

30 January 2023

Quarterly Activities Report and 5B Cashflow December 2022

LITHIUM EXTRACTION STUDY CONFIRMS HIGHLY EFFICIENT LITHIUM CONCENTRATING PROCESS

**MAGNETOTELLURIC (CSMT) GEOPHYSICAL SURVEY SHOWS HIGH CONDUCTIVITY ANOMALY
STARTING AT 700 METRES DEPTH AT NORTH BIG SMOKY**

**DEEP GROUND PENETRATING RADAR SURVEY SHOWS A SIGNIFICANT INCREASE IN PEGMATITE
TARGETS FROM 53 TO +180 AT MT EDON IN WA.**

OVERVIEW

Morella Corporation Limited (**ASX: 1MC** “Morella” or “the Company”) is pleased to report on activities conducted during the December 2022 Quarter.

The Company continued to advance its Fish Lake Valley, North Big Smoky Projects in the USA and Mallina Project in Western Australia.

EXPLORATION AND PROJECT DEVELOPMENT

Fish Lake Valley Lithium Project (FLV)

Direct Extraction Study (DLE)

During the Quarter the Company received an interim progress report from Recion Technologies (“Recion”) which provided positive early-stage indications of successful lithium concentration using Recion’s ion exchange media (Media) process and FLV brine.

The brine sample used for testing was obtained from (417,213mE; 4,197,266mN; 1438mRL) near surface (from 4.26m) of the playa at FLV and was expected to be highly diluted from surface water, however the testing process focussed on lithium extraction from the brine type or signature of the brine. As part of the next phase of DLE testing Morella will provide brine samples from reservoirs identified in the Passive Seismic and MT surveys completed earlier in 2022. (Refer ASX announcement *Geophysical Exploration Update for Fish Lake Valley Lithium Project* released on 22 February 2022)

The report has identified that two hours of absorption is sufficient to extract lithium from the brine with extraction efficiency up to 95% using an absorption column configuration. Absorption column configuration has been used in water treatment operations and is known to be scalable using standard/commercially available equipment.

Extended testing saw high lithium recoveries, resulting in lithium concentration levels over 600%.

Kinetics Test

Morella provided a 20 litre brine sample to Recion in June 2022, initial testing was conducted at benchtop scale, focusing on understanding how Recion’s Media process performed with the FLV brine.

To test the lithium extraction rate, a prescribed amount of Media was packed into a column, a prescribed amount of brine then flowed through the column at a prescribed flowrate. Lithium was then desorbed from the column by using acid¹ at a prescribed flow rate.

Concentrate samples were taken every 30 minutes and analysed for lithium concentration. The concentration rates can be seen in Table 1 (below).

Table 1 – Fish Lake Valley Brine and mineral concentrations (ppm) during DLE testing

	Li	B	Na	Mg	K	Ca
Original Brine	72	1,040	105,000	BDL	2,620	BDL*
Concentrate 30 min	212	77	3,546	BDL	239	BDL
Concentrate 60 min	322	82	3,440	BDL	275	BDL
Concentrate 90 min	421	82	3,458	BDL	308	BDL
Concentrate 120 min	450	80	3,400	BDL	280	BDL

*BDL = below detection limit

Media Performance

Recion also conducted a series of tests to assess the performance of the Media process for extended cycles of lithium absorption and desorption. Observations identified that the Media process performed consistently achieving 80-95% lithium extraction over more than 2 months of operation.

Recion tested the Media which had been used for more than 8 months and achieved a high lithium extraction rate. The performance of the process over repeat cycles is a key area of interest to support developing an economic model around the use of DLE technology to underpin the FLV Project. Media performance testing is ongoing.

Progress Report Conclusion

The Recion testwork on the FLV brine determined the following conclusions:

- 2 hours was sufficient timeframe to extract lithium from the provided brine sample with an extraction efficiency up to 95% using an absorption column configuration;
- Processing of the brine in the column results in a high lithium recovery and lithium can be concentrated by a factor of 7-9 up to ~400-500 ppm depending on recovery;
- Desorption can be completed in 1-2 hours; however, 2 hours is recommended to ensure full recovery of lithium from the sorbent;
- The absorption column configuration is a well-known modular configuration which has been used in water treatment for decades and can be scaled up using standard equipment; and
- Preliminary economics have been determined and will be refined following the provision of more representative deeper reservoir samples from the upcoming drill program.

