

31 October 2023

Quarterly Activities Report & 5B Cashflow September 2023

Mallina Project assay results identifies follow up targets in Pegmatite 2 zone.

Second drill program for 2023 completed

Receipt of assays for the Carvers Project demonstrates continuous zones of anomalous lithium mineralisation

Fish Lake Valley Project now drill ready for the first exploratory holes

OVERVIEW

Morella Corporation Limited (**ASX: 1MC** "Morella" or "the Company") is pleased to report on activities conducted during the September 2023 Quarter.

The Company continued to advance its exploration and evaluation activities at its Mallina Project located in Western Australia and the Fish Lake Valley and North Big Smoky Projects in the USA.

Morella Managing Director James Brown said:

"The September quarter was an extremely busy period of activity and has delivered very positive outcomes from Morella's suite of development projects. The completion of the drill program at Mallina has confirmed the Projects potential to deliver a significant hard rock lithium discovery and we plan to progress the evaluation and unlock value with follow up drilling at the project."

"Current activities on our USA projects of Fish Lake Valley and, Carvers and Austin, in the Big Smoky Valley has continued to add knowledge and confidence in all 3 projects. The drill program at Carvers was successfully executed plus we are at the final stages of planning for drilling at Fish Lake Valley."

EXPLORATION AND PROJECT DEVELOPMENT

MALLINA PROJECT WESTERN AUSTRALIA HARDROCK LITHIUM

During the Quarter, Morella received the results of the RC drilling program commenced at the Mallina Project in the Pilbara region of Western Australia during the previous quarter. After evaluating these results a further infill drilling program was commenced in September to expand the width and depth of the known mineralisation. Topdrill Pty Ltd was contracted to perform both drilling programs.

Program Results Summary

During May 2023 a 35-hole drilling program was executed with the goal of targeting extensions of the mineralisation at major pegmatite zones at Area C and Pegmatite 2 & 3 which had been identified in previous drilling programs, as well as testing undrilled pegmatite targets focused around the Discovery area (Figure 1).

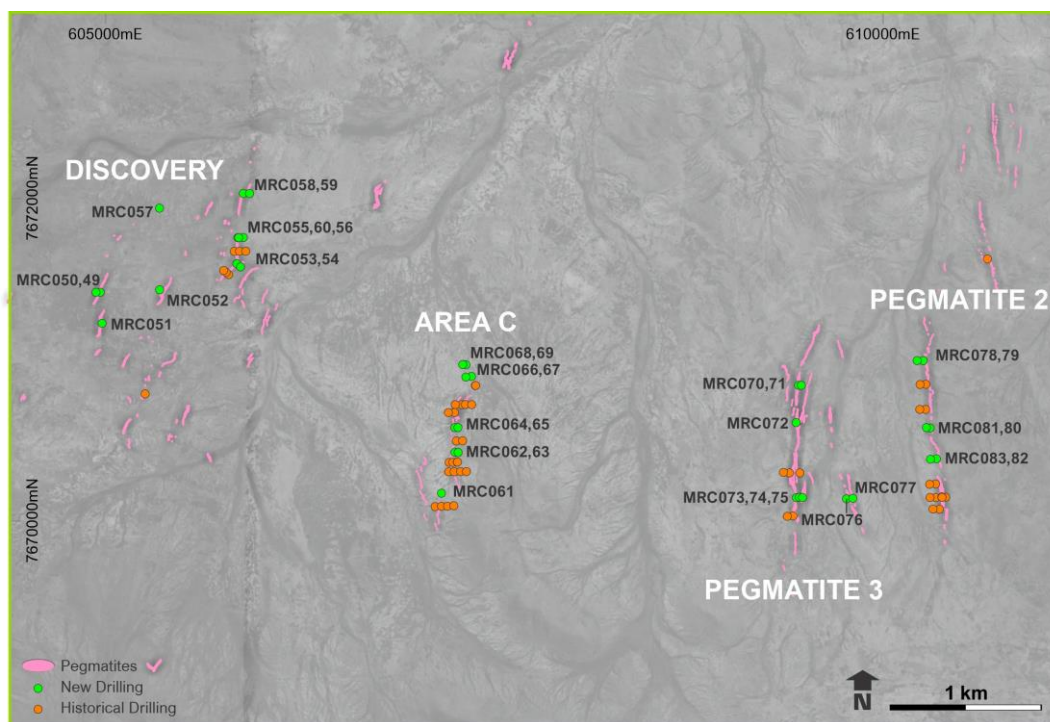


Figure 1: Mapped pegmatite outcrop with drillholes.

The 35 drill holes, totalling 2,197m, were completed in May 2023 by Topdrill using a Schramm C685 and a 5 ¼' hammer.

All pegmatite intervals were submitted for assay to ALS Global Laboratories Perth for 4-acid digest followed by ICP-MS analysis.

The results of these assays were received in July 2023.

Significant lithium assay results from the drilling are shown in Table 1. The significant intercepts are also presented in Figures 2, 4, and 5 showing the drill collar locations¹.

Hole	Easting	Northing	From (m)	To (m)	Intercept
MRC049	604955	7671464	12	15	3m @ 1.07% Li ₂ O
MRC050	604927	7671464	54	57	3m @ 1.37% Li ₂ O
		inc.	54	55	1m @ 1.66% Li ₂ O
MRC050	604927	7671464	63	66	3m @ 0.84% Li ₂ O
MRC054	605858	7671620	15	19	4m @ 0.89% Li ₂ O
MRC057	605339	7671999	52	58	6m @ 0.77% Li ₂ O
MRC064	607229	7670584	17	20	3m @ 0.97% Li ₂ O
MRC065	607249	7670584	40	42	2m @ 0.88% Li ₂ O
MRC066	607339	7670910	54	60	6m @ 0.75% Li ₂ O
		inc.	59	60	1m @ 1.28% Li ₂ O
MRC078	610244	7670993	16	18	2m @ 0.79% Li ₂ O
MRC079	610205	7670993	48	50	2m @ 0.84% Li ₂ O
MRC081	610261	7670564	26	29	3m @ 1.32% Li ₂ O
MRC083	610286	7670362	54	59	5m @ 0.82% Li ₂ O
		Inc.	54	55	1m @ 1.87% Li ₂ O

Table 1: Significant Intercepts from the recent drilling campaign (>0.5 Li₂O%)

¹ Refer to ASX Announcement - Mallina drilling increases strike ... released on 6 July 2023

Discovery

The Discovery area (Figure 4) covers a 1km by 1.5km pegmatite swarm which shows strong potential for additional mineralisation. Eleven (11) drill holes were used to target both extensions of known intercepts and the development of new mineralised targets.

The intercept in hole MRC057 has confirmed the extension of the mineralised strike length 300m northwards. The significant grade results in the previously undrilled pegmatite, shown in MRC049 and MRC050, confirm the potential for additional extensions in the development of Discovery. Given these factors, the Discovery prospect bears merit for further assessment.

