ASX Announcement

25 May 2023

Mallina drilling intercepts 23 metres of pegmatite, hosting visual spodumene.

Highlights

Drill program successfully completed – assays expected in 4 weeks

Total of 35 holes completed for 2,200 metres of total drilled depth

Six (6) drillholes intercepted pegmatites hosting spodumene >10 metres width three (3) holes had intercepts >20 metres including hole MRC070 with 23 metres from 21 metres depth

Pegmatites intersected in 18 of the 35 holes drilled

Planning for the next phase of drilling is underway to infill and test extensions

Overview

Morella Corporation Limited (ASX: 1MC "Morella" or "the Company") is pleased to advise an interim update from its recently completed RC (reverse circulation) drilling program at Morella's 51% owned Mallina Project, located in the Pilbara region of Western Australia. The program was designed to identify the strike lengths and thickness of previous exploration (refer to ASX Release 7 December 2022) to set a foundation for a more rigorous resource definition program. The Company has despatched all pegmatite samples for assay and expects to receive the results prior to 30 June 2023.

Significant pegmatite drillhole intercepts (>10 metres) are detailed below:

- **MRC057** **22m pegmatite intercept from 48m.**
- **MRC067** **10m pegmatite intercept from 68m.**
- **MRC070** **23m pegmatite intercept from 21m.**
- **MRC072** **15m pegmatite intercept from 5m.**
- **MRC073** **21m pegmatite intercept from 28m; and 17m pegmatite intercept from 56m.**

Morella Managing Director James Brown said:

"The completion of this drill program at Mallina has confirmed the Projects potential to deliver a significant hard rock lithium discovery. These exciting results provide the basis to accelerate commencement of a follow up program to provide a strong pathway towards resource definition. This program has significantly enhanced Mallina's appeal due to the favourable thickness of the pegmatites, combined with their relatively shallow depths. The program was incident free, achieved high production rates for drilling and benefited from the exploration team's excellent planning."

Additional Information

The completed drill program at Mallina resulted in 35 holes out of a planned 39 holes totalling 2,200 metres from a planned 2,800 metre program (See Appendix 1).

Drilling was completed by Topdrill Pty Ltd with supervision from Morella staff. Pegmatites were interested in 18 holes with visually demonstrated spodumene, the minimum pegmatite intercepts observed were 2 metres in thickness. All pegmatite samples have been sent to the laboratory for assaying.

