan	\$72,000	\$8,280	\$80,280
Dan O'Neill	\$72,000	\$8,280	\$80,280

(f) **Material terms of the securities**

The Director Shares will be fully paid ordinary Shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares. The Company will apply to ASX for official quotation of the Shares.

(g) **ASX waiver**

The Company has obtained a waiver from ASX from Listing Rule 10.13.5 to issue the Director Shares more than one month after the Meeting. The terms of the waiver are set out in Schedule 2, to the Notice of Meeting.

(h) **Issue date**

The NEDs Shares may be issued more than one month after the Meeting and up to 4 months after the Meeting.

The MD Shares may be issued more than one month after the Meeting and up to 4 months after the Meeting.

(i) **Consideration**

The Director Shares are being issued as remuneration to the Directors for services provided to the Company. No funds will be raised from the issue.

(j) **Purpose of the issue**

The Director Shares are being issued in lieu of salaried cash payments for the Directors. The Company considers the issue of the Directors Shares beneficial as they permit the Company to preserve its cash reserves.

(k) **Relevant agreement**

The Directors Shares are being issued on terms agreed between the Company and the Directors, consistent with the Directors' service agreements.

(l) **Voting exclusion statement**

A voting exclusion statement for each of Resolutions 6 to 9 is included in the Notice of Meeting preceding this Explanatory Memorandum.

4.4 Section 195(4) of the Corporations Act

Each Director has a material personal interest in the outcome of Resolutions 6 to 9 (as applicable to each Director) by virtue of the fact that Resolutions 6 to 9 are concerned with the issue of securities to the Directors or their Associates.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

4.5 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act and includes a director of the company and entities controlled by directors of the company. As such, the Directors and Shazo Holdings Pty Ltd are related parties of the Company for the purposes of section 208 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of the Director Shares under Resolutions 6 to 9 constitute the provision of a financial benefit to a related party.

One of the nominated exceptions to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act is where the provision of the financial benefit is to remunerate the related party which is reasonable in the circumstances in which it is given.

Given the Directors (or their Associates) will be receiving the Director Shares in lieu of directors' fees, the Board is of the view that the issue of the Director Shares pursuant to Resolutions 6 to 9 respectively constitutes the provision of a financial benefit that is reasonable remuneration, and accordingly that Shareholder approval under Chapter 2E of the Corporations Act is not required.

4.6 Board recommendation

Each of the Directors has a material personal interest in the outcome of Resolutions 6 to 9 (as applicable to that Director) and accordingly each Director declines to make a voting recommendation to Shareholders.

GLOSSARY

\$ means Australian dollars, unless otherwise stated.

10% Placement Capacity has the meaning given in section 2.2 of the Explanatory Memorandum.

15% Placement Capacity has the meaning given in section 2.2 of the Explanatory Memorandum.

AEST means Australian Eastern Standard Time.

Annual General Meeting or **AGM** means the annual general meeting convened annually by the Company to receive its consolidated financial statements and resolve any other matters put before the meeting.

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

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

Board means the current board of directors of the Company.

Chair means the Chair of the Meeting.

Closely Related Party has same meaning given to that term in section 9 of the Corporations Act, being, in relation to a member of the Key Management Personnel:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Morella** means Morella Corporation Limited (ACN 093 391 774).

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

Director means a current director of the Company.

Director Shares has the meaning given in section 4.1 of the Explanatory Memorandum.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice.

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

Group means the Company and its subsidiaries.

Key Management Personnel has same meaning given to that term in section 9 of the Corporations Act.

Listing Rules means the listing rules of the ASX.

MD Shares has the meaning given in section 4.1 of the Explanatory Memorandum.

NEDs Shares has the meaning given in section 4.1 of the Explanatory Memorandum.

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

Placement has the meaning given in section 1 of the Explanatory Memorandum.

Placement Shares has the meaning given in section 1 of the Explanatory Memorandum.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means MUFG Corporate Markets (AU) Limited (formerly Link Market Services).