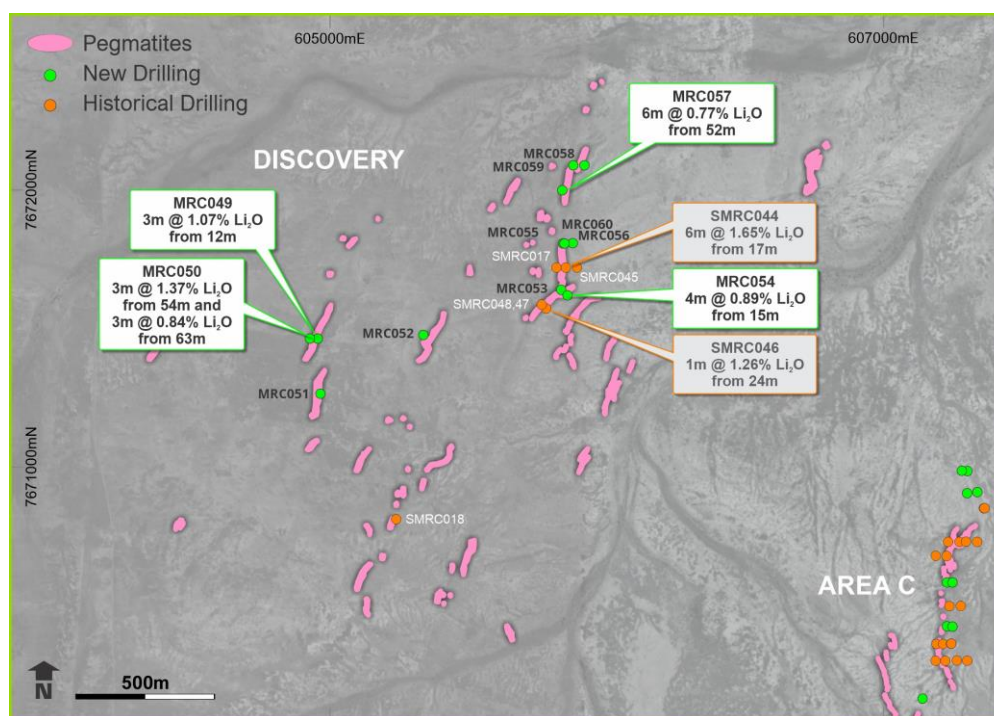


Figure 2: Discovery hole plan showing 300m northward strike extension.

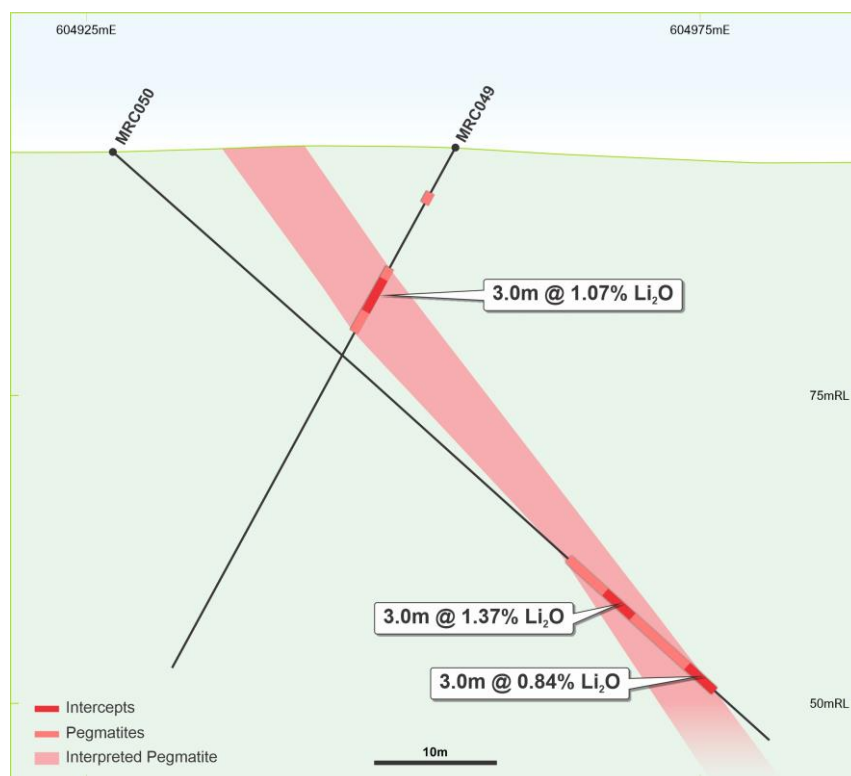


Figure 3: Discovery Section 7671460 showing new intercepts in MRC049 and MRC050

Area C

Area C consists of a 1km long series of pegmatites showing variable grades of mineralisation along strike with up to 2.18% Li₂O from surface in hole SMRC040 (Figure). Nine (9) drill holes were targeted to infill along strike, as well as exploring the northern strike extensions as the pegmatite drops below cover.

The results at MRC066 indicate the grade material continues below cover further along strike to the north and may indicate a more significant higher-grade pocket.

With the highest grades of the Mallina Project being in the northern sections of Area C, additional geophysics and drilling is required to test the boundaries of the high-grade pocket and to assess its continuity with the grades seen further to the south.

