MORELLA CORPORATION

ASX Announcement

6 June 2022

Drilling Program Completed at Mallina

Reverse Circulation (3 holes) and Diamond Core (4 holes) drill program completed for a total of 1,261m

Spodumene quartz intergrowths in aplite intrusions observed within chip and core samples being consolidated for independent laboratory analysis

Site program completed safely and without incident

Further exploration potential identified with future work planning underway

Overview

Morella Corporation Limited (**ASX: 1MC** "Morella" or "the Company") is pleased to announce that it has completed exploration drilling at the Mallina Lithium Project (tenement E47/2983).

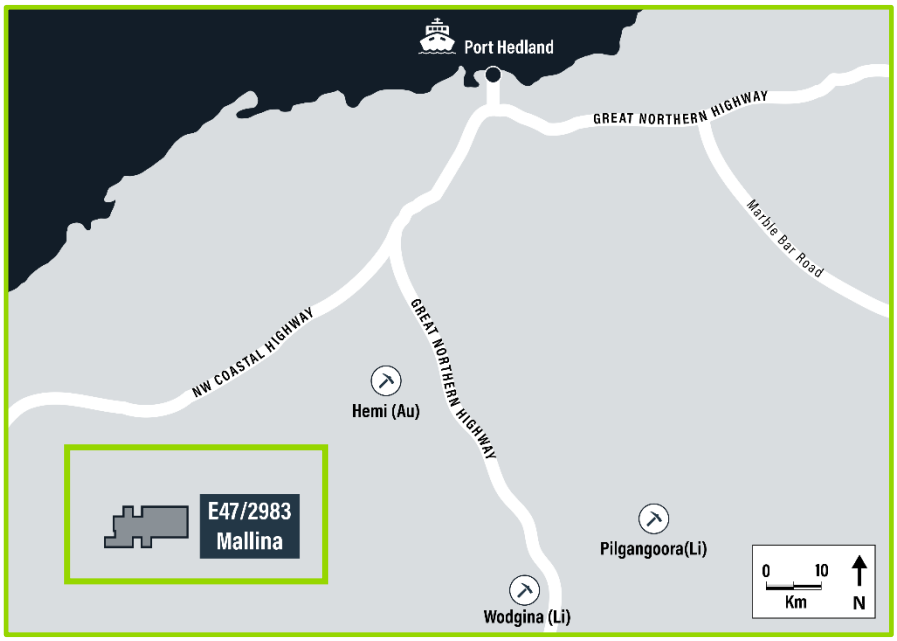

Figure 1 - Mallina Lithium Project

Drilling Program

The drilling program commenced in late March 2022, with the clearing of drill pads and establishment of a field camp. The reverse circulation (RC) drill contractor mobilised to the Mallina Project in the second week of April, after completing site and safety management protocols and inductions with RC drilling commencing on 18 April 2022.

Subsequently, the Diamond Core drill contractor arrived at the Project, completed relevant safety and site management protocols, and commenced core drilling on 22 April 2022.

The planned program was designed with the dual objectives of intersecting hybrid dykes at Pegmatite 2 and Area C prospects at depth and testing for blind primary pegmatite sheets at depth. RC drilling concluded on 26 April 2022 and the core drilling concluded on 27 May 2022. All drilling was completed safely and without incident.