Future Works

The DLE study will continue with Morella recently providing additional brine material to Recion. A primary objective of the next phase of testing is to generate enough concentrated lithium in solution to allow for continued processing at benchtop scale and production of lithium chemicals from the FLV brine.

¹ Testing was conducted using both sulfuric acid and hydrochloric acid – no notable difference in performance was observed between the two acid types.

Morella is currently in the final stages of permitting and awarding a drill contract, with the drill program aimed at providing brine samples from depth at the FLV project. The Company expects that drilling will commence in the in late Q1 or early Q2 2023 once all regulatory approvals have been received and drill rig availability align.

Morella has also commenced initial discussions on using Recion's recently built field prototype and potential field pilot and will advise the market in due course.

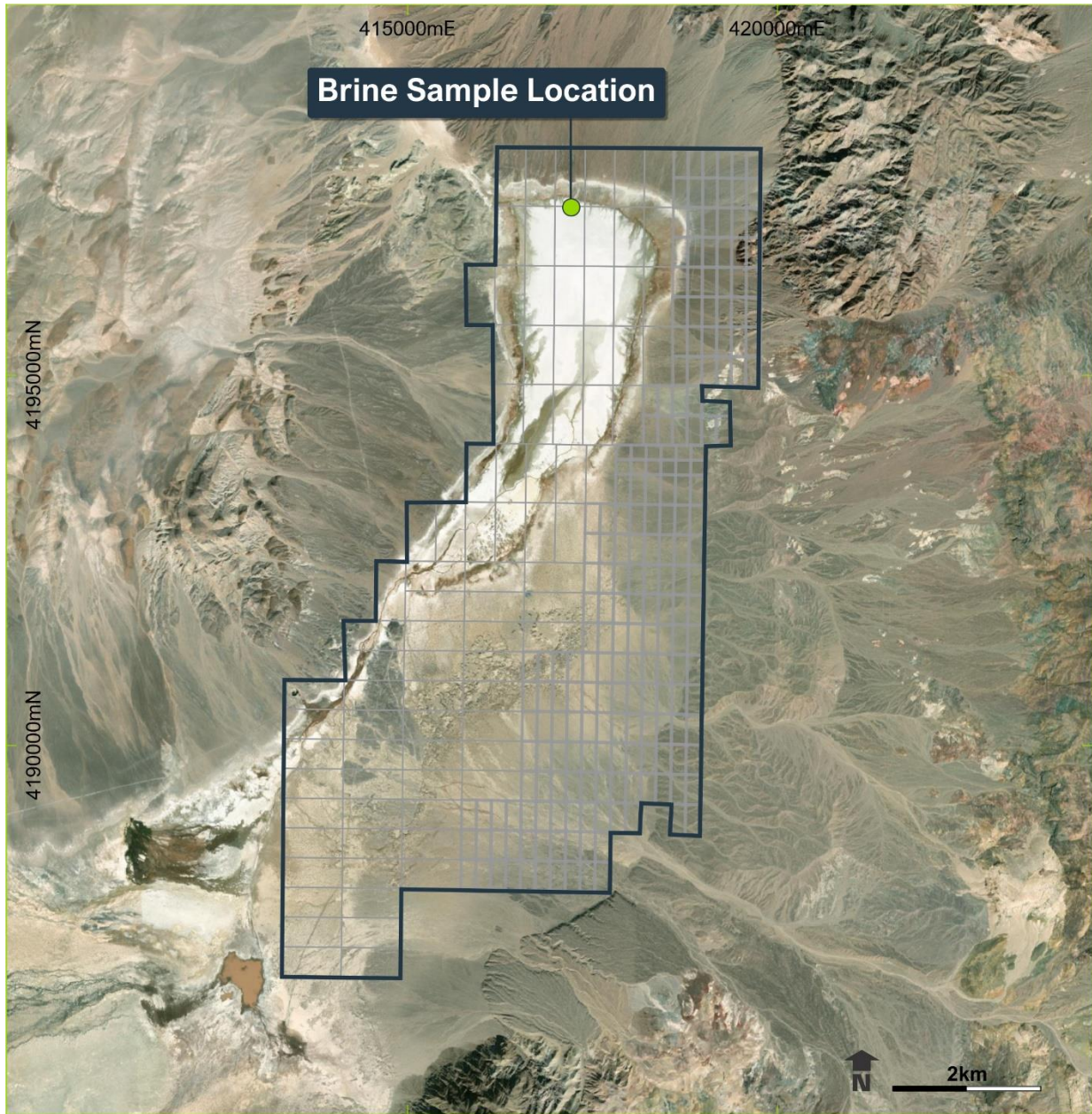


Figure 1 – Fish Lake Valley Claims and Project Brine Sample Location

North Big Smoky Lithium Project

Geophysics underway

Following the completion of the soil sampling at North Big Smoky in September (refer to ASX *Announcement First on-ground exploration works completed at North Big Smoky released 20 September 2022*) Morella engaged a geophysics expert to carry out a single CSAMT line at NBS.

CSAMT

The single CSAMT line highlighted areas of higher conductivity in order to develop a cross sectional understanding through the deposit that is aligned with the one of the soil sample lines (See Figure 2).

CSAMT Survey

In October 2022 Morella commissioned KLM Geophysics Inc (KLM) to complete a CSAMT survey within the North Big Smoky (NBS) project area, which is located approximately 50 km south of Austin in Nye County, Nevada. KLM completed the survey over 5 days along a single 2.5 km long survey line planned by Morella within the North Big Smokey claims. Resource Potentials Pty Ltd (ResPot) then processed and interpreted the CSAMT data.

CSAMT data was acquired using a Phoenix RXU-8A 5-channel EM receiver system with non-polarisable electrodes located every 50 m along the survey line to create 50 m long electric field dipoles (Ex), and Phoenix MTC-180 magnetic field sensors located at 250 m intervals along the survey line and oriented orthogonal to the direction of the survey line (Hy) (see Figure 2).