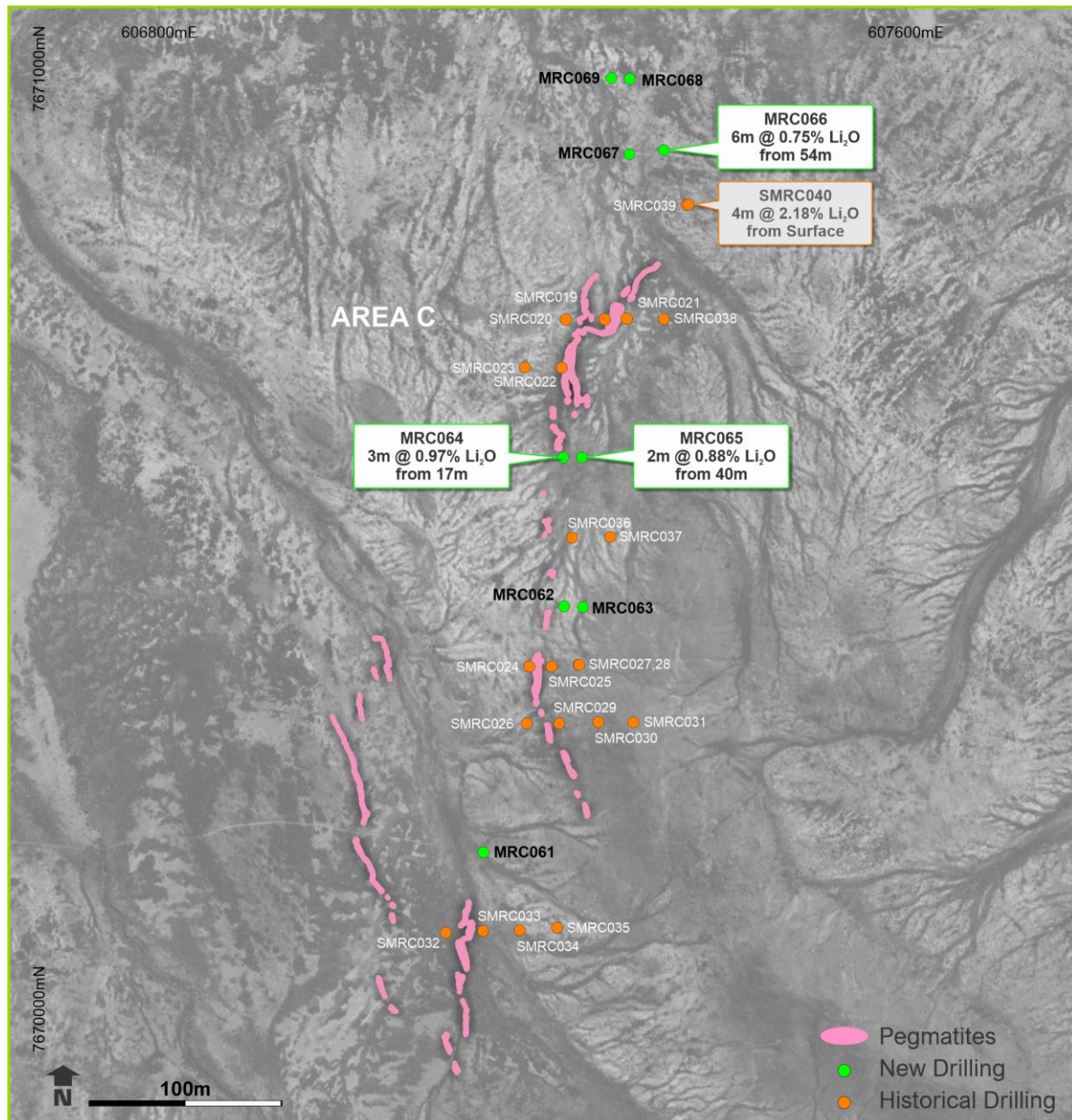


Figure 4: Area C hole plan

Pegmatite 2 and Pegmatite 3

Pegmatite 2 and Pegmatite 3 constitute two (2) separate 1.5km long pegmatite swarms with Pegmatite 2 representing the current highlight of the Mallina project (Figure 5).

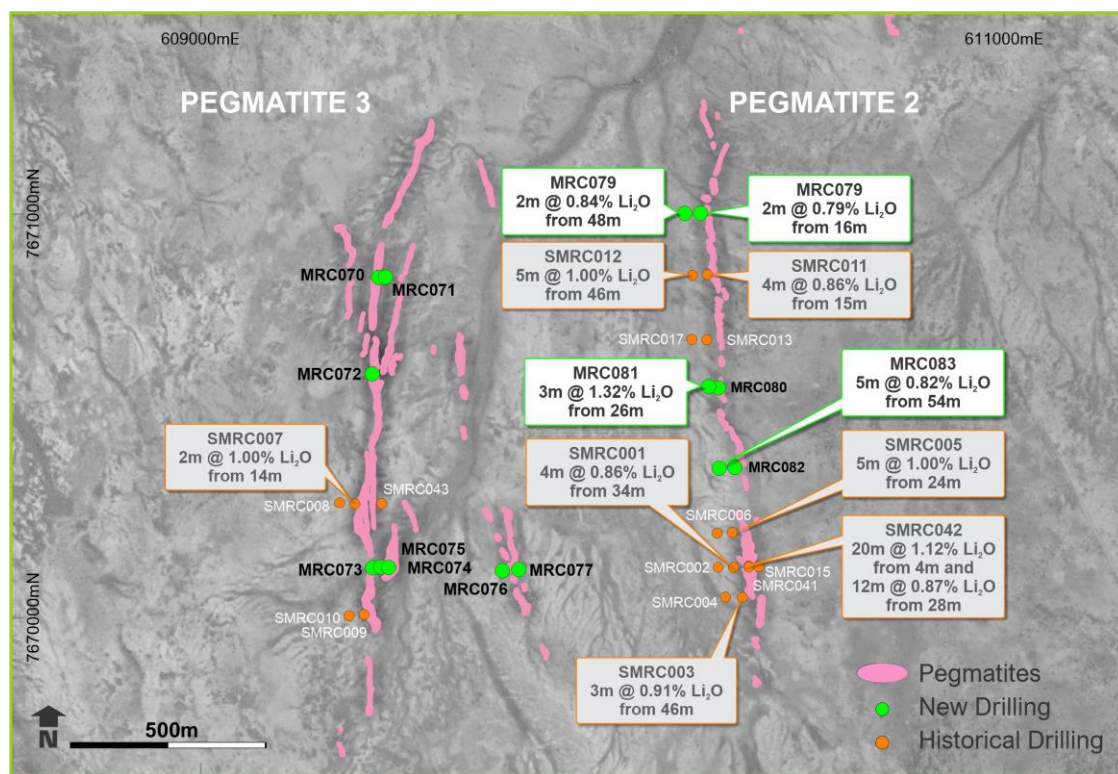


Figure 5: Pegmatite 2 and Pegmatite 3-hole plan showing northward strike extension of Pegmatite 2

With mineralisation confirmed along 1km of strike length and open at depth along a significant portion of the total strike (as shown in Figure), Pegmatite 2 is a prime target for further infill drilling to develop the understanding of the broadest segments, where the pegmatite is shown to be up to 20m in true thickness.

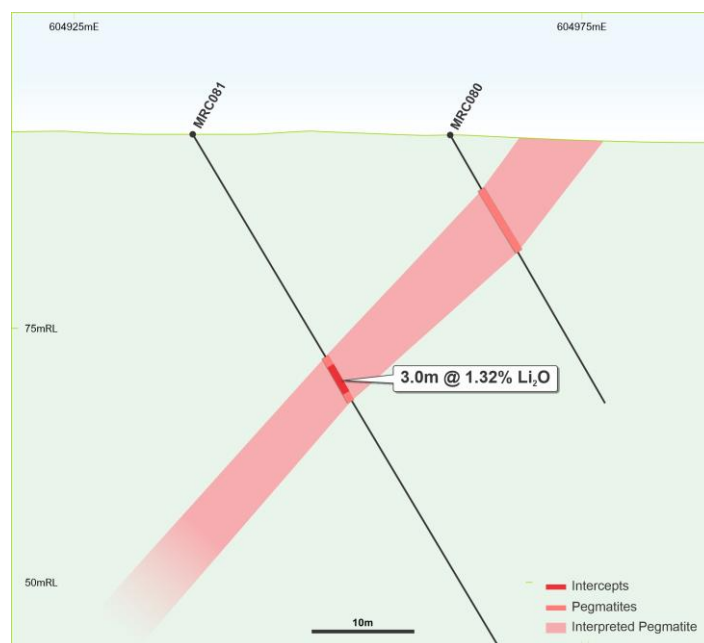


Figure 6: Pegmatite 2 Section 7670360 showing MRC080 and MRC081

As a result of the potential indicated by the July 2023 results and in conjunction with existing historic drilling results the company undertook a further reverse circulation (RC) drilling program at Mallina with Topdrill Pty Ltd again providing the drilling services.

This infill drilling program was designed to develop further understanding of the width and depth of the “Pegmatite 2” target area (See Figure 7), where the pegmatite is confirmed to be up to 20m in true thickness.