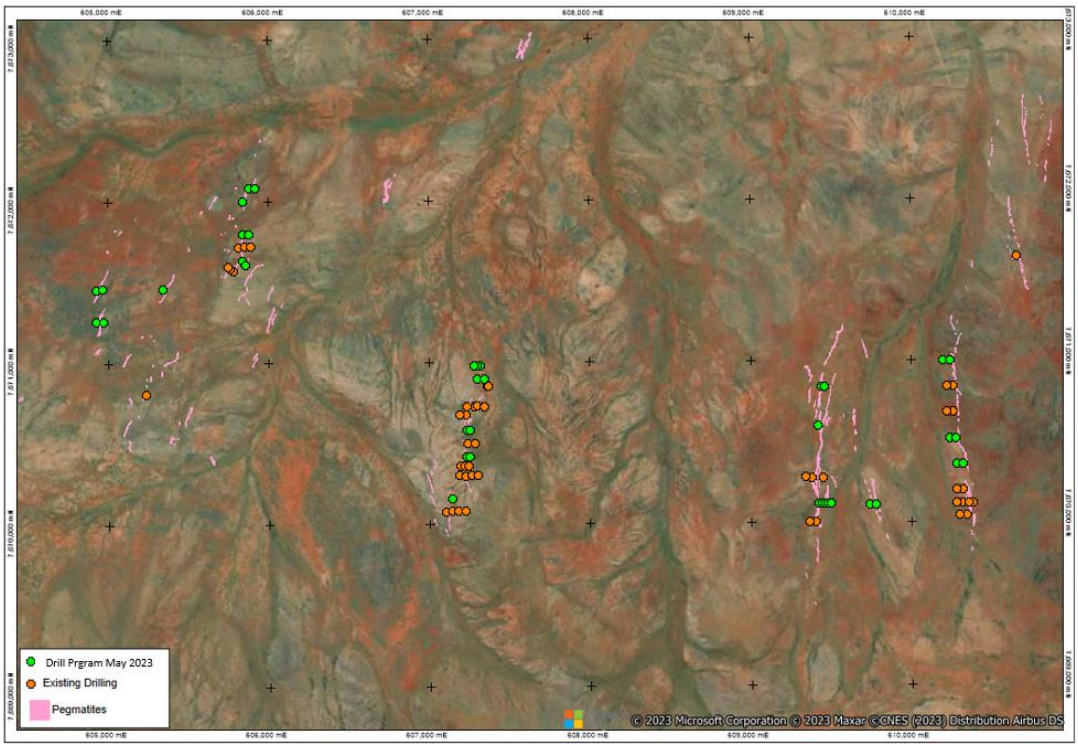

Figure 1 – Drillhole Locations

Figure 2 – Sieve showing spodumene from hole MRC082 between 14m-15m

Figure 3 – Schramm 2 685 track mounted rig

Contact for further information

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

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

Forward Looking Statements and Important Notice This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although Morella believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved where matter lay beyond the control of Morella and its Officers. Forward looking statements may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein.

Competent Person's Statement The information in this report that relates to Exploration Results 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.

Appendix 1

Hole ID	EAST	NORTH	RL	DIP	AZIMUTH	Drilled Depth	Area
MRC049	604955	7671464	95	-60	90	48	Discovery 3
MRC050	604927	7671464	95	-50	270	72	Discovery 3
MRC051	604965	7671265	95	-60	270	60	Discovery 3
MRC052	605337	7671477	95	-60	90	78	Discovery 2
MRC053	605835	7671640	90	-60	135	96	Discovery 1
MRC054	605858	7671620	90	-60	315	48	Discovery 1
MRC055	605842	7671807	90	-60	270	30	Discovery 1
MRC056	605877	7671808	90	-60	270	90	Discovery 1
MRC057	605339	7671999	90	-60	90	96	Discovery 1
MRC058	605879	7672089	90	-60	270	60	Discovery 1
MRC059	605919	7672089	90	-60	270	60	Discovery 1
MRC060	605847	7671807	90	-60	270	30	Discovery 1
MRC061	607141	7670165	95	-60	270	40	Area C
MRC062	607229	7670426	95	-60	270	40	Area C
MRC063	607249	7670425	95	-60	270	60	Area C
MRC064	607229	7670584	85	-60	270	40	Area C
MRC065	607249	7670584	85	-60	270	60	Area C
MRC066	607339	7670910	90	-60	90	96	Area C
MRC067	607302	7670906	90	-60	90	90	Area C
MRC068	607303	7670986	90	-60	90	36	Area C
MRC069	607283	7670987	90	-60	90	60	Area C
MRC070	609441	7670840	90	-60	270	50	Peg 3
MRC071	609459	7670840	90	-60	270	90	Peg 3
MRC072	609424	7670601	90	-60	90	36	Peg 3
MRC073	609422	7670122	90	-60	270	78	Peg 3
MRC074	609442	7670123	90	-60	270	80	Peg 3
MRC075	609462	7670122	90	-60	270	48	Peg 3
MRC076	609745	7670112	95	-60	90	100	Peg 2.5
MRC077	609785	7670115	95	-60	270	100	Peg 2.5
MRC078	610244	7670993	90	-60	90	40	Peg 2
MRC079	610205	7670993	90	-60	90	80	Peg 2
MRC080	610286	7670561	90	-60	90	30	Peg 2
MRC081	610261	7670564	90	-60	90	66	Peg 2
MRC082	610325	7670364	85	-60	90	40	Peg 2
MRC083	610286	7670362	85	-60	90	72	Peg 2