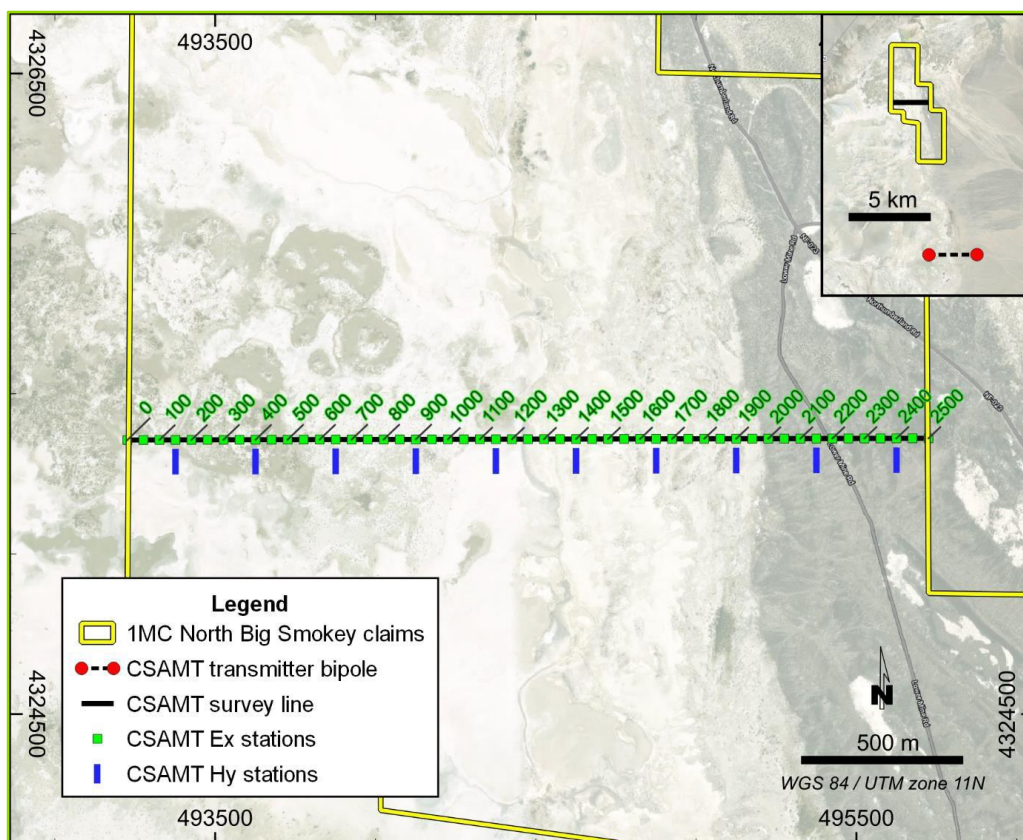


Figure 1: CASMT Line at NBS

A grounded transmitter bipole was established in a broadside configuration (i.e. parallel to the survey line orientation) approximately 9.8 km SSE of the CSAMT survey line (see inset-Figure 1). The grounded bipole was energised using a Phoenix TXU-30A transmitter/controller system with a 30-kW trailer-mounted motor generator, and with a sinusoidal transmitter waveform covering 54 transmitter frequencies geometrically increasing from 1 Hz to 10,000 Hz.

CSAMT Results

Both ResPot and KLM 2D resistivity models of the CSAMT data indicated a deep and high conductivity anomaly starting from approximately 700 m (see Figure 2) below the eastern part of the CSAMT survey line, which may be caused by brines at depth or conductive lithology. Areas of high conductivity are shown as hotter colours (orange to purple) and areas