Pegmatite 2 is only one of several pegmatite swarms that indicate strong potential for additional mineralisation in the initial drilling program.

Environmental, social, and governance (ESG) related workstreams in support of the drilling program were completed in August 2023 and the drilling was completed in September 2023.

Morella Managing Director James Brown said:

“Mallina is a central part of Morella’s Pilbara exploration program, and the extension of this drilling program marks a significant step in advancing our understanding of the mineralisation potential in this area. This program will allow us to better understand the extent of the known mineralisation at the Pegmatite 2 target area and infill where we have previously found mineralisation.”

“We are excited about the potential of this program with the encouraging results from our initial exploration program further strengthening our confidence in identifying additional mineralisation within various pegmatite swarms in the region.”

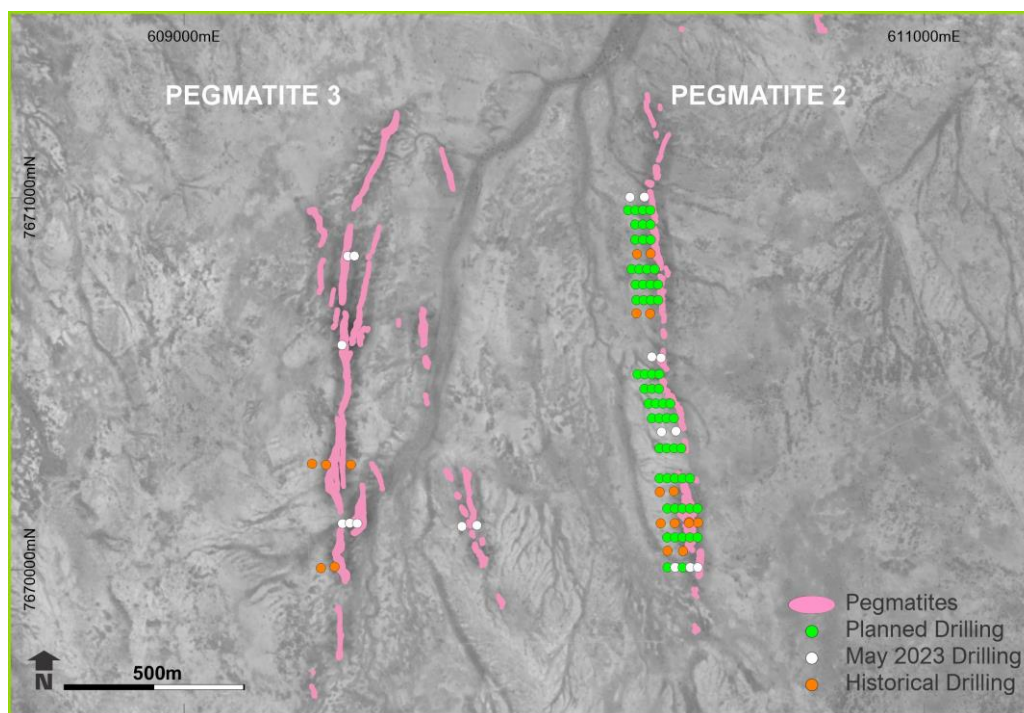


Figure 7 – Drillhole Locations

The Program

The infill drilling program consists of 66 RC holes amounting to approximately 3,800m of drilling over Pegmatite 2, one of the most prospective pegmatite zones of the Mallina project.

The results of this program are expected in the final Quarter 2023.

Mt Edon Project Sampling

During the Quarter, Morella undertook a soil sampling program at the Mt Edon licence which is part of the Company’s stable of licences in the Pilbara region in Western Australia.

The areas chosen for testing were based upon the results of previous field work including; a mapping exercise which defined 53 individual pegmatites², followed by a series of deep ground penetrating radar (DGPR) surveys which increased the known individual pegmatites on the licence to 180³.

A total of 762 soil samples were taken across the most prospective areas of the tenement package as determined from the above field work. Each sample was taken from a small, 30cm pit with the soil

² Refer to ASX Announcement - Lithium targets identified at Mt Edon project in Western Australia released 23 June 2022

³ Refer ASX Announcement – Deep Ground Penetrating Radar program at Mt Edon released 25 November 2022

material passed through a <2mm sieve and submitted as a total assay. The sample locations are shown in Figure 8.

The minus 2mm samples were sent to ALS Global in Perth for assay in full on 3 April 2023. 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.

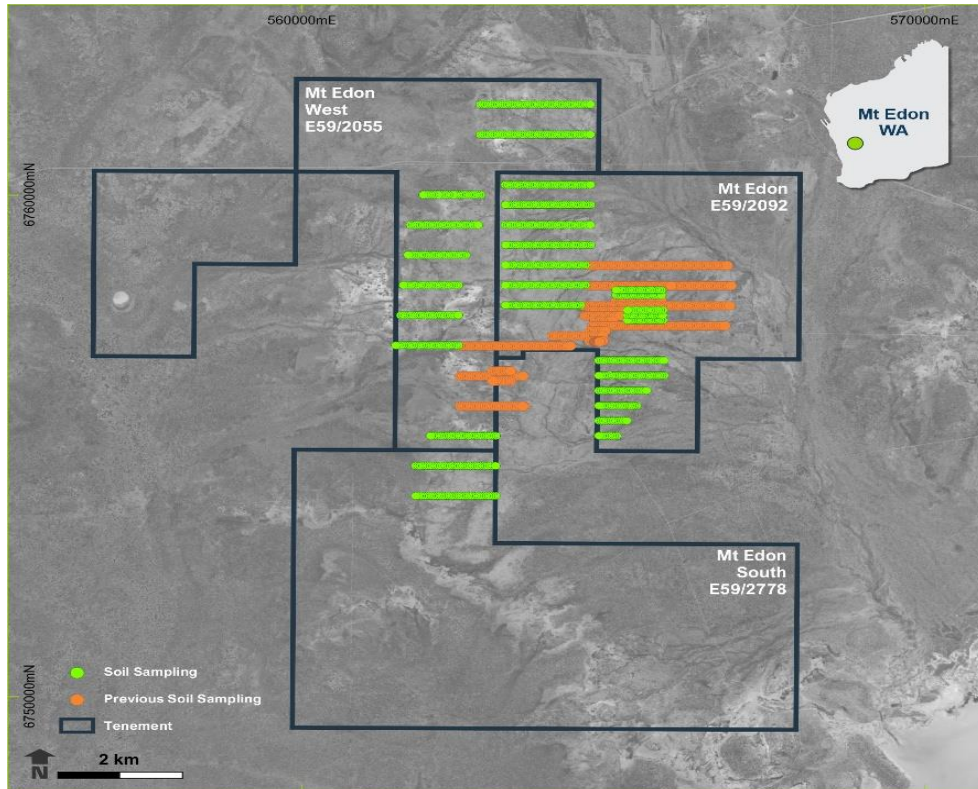


Figure 8: Mt Edon soil sampling program

Using these results in conjunction with existing surface sampling work, multiple development targets within the Mt Edon area have been identified (Figure 9). These targets give strong indications of potential mineralisation within the underlying pegmatites, warranting further exploration.