JORC CODE, 2012 EDITION – TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• RC drill samples were collected at 1m intervals via a rig mounted cone splitter. • Visual observation techniques were used for sample collection. • RC drill hole chip samples were collected in one-metre intervals from the beginning to the end of each hole. Each sample was split directly using a cone splitter into numbered calico bags. The remaining material for each interval was collected directly into buckets that were placed near the drill rig for geological logging. • All potentially mineralised intervals were sampled.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• The drilling method was Reverse Circulation (RC). • The drilling contractor was TopDrill Pty Ltd with a Schramm 2 685 track mounted rig using a 5 5/8 inch rod string and RC Hammer. • Holes were nominally drilled at -60 degrees
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No loss of sample recovery or quality was noted during drilling. • Appropriate use of downhole pressure kept the RC drill cuttings dry. • Samples are considered to be representative of the drilled intervals. • Sample bias was not introduced during the drilling.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• RC holes were geologically logged by rig geologists. • Representative drill chips for each one-metre interval in the RC holes were collected by the Rig Geologist. The drill chips from these intervals were dry and wet sieved and the geology/lithology was logged. The lithology logging was undertaken on the one-metre intervals to document the lithology, colour, texture, alteration and mineralisation of each interval using standardised logging codes. • A representative washed chip sample for each one-metre interval which were placed in chip trays for future reference. • The lithology logging was considered quantitative in nature.

Criteria	JORC Code explanation	Commentary
		• All recovered RC drill chips were logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No drill sample assays reported.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• No drill sample assays reported.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data*	• No drill sample assays reported.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The drill hole collars were surveyed by Morella personnel using a handheld GPS unit (with an error of +/- 3 m). • The Grid System used was Australian Geodetic MGA Zone 50 (GDA94). • The level of topographic control offered by a handheld GPS was considered sufficient for the work undertaken.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The drilling spacing is considered appropriate for the reporting of the exploration results • No Mineral Resource or Ore Reserve Estimates have been completed. • Normally one-metre RC drill hole chip samples were prepared for sample submission. • No sample compositing was applied.
Orientation of data in	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the*	• Drilling was generally orthogonal to the orientation of the pegmatites, minimising

Criteria	JORC Code explanation	Commentary
relation to geological structure	*extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	potential sample bias. • The drilling of understood pegmatite units was targeted to drill across dip as is industry standard practice. • New or poorly understood pegmatite units were targeted from both directions in order to establish a representative intercept.
Sample security	• *The measures taken to ensure sample security.*	• The chain of custody for sampling procedures and sample analysis was managed by the rig geologists during drilling. • Industry standard sample security and storage was undertaken.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews of the data have been conducted at this stage.

Section 2 Reporting of Exploration Results

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The project lies within the E47/2983 exploration tenement which was granted on 13 August 2014. • The tenement is in the name Sayona Lithium Pty Ltd (a wholly owned subsidiary of Sayona Mining Limited). • Sayona and Morella have entered into a Joint Venture agreement providing Morella with a 51% interest in the Lithium rights over E47/2983 tenement (and other tenements). • Sayona has granted Morella the right to access and conduct exploration on the tenement. • The tenement is in good standing and there is no known impediment to obtaining a licence to operate.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Lithium was discovered on the tenement (including the collection of 23 rock samples) in late 2016.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The spodumene-bearing dykes at Mallina are recognised as composite or hybrid intrusions of early monzogranite and latter aplite phases. • The various phases are typical components of the Split Rock Supersuite, which is considered the fundamental control on the formation of rare-metal spodumene-bearing pegmatite systems across the region from Pilgangoora through to Wodgina, and northwards to the Mallina Basin. • Fine spodumene in the hybrid intrusions at Mallina is contained within a distinct aplite phase, that can be geochemically

Criteria	JORC Code explanation	Commentary
		differentiated in the existing rock-chip and drill-hole assay datasets. • The presence of fine spodumene in an aplite is not without regional precedence within the rocks of the Split Rock Supersuite, as this association has been recognised in the Pilgangoora district.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case*	• Morella completed RC drilling at Mallina. • Thirty Five (35) RC drill holes were drilled, totalling 2200m. • Relevant drill hole information has been provided in this release. • No information has been excluded.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated*	• No drill sample assays reported.
Relationship between mineralisation widths and intercept length	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• There is insufficient data for a relationship between mineralisation widths and intercept lengths to be reported. • The true width of the mineralisation is not known, only down hole length is reported.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate information has been included in this release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Balanced reporting has been completed.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and*	• No other exploration data to report.

Criteria	JORC Code explanation	Commentary
	method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Mineralogical studies and geochemical assay work is planned to be completed once the samples are returned to Perth. • Further work will be planned once the mineralogical study and geochemical assay results are evaluated.