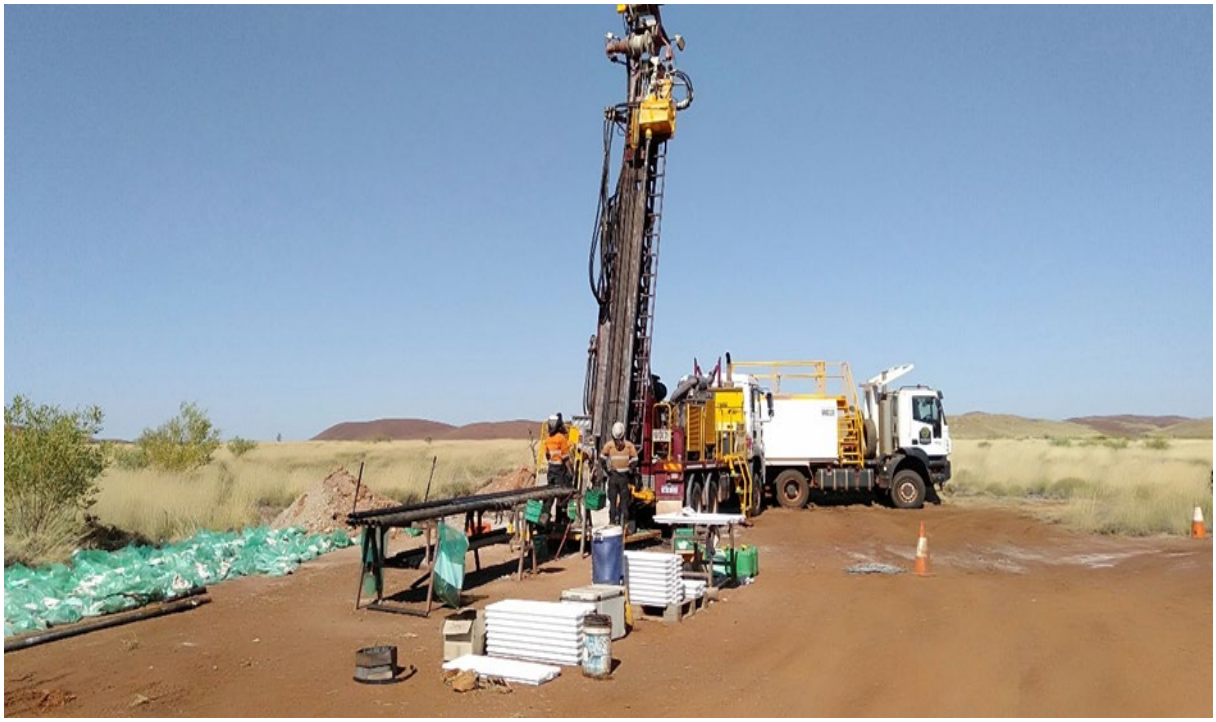

Figure 2 – Diamond Core Drill Rig on drill hole M22_001_RCD

Three RC holes (430m) and four diamond core holes (831.4 m), including two core tail extensions were completed. Five drill sites were used for this program, including three RC drill sites (with two diamond core tails) and two diamond core sites from surface. Completed drill hole data can be seen in Table 1 and drill collars seen in Figure 3.

Table 1 – Completed Drill Holes

Hole ID	Easting	Northing	Elevation	Dip	Azimuth	RC Diameter	Core Diameter	EOH (m)
M22_001_RCD	609989	7670072	92	-75	060	5-1/2”	50.6mm (NQ2)	**408.6**
M22_002_RC	609955	7670502	92	-75	060	5-1/2”	-	**150.0**
M22_003_RCD	607350	7670720	93	-75	060	5-1/2”	50.6mm (NQ2)	**462.5**
M22_004_D	610351	7670109	91	-60	270	-	63.5mm (HQ) & 50.6mm (NQ2)	**59.7**
M22_005_D	610282	7670127	91	-75	060	-	63.5mm (HQ) & 50.6mm (NQ2)	**180.6**