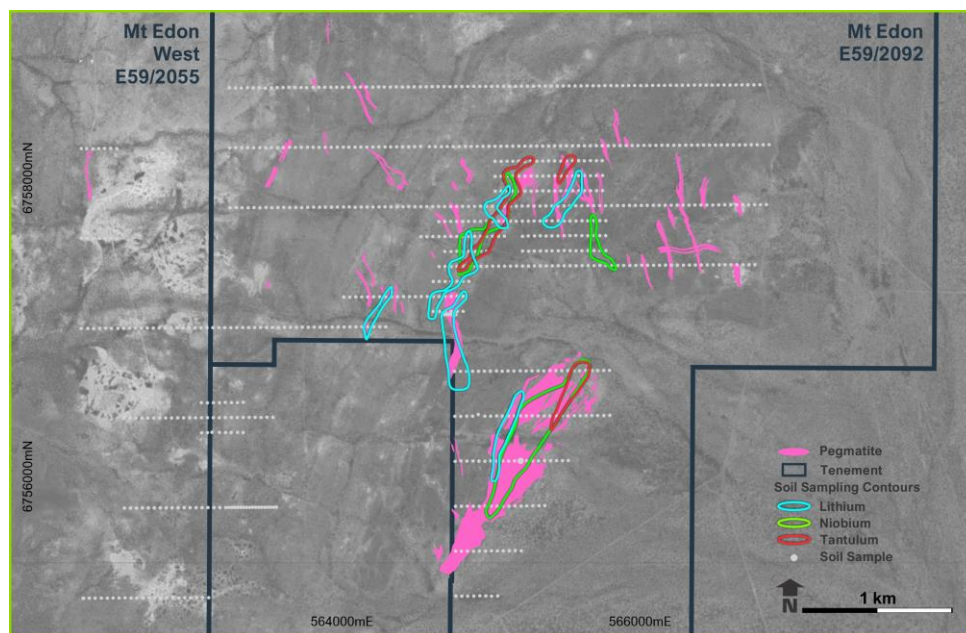


Figure 9: Soil assay anomaly targets

Conclusions and next steps

The soil results at Mt Edon, in combination with geochemical results from previous exploration programs, indicate there are several prospective targets for lithium bearing pegmatites within the tenure.

Future works include:

- Additional surface sampling over the newly identified southern target to further refine the size of the anomaly.
- Design a maiden drilling program to target the large northern anomalous zone to test beneath the weathered zone, allowing determination of lithium bearing potential in these areas.

The North Big Smoky Project (NBS)

Morella completed a sonic drilling campaign at the North Big Smoky Carvers Lithium Project (Carvers), during the Quarter. The assay results reveal notable lithium concentrations, reaching up to 230ppm within the claystone and sediments. Given these promising drilling results alongside prior surface sampling⁴, and Magnetotelluric⁵ work, the Company is eagerly anticipating the assessment of the deeper brine target.

Morella Managing Director, James Brown said:

“The outcomes from the recent sonic drilling campaign have significantly bolstered our enthusiasm and optimism at Carvers. These results showing elevated lithium grades in the shallow claystone and sediment, along with the previous soil sampling and the Magnetotelluric work, collectively paint a compelling picture of the Project’s prospectivity.

“As we look ahead, these encouraging results build our anticipation for the next phase of exploration and evaluation. With the groundwork laid by these findings, we are well positioned to embark on further analysis of the deeper brine target at Carvers.”

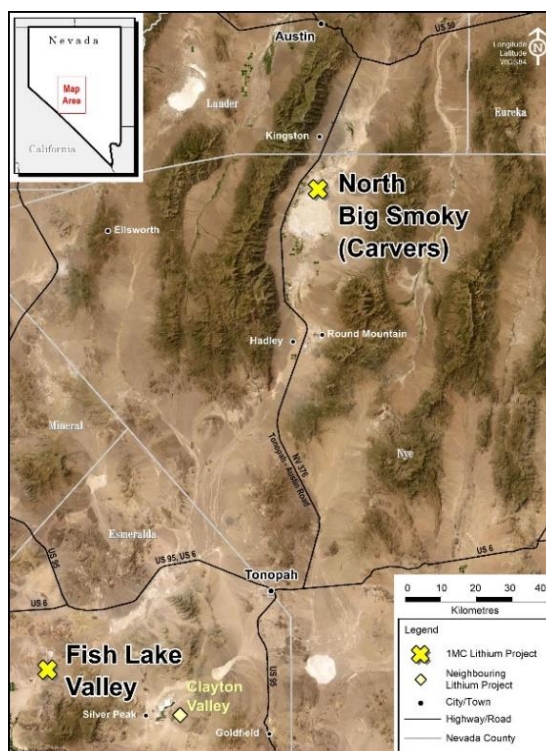


Figure 10: Location of North Big Smoky Carvers

⁴ Refer ASX release “Lithium mineralisation confirmed in North Big Smoky soil sampling results” – 17th January 2023

⁵ Refer ASX release “Magnetotelluric surveys completed at the North Big Smoky Lithium Project” – 1st May 2023

Drilling to test stratigraphy

On the back of the soil sampling results in January from the eastern part of the project area, a sonic core drill hole program of four (4) holes (Figure 11) was designed to test the stratigraphy and geology. These holes will assist in the assessment of the potential lithium mineralisation as well as the geology encountered so that future deep hole programs at Carvers can be designed.

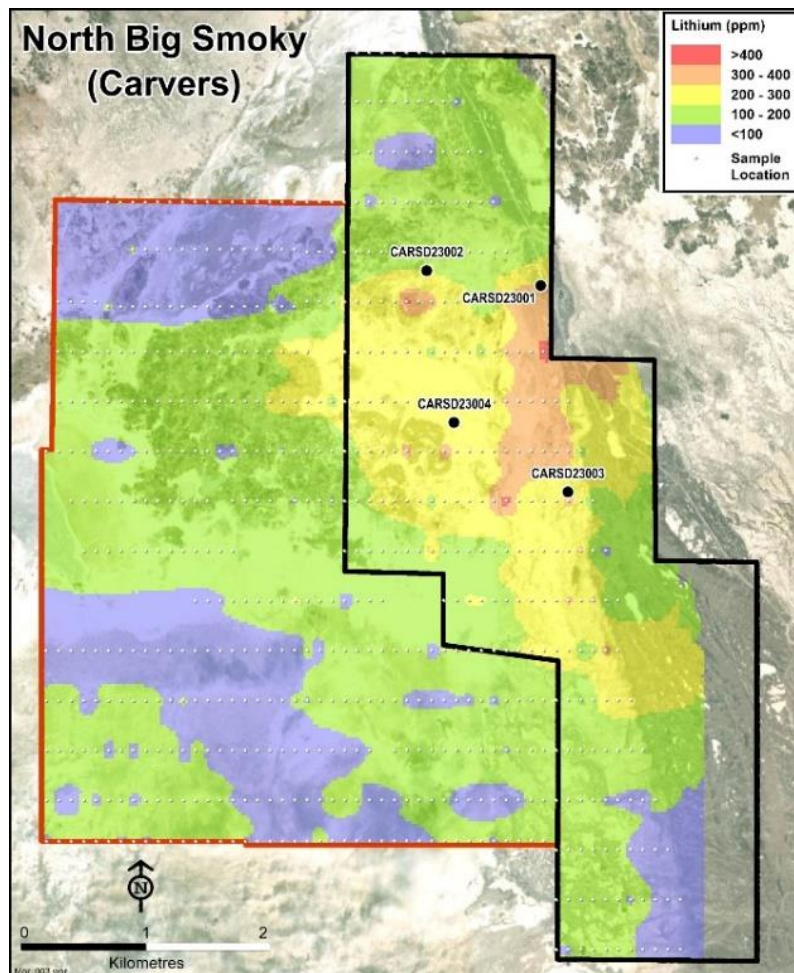


Figure 11: Plan View of the drill hole layout

Drilling commenced on 7 June 2023 with Cascade Drilling engaged to carry out the four (4) hole Sonic Core Program which was completed on 26 July 2023. Figure 12 shows the Sonic Rig used in the drilling program.