of lower conductivity (greater resistivity) are shown as cooler colours (white to blue). Black arrows indicate changes in surface soils observed in satellite imagery.

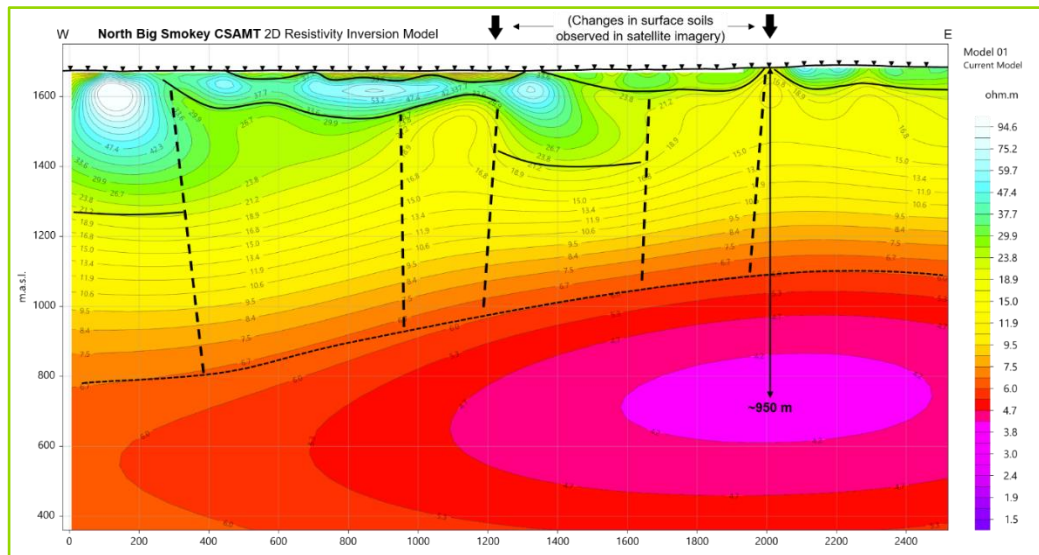


Figure 2: 2D resistivity inversion model cross section generated using CGG Geotools

Western Australia Hardrock Lithium

During the Quarter the Company announced the results of the Deep Ground Penetrating Radar (DGPR) work at the Mt Edon (E59/2092) and Mt Edon West (E59/2055) exploration tenements near Paynes Find, in the Mid West region of Western Australia.

The survey, conducted by Ultramag Geophysics Pty Ltd (Ultramag), in October and included 23-line km covering four (4) areas of known pegmatites. Results demonstrated that the DGPR was not only able to identify the known pegmatites but also pinpointed a significant number of additional pegmatites not previously mapped.