Shareholder means a holder of a Share.

Tranche 1 Placement Shares has the meaning given in section 1 of the Explanatory Memorandum.

Tranche 2 Placement Shares has the meaning given in section 1 of the Explanatory Memorandum.

US\$ means United States dollars.

VWAP means volume weighted average price.

SCHEDULE 1**POSSIBLE DILUTION EFFECT FOR THE ISSUE OF THE DIRECTORS SHARES**

\$ Value of Directors Shares ¹	Dilution			% of issued Shares post Transaction	Shares on Issue post Transaction
	0.010 50% decrease in Issue Price	0.020 Current Issue Price	0.030 50% increase in Issue Price		
\$183,314	18,331,381	-	-	5.26%	348,596,884
\$183,314	-	9,165,690	-	2.70%	339,431,193
\$183,314	-	-	6,110,460	1.82%	336,375,963

1. Calculated using the 28 February 2025 RBA Day Rate for AUD:USD FX Rate of \$0.6214 for the MD Shares.

SCHEDULE 2 – ASX WAIVER

The ASX has granted the Company a waiver of Listing Rule 10.13.5 to the extent necessary to permit this Notice of Meeting not to state that the Director Shares will be issued no later than one month after the meeting, subject to the following conditions:

1. The Notice of Meeting sets out the terms and conditions of the waiver in respect of the Director Shares.
2. The Notice of Meeting shall include a worked example of the dilution that will occur to existing shareholders of the Company as a result of the issue of the Director Shares at three different prices.
3. The Company's annual report for any period during which the Director Shares are issued, shall disclose detail of the number of Director Shares issued, including the percentage of the Company's issued capital represented by those securities.
4. That the Director Shares be issued within four months of the meeting at which approval is sought for the issue of the Director Shares.

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LODGE YOUR VOTE

ONLINE
<https://au.investorcentre.mpms.mufg.com>

BY MAIL
Morella Corporation Limited
C/- MUFG Corporate Markets (AU) Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND*
MUFG Corporate Markets (AU) Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

*During business hours Monday to Friday

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

LODGEMENT OF A PROXY FORM

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (AEST) on Wednesday, 30 April 2025**, being not later than 48 hours before the commencement of the Meeting. Any Voting Form received after that time will not be valid for the scheduled Meeting.

Voting Forms may be lodged using the reply paid envelope or:

ONLINE
<https://au.investorcentre.mpms.mufg.com>
Login to the Investor Centre website using the holding details as shown on the Voting Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE
Our voting website is designed specifically for voting online. You can now lodge your vote by scanning the QR code adjacent or enter the voting link <https://au.investorcentre.mpms.mufg.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.
To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

QR Code



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be received at support@cm.mpms.mufg.com prior to admission in accordance with the Notice of Extraordinary General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.mpms.mufg.com/en/mufg-corporate-markets.

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

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



X9999999999

PROXY FORM

I/We being a member(s) of Morella Corporation Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:00am (AEST) on Friday, 2 May 2025 at PWC, 480 Queen Street, Brisbane QLD 4000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 2, 3, 4, 5, 6, 7, 8 & 9: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 3, 4, 5, 6, 7, 8 & 9, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Ratification of issue of Tranche 1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval to issue Shares to a Related Party in lieu of Directors' Fees – Dan O'Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval to issue Tranche 2 Placement Shares to a Related Party – James Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Approval to issue Tranche 2 Placement Shares to a Related Party – Shazo Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval to issue Tranche 2 Placement Shares to a Related Party – Beng Teik Kuan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Approval to issue Tranche 2 Placement Shares to a Related Party – Dan O'Neill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Approval to issue Shares to a Related Party in lieu of Directors' Fees – James Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Approval to issue Shares to a Related Party in lieu of Directors' Fees – Shazo Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Approval to issue Shares to a Related Party in lieu of Directors' Fees – Beng Teik Kuan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

1MC PRX2501D