Figure 12: Sonic rig drilling at NBS Carvers

Drilling results

The four (4) drill holes were designed to target the soil anomalies with nominal target depths of 575ft. Ground conditions restricted the depth for the hole CARSD23004 and artesian flow caused hole CARSD23002 to be abandoned early. The downhole results demonstrate several intersections of +50ppm including 19ft at 111ppm from surface in hole CARSD23004 and 67ft at 63ppm from 127ft in CARSD23002. CARSD23001 finished with an intersection of 10ft at 111ppm from 554ft to 564ft⁶.

Figures 13 & 14 represent the geological intercepts and Li grade (ppm) by depth in cross sections across the project.

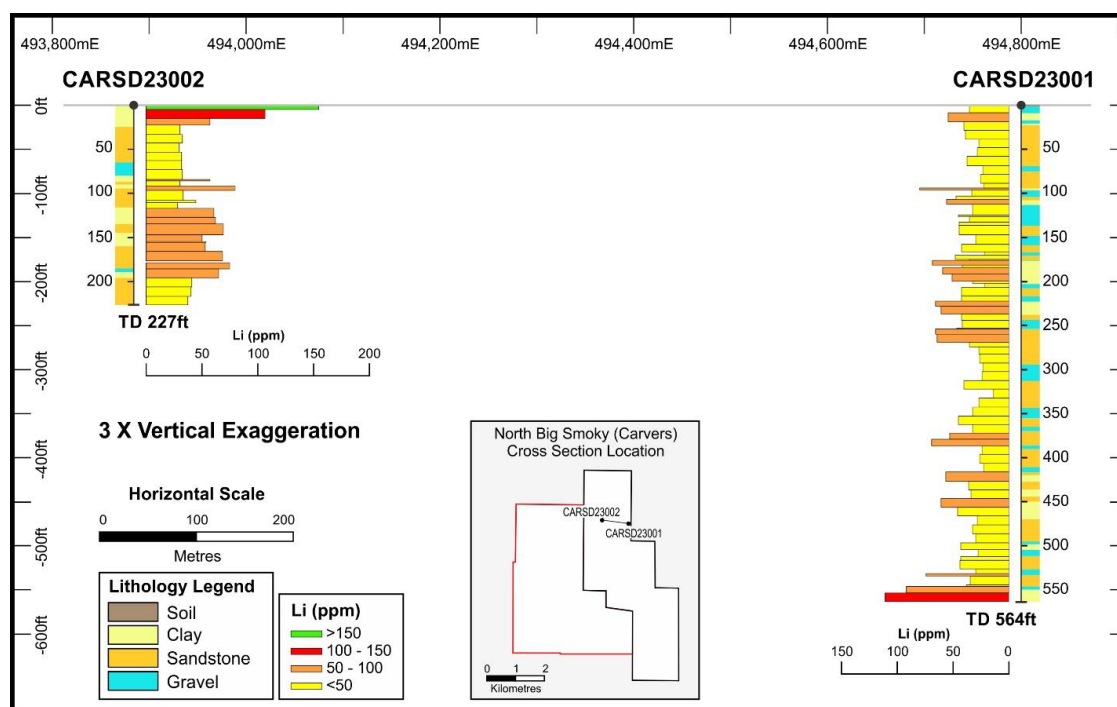


Figure 13: Li(ppm) grades by depth CARSD23001 & CARSD23002

⁶ Refer to ASX Announcement – Lithium mineralisation confirmed from shallow drilling released 1 September 2023

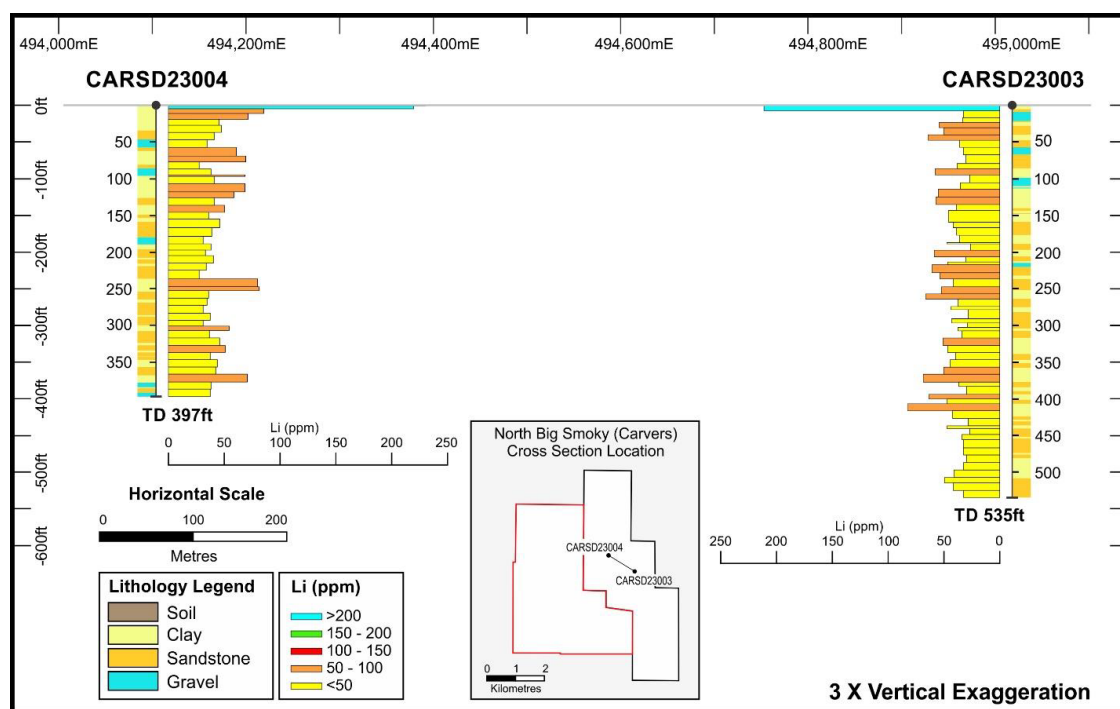


Figure 14: Li(ppm) grades by depth CARSD23003 & CARSD23004

Deep Drilling

All the holes at Carvers have indicated that Li is prevalent in the upper sediments. Based on the soils, the drilling and the Magnetotelluric work the deep drilling is looking very encouraging. Figure 15 shows the shallow drill hole locations with the Magnetotelluric modelling (at 1,000mbgl) overlain. The purple is the highest conductive zone and most likely to host a Lithium rich brine. Future deep drilling will target these areas of high conductivity.