Mt Edon Lithium Project DPGR

The focus of the DGPR work was aimed at identification of any sub-surface pegmatites and their relationship to those that had been previously mapped at surface. Ultramag spent six (6) days traversing the four (4) pegmatite zones identified from surface mapping (see Figure 4).

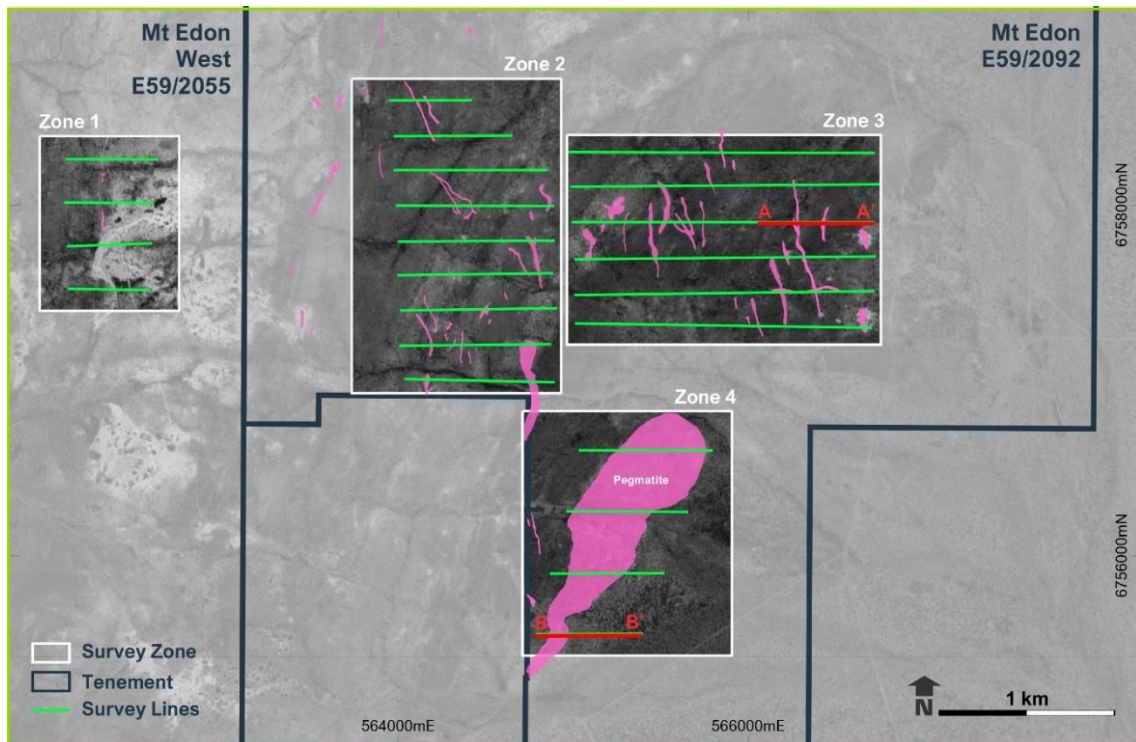


Figure 4: DGPR Survey Zones and lines as defined by Pegmatite outcrop

DGPR Results

As shown in Figures 5 and 6 below, a significant number of new pegmatite targets were identified in addition to the known, mapped pegmatites across many of the survey lines.