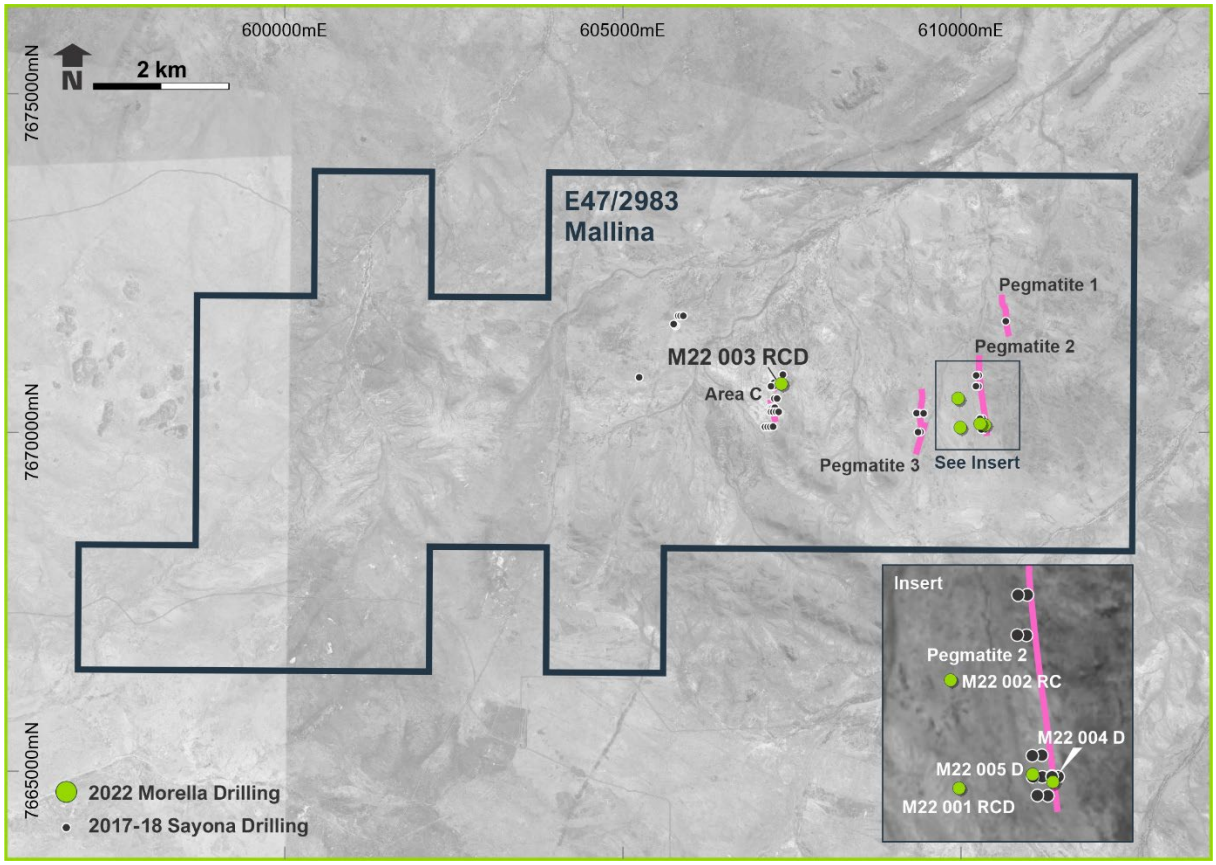

Figure 3 – March-May 2022 Drill Collars, relative to historical drilling

Fine grained spodumene quartz intergrowths within aplite intrusive intervals were observed in the drill core. The RC chips and drill core were logged on site by a geological team and samples have been prepared for mineralogical studies and geochemical assay work to be completed at an independent laboratory in Perth. All RC chips and core samples are currently being consolidated at Port Hedland ready for transportation to Perth. Mineralised intervals will be reported as and when the results are made available to the Company.

Future Works

While the Company commences the logistics efforts to transfer RC chips and core samples from Mallina to Perth in readiness for mineralogy and assay testing (the results of which are expected to take two-three months from commencement of work in Perth), the Mallina Lithium Project will be subject to further exploration efforts as part of Morella's program of work for selected tenements within the Sayona earn-in portfolio. Airborne geophysics is being scheduled as well as ground-based methods. A successful geophysics campaign will be followed by further field work to identify and develop the next round of drilling targets at Mallina and other prospective tenements. The priority for Mallina specific geophysics will be the areas subject to historical drilling, areas of know lithium mineralisation. The results from this March-May 2022 campaign may determine the exploration pathway.

Co-funded Drilling

As previously advised (refer to ASX Announcement Mallina Lithium Project Update released 28 October 2021), Morella was awarded a co-funded grant for drill program completed at Mallina. The Company is entitled to claim up to a maximum amount of $150,000 against the direct drilling costs for

the completed drilling program. The Co-funded Exploration Drilling Program is the flagship program of the Exploration Incentive Scheme (EIS). The Company will provide half-core samples to DMIRS as part of the project and will allow public access to drill core material after the expiry of the Confidentiality Period.

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 is an exploration and resource development company focused on lithium and battery minerals. Morella is currently engaged in exploration and development activities with projects 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 the surging demand for battery minerals, critical in enabling the global transition to green energy.