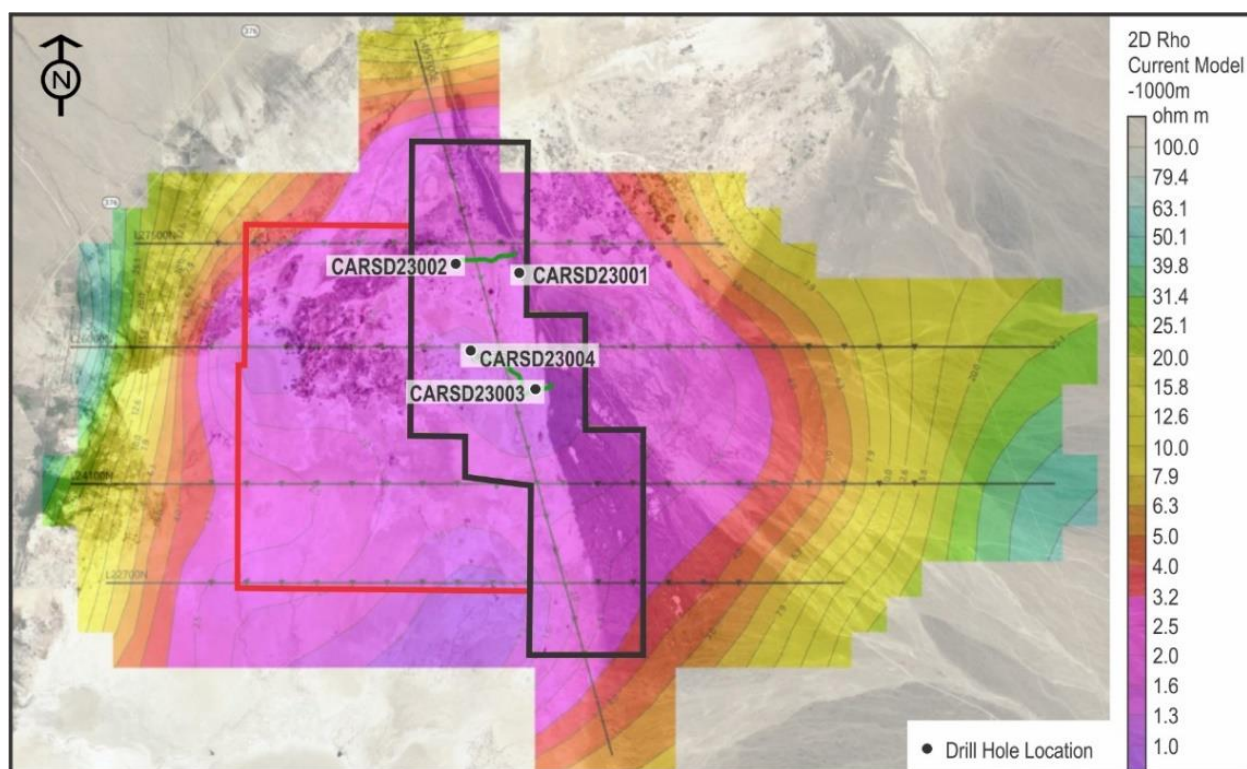


Figure 15: Shallow drill hole locations with magnetotelluric modelling

Future Work

Future work planned for Carvers:

- Reflective seismic testing to determine the subsurface structure and any faulting which will assist with designing the deep hole program.
- Design and implementation of the deep hole program targeting magnetotelluric anomalies.

Fish Lake Valley Lithium Project (FLV)

During the Quarter, Morella awarded a contract to Layne Minerals LLC (Layne Minerals) for the provision of reverse circulation (RC) and core drilling services at the Company's Fish Lake Valley (FLV) Project in Nevada, USA. Permitting and pad preparation in support of the drilling program has been completed and drilling has now commenced.

Morella Managing Director James Brown said:

"Fish Lake Valley is a key part of Morella's Nevada exploration program and represents a significant lithium target. With previous geophysics work⁷ successfully identifying drill ready targets and clear delineation of the brine reservoir, we are now pleased to enter the drilling phase of the evaluation.

"The commencement of this strategic drilling program marks a pivotal milestone for the Project and its key partner in Lithium Corporation. It signifies the initial step towards tapping into the brine reservoir, with the data we gather being instrumental in shaping the future of our exploration efforts at FLV and importantly, it has the potential to drive the project towards a mineral resource.

"We are eagerly anticipating the outcomes of this drilling program and are excited to share the results with the market as soon as they become available."

Permitting and Pad preparation

Morella has completed the permitting process with the Bureau of Land Management (BLM) for the drilling pad preparation work. Subsequent to the drilling permit being received, Morella contracted Tipton Mining to construct the two pads on the northeastern side of the FLV project area. Drill Pad Number 1 (Pad 1) was completed on 5 August and Drill Pad Number 2 (Pad 2) completed on 13 August. Figure 16 below shows the completed Pad 2.



Figure 16 – Completed Pad 2

Drillhole location and design

The drillholes are located on the northeastern side of the Project area and are designed to be drilled to a depth of 1,200ft. The first 200ft will be drilled by a RC Rig, which will then install a conductor casing that will be cemented. A further 1,000ft will be drilled by a core drill rig which will instal a slotted casing

⁷ Refer to the Company's ASX release dated 1 September 2022 "Further drilling targets identified at Fish Lake Valley Lithium Project.

into the brine horizon to enable effective sampling. The location of the two (2) drill holes are shown in Figure 17.