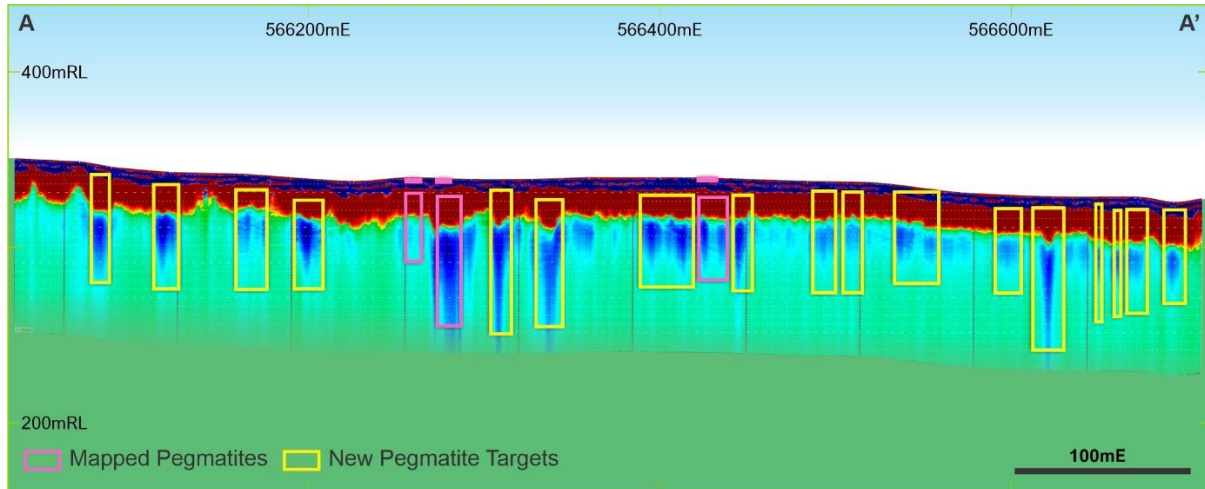


Figure 5: Section A - A' demonstrating a significant number of additional pegmatites identified

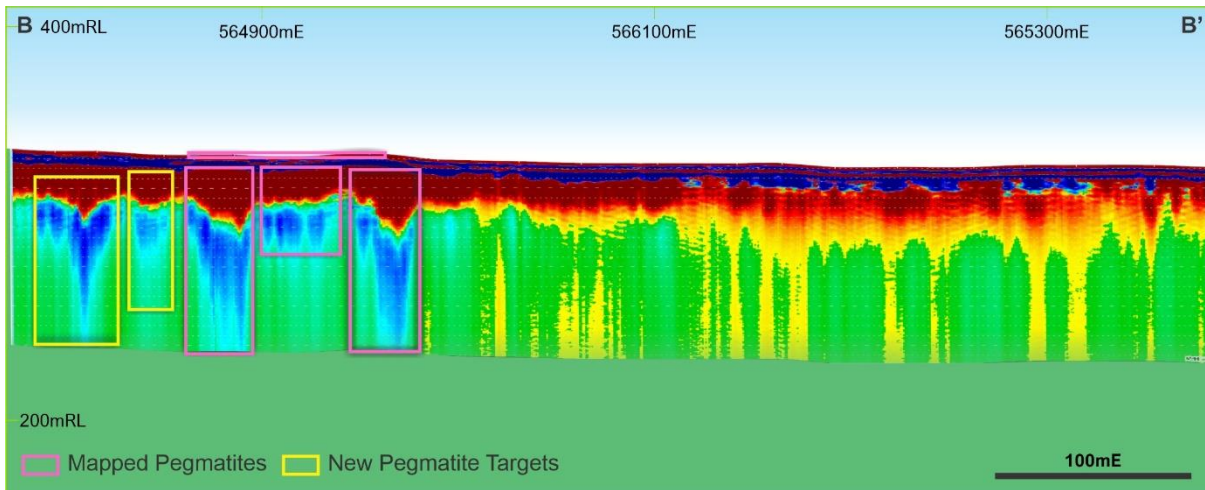


Figure 6: Section B - B' demonstrating both additional new pegmatite targets as well as confirming the sub-vertical structure of the existing mapped pegmatites

The base of weathering or unconsolidated alluvium is a pronounced layer and occurs around 20m depth on most profiles. The shape of this interface is useful in determining rock type in this hard rock environment. Existing surface mapping completed by Blackfynn Pty Ltd (refer to ASX Announcement *Lithium targets identified at Mt Edon project in Western Australia* released 23 June 2022) identified 53 outcropping pegmatites, some of which can be seen in the image below (Figure 7), however the DGPR work has identified a further 130 pegmatites, with most not expressing at surface.