Competent Person's Statement The information in this report that relates to Exploration Results is based on information compiled by Mr Stephen Barber, who is a Member of the Australasian Institute of Mining and Metallurgists and Exploration Manager of Altura Mining Limited. Mr Barber has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to 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 Barber consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.*	• The Mallina project was sampled by collecting rock chip samples from reverse circulation or RC drilling and core samples from diamond drilling. • Visual observation techniques were used for sample collection. • RC drill hole chip samples were collected in one-meter intervals from the beginning to 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 green bags that were placed near the drill rig for geological logging. • All potential mineralised intervals were sampled. • Mineralisation was initially determined visually and confirmed by geological logging. These results will be quantified by mineralogical studies and geochemical assays.
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 RC drilling method was used for hole M22_002_RC; and the upper section of holes M22_001_RCD and M22_003_RCD. • The RC drilling was completed by Strike Drilling using a track mounted X350 rig (350psi), supported by an Atlas Copco 10VRS compressor and B4 booster. The drill bit diameter was 5-1/2" RC Bit. • The diamond core drilling method was used for holes M22_004_D and M22_005_D. Diamond tails were drilled for holes M22_001_RCD and M22_003_RCD. • The diamond drilling was completed by Mt Magnet Drilling (MMD) using a HYDCO D650 truck-mounted rig. The drill bit diameters used were – HQ (63.5mm) and NQ2 (50.6mm). The core was collected in standard tubes and was orientated.
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 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*	• RC holes were geologically logged by Rig

Criteria	JORC Code explanation	Commentary
	appropriate Mineral Resource estimation, mining studies & 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.*	Geologists. • Representative drill chips for each one-meter 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-meter 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-meter interval was placed in chip trays for future reference. • The lithology logging was considered quantitative in nature. • All recovered RC drill chips were logged. • Diamond core holes were geologically logged by Rig Geologists. • The drill core geology/ lithology was logged. This work documented the lithology, colour, texture, alteration, and mineralisation of the core using standardised logging codes. • The lithology core logging was considered quantitative in nature. • All recovered drill core was 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.*	• The drill core will be cut into half-core. • Drill samples were collected at the time of drilling via a cone splitter. • Sampling of cuttings were carried out following industry standards. • RC samples were normally dry. If water was present, it was expelled (if possible) from the hole before sample was collected. • Random duplicate samples for analyses were collected from selected intervals to assist QA/QC assessment work. • The grain size of the material being sampled could not be determined from the recovered drill chips.
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.*	• Mineralogical and geochemical assay samples will be dispatched to Intertek in Perth, a certified laboratory. • Appropriate sampling methods will be adopted. • No handheld tools were used. • Sample duplicates, blanks, and Certified Reference Material (CRM) are to be used for QA/QC purposes.

Criteria	JORC Code explanation	Commentary
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 external verification has yet been completed. • No twinned holes were drilled. • All completed RC and core holes were logged. • Assay data will be provided by the laboratory as certified data files, once completed. • Data listing survey, lithology and sample numbers were recorded. Data validation was completed. • Assaying not yet commenced.
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 +/- 5 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.*	• There was no predetermined grid spacing used for the drilling. • The data spacing and distribution are insufficient to establish the degree of geological and grade continuity. • No Mineral Resource or Ore Reserve Estimates have been completed. • Normally one-meter RC drill hole chip samples were prepared for sample submission. • No sample compositing was applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the 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.*	• Drilling was carried out over a small area of the project and was not considered to be biased. • Drilling was generally orthogonal to the orientation of the pegmatites, minimising potential sample bias. • Drill hole M22_004_D was planned to be drilled down-dip to provide information on mineral distribution within the aplite/ pegmatite.
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 listed in the preceding section also apply to this section.)

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 owned 100% by Sayona Lithium Pty Ltd (a wholly owned subsidiary of Sayona Mining Limited). • Sayona has granted Morella the right to earn a 51% interest in the E47/2983 tenement (and other tenements) by conducting exploration and incurring expenditure relating to exploration over a three-year Earn in Period. • Sayona has granted Morella the right to access and conduct exploration on the tenement during the Earn in Period. • The tenement is in good standing and there is no known impediment to obtaining a license 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 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*
		• Morella completed RC and core drilling at Mallina.
		• Three (3) RC drill holes were drilled, totalling 430m.
		• Two (2) diamond core drill holes and two (2) diamond core tails were drilled, totalling 831.4m.
		• Relevant drill hole information has been provided in this release (see Table 1 – Completed Drill Holes).

Criteria	JORC Code explanation	Commentary
	○ *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.*	• 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.*	• Assay data results have not been received.
Relationship between mineralisation widths and intercept lengths	• *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.
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 method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other exploration data to report.
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.