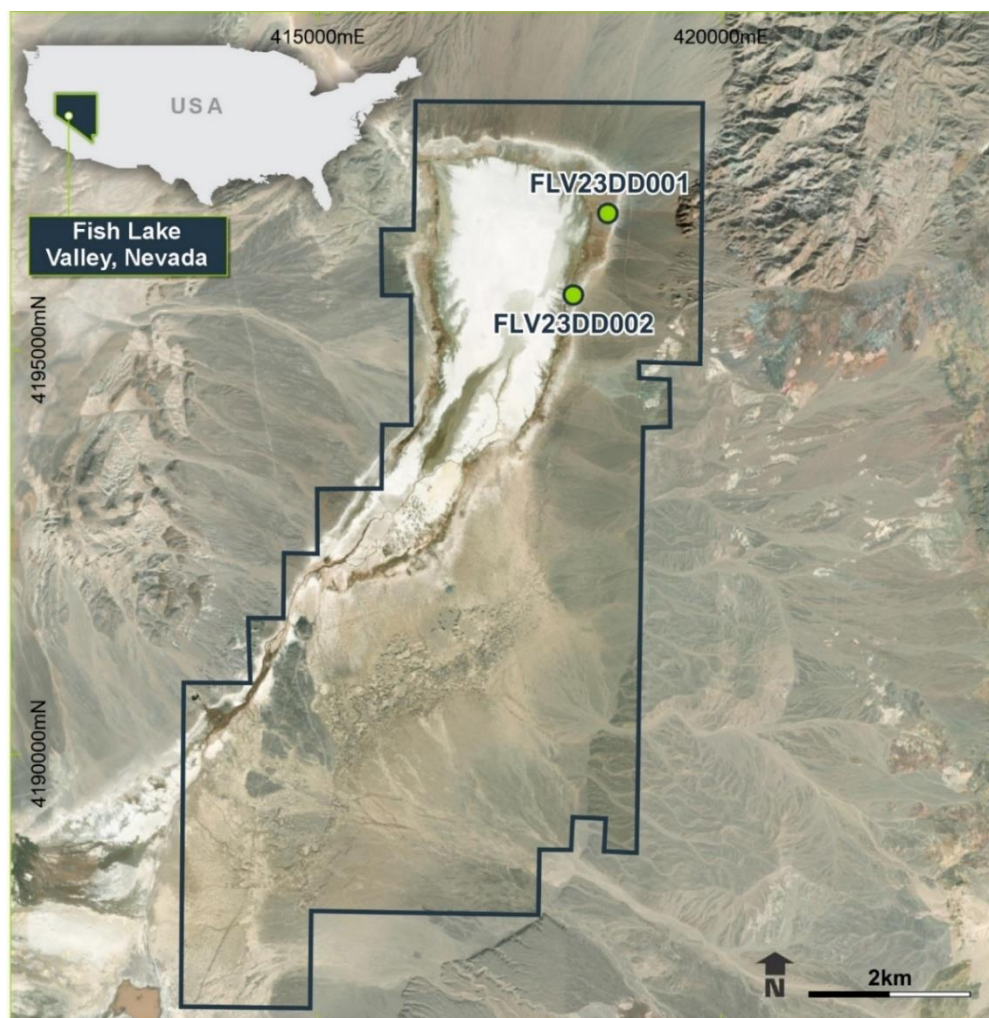


Figure 17 – Location of drill holes.

Drilling Mobilisation

The RC rig was mobilised to site on 25 August and has now commenced drilling. Once the RC rig has completed collaring the FLV23DD001 hole it will move and collar hole FLV23DD002.



Figure 18 – Pad 1 location and set up

Next Steps

The next steps are:

- Complete collaring FLV23DD001 and FLV23DD002 before demobilising the RC rig
- Install conductor casing in both holes.
- Mobilise the core rig and complete the holes to final depth (1,200ft)
- Take bulk samples for DLE testwork

Corporate

On 31 August 2023 the Company updated the market regarding the appointment of Mr James Brown, the Company's Managing Director, as the interim CEO of Sayona Mining Limited (Sayona) to guide Sayona through a transitional phase in operations and corporate structure. Mr Brown was previously a non-executive director of Sayona. The Board of Morella continues to be confident that this appointment will have no impact on Mr Brown's role within Morella and look forward to his ongoing leadership in overseeing the Company's exploration activities at both the Nevada and Western Australian Projects.

Morella is fortunate to have the support of an experienced leadership team with corporate compliance and Company Secretarial requirements covered by Mr John Lewis coupled with Head of Resource Development Mr Eric Kiely. *John and Eric have been essential members of the Morella team for several years and their ability to manage key sections of the business will ensure a seamless continuation of activities within the Company.*

During the Quarter the Company met anniversary milestones under both the FLV and NBS Earn In Agreements. As a result of the Company meeting the 2nd Anniversary Milestones included in the Earn in Agreement for the FLV project, the Company issued 20,333,575 FPO shares and paid Lithium Corp US\$100,000.

Morella issued a further 19,741,685 FPO shares in September to Lithium Corp as a result of meeting the 1st Anniversary milestones for the NBS Project.

During the Quarter the Company finalised its Annual Financial Statements and also released to the market the Annual Corporate Governance Statement and Appendix 4 G.

Other Disclosure

As disclosed under item 6 in the Appendix 5B, the Company made payments to related parties being for a total consideration of \$60,000. This consideration relates to the Directors' for normal monthly fees.

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

Contact for further information.

Investors | Shareholders

James Brown

Managing Director

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Media

Michael Weir

Citadel Magnus

M: 0402 347 032

Competent Persons Statement The information in this report that relates to Exploration Results for West Australian hard-rock projects is based on information compiled by Mr Chris Grove, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Principal Geologist employed by Measured Group Pty Ltd. Mr Chris Grove 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 Chris Grove consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Drilling Results at the Mallina Project is based on information compiled by Mr Henry Thomas, who is a Member of the Australasian Institute of Mining and Metallurgy and is the Exploration Manager employed by Morella Corporation. Mr Henry Thomas has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Mineral Resources'. Mr Henry Thomas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results for Nevada brine projects is based on information compiled by Mr Duncan Storey, who is a Chartered Geologist with the Geological Society of London (an RPO defined by JORC 2012). Mr Storey is an independent consultant engaged by Morella Corporation and has sufficient experience with the exploration and development of mineralised brine deposits qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Storey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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, no new licences were acquired nor were any sold or cancelled.

Location	Tenement Number	Interest beginning of Quarter	Interest end of Quarter
Mt Edon, Pilbara, Western Australia	E45/2778	Nil	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")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	168	168
1.2	Payments for		
	(a) exploration & evaluation	(54)	(54)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(653)	(653)
	(e) administration and corporate costs	(218)	(218)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
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	3	3
1.9	Net cash from / (used in) operating activities	(754)	(754)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(46)	(46)
	(d) exploration & evaluation	(2,694)	(2,694)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(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	(2,740)	(2,740)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	• Payments of lease liabilities	(20)	(20)
3.10	Net cash from / (used in) financing activities	(20)	(20)

4.	Net increase / (decrease) in cash and cash equivalents for the period	(3,514)	(3,514)
4.1	Cash and cash equivalents at beginning of period	7,936	7,936
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(754)	(754)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,740)	(2,740)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(20)	(20)
4.5	Effect of movement in exchange rates on cash held	17	17
4.6	Cash and cash equivalents at end of period	4,439	4,439

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	4,439	4,439
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)	4,439	4,439

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⁾	3,517	3,517
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	3,517	3,517
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 2023 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)	(754)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,694)
8.3 Total relevant incoming / (outgoings) (item 8.1 + item 8.2)	(3,448)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,439
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,439
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.3

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:

- 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, net operating cashflow (1.9) is expected to continue at the current levels with exploration expenditure 2.1 (d) is budgeted to be at significantly lower levels. Exploration and evaluation expenditure was significantly higher during the September Quarter as the Company undertook a range of inground exploration at all the Company's projects.

- 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 Morella Group has constant communication with investor groups and shareholders. It is proposed to raise funds based on forecasted cashflow requirements from these groups. Based on previous funding events the Group would expect strong support to raise further funds.

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 Group expects it will be able to continue operations and meet its objectives based on current support from its existing shareholders and high interest from sophisticated investment groups.

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 October 2023

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.