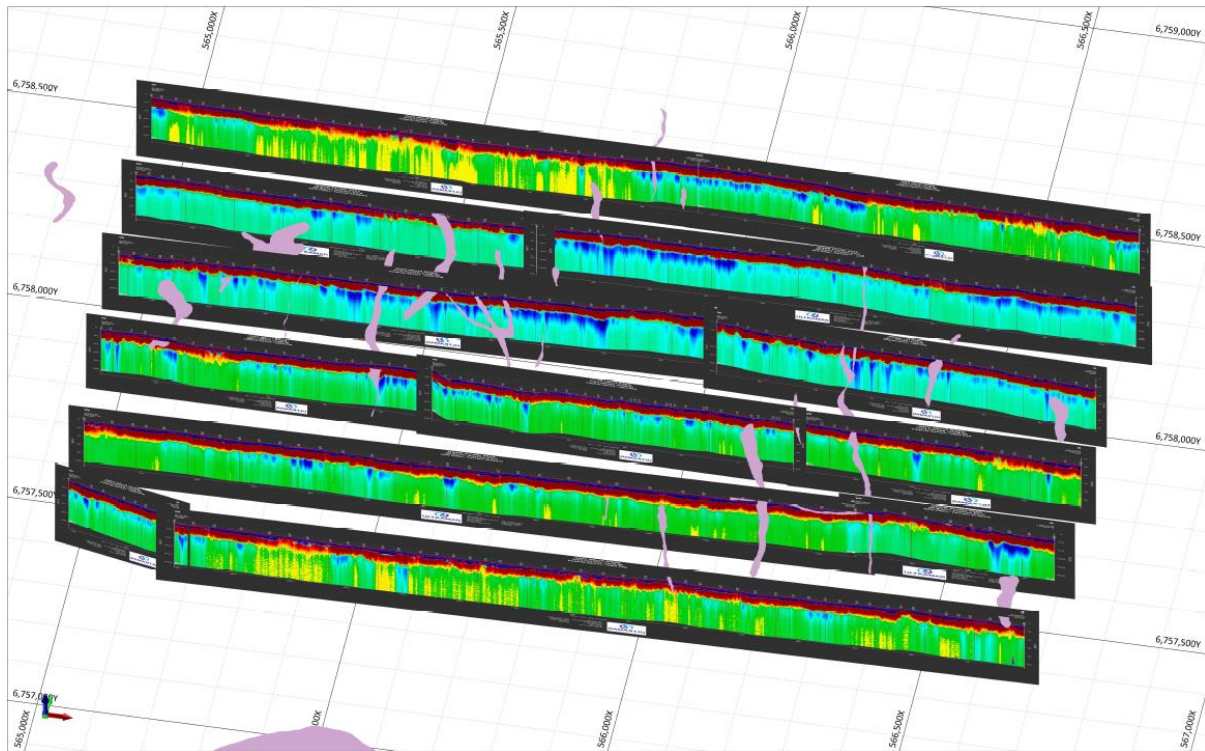


Figure 7: Survey results of Zone 3 with mapped Pegmatites

Conclusions and Next Steps

The DPGR work has identified four (4) main target areas for further exploration as shown in Figure 8 below. These targets are based on the density of pegmatite occurrences from the DGPR survey and the previously completed mapping work. The next stages of exploration at Mt Edon will be based around these identified target areas in preparation for testing via a planned drill program.

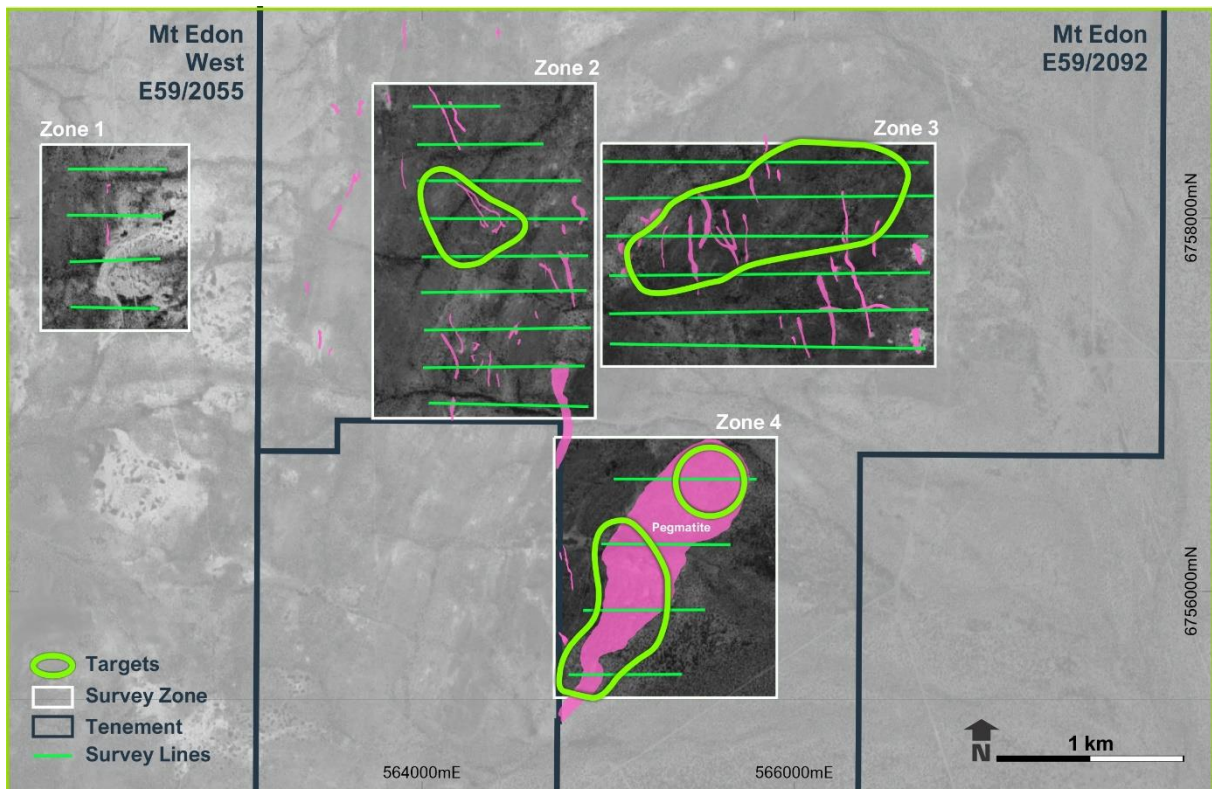


Figure 8: Target areas for future exploration

Mallina project Update

Between 2017 and 2018, Reverse Circulation (RC) drilling was completed by Sayona, with 48 holes drilled for 3,568m, delivering 653 RC drill chip samples for analysis. The drill program targeted five discrete identified pegmatite zones (**Error! Reference source not found.**). (Refer to ASX Announcement *Mallina Lithium Project Update* released 28 October 2021)

During 2022 a 5-hole, 1,261m drill program including 2 core tail extensions was completed by Morella, with the objective of targeting theorised tertiary covered pegmatite-ore sheets. (Refer to ASX Announcement *Drilling Program Completed Mallina* released 6 June 2022) Thicker and more consistent pegmatite intrusions do not outcrop at Mallina, however based on mapped surface expressions and drilling interpretation, the Company believes that thicker intersections of pegmatite intrusions can be found at depth.

Three (3) RC holes (430m total length) and four diamond core holes (831.4m total length), including two core tail extensions were completed in the 2022 program. Five (5) drill sites were established for the program, including three (3) RC drill sites (with two diamond core tails) and two diamond core sites (Figure 9) from surface. Detailed information on the drill holes can be found in Tables 2 and 3 with lithological logging presented below.

Table 2: Mallina - Completed Drill Holes (2022)

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

Table 3: Mallina - Summary of Drill Meters (2022)

Hole ID	Core Type	RC Pre-collar Length (m)	Diamond Core Tail Length (m)	Total Hole Length (m)
M22_001_RCD	NQ2	130.0	278.6	408.6
M22_002_RC	-	150.0	-	150.0
M22_003_RCD	NQ2	150.0	312.5	462.5
M22_004_D	HQ, NQ2	-	59.7	59.7
M22_005_D	HQ, NQ2	-	180.6	180.6
	Total	430.0	831.4	1,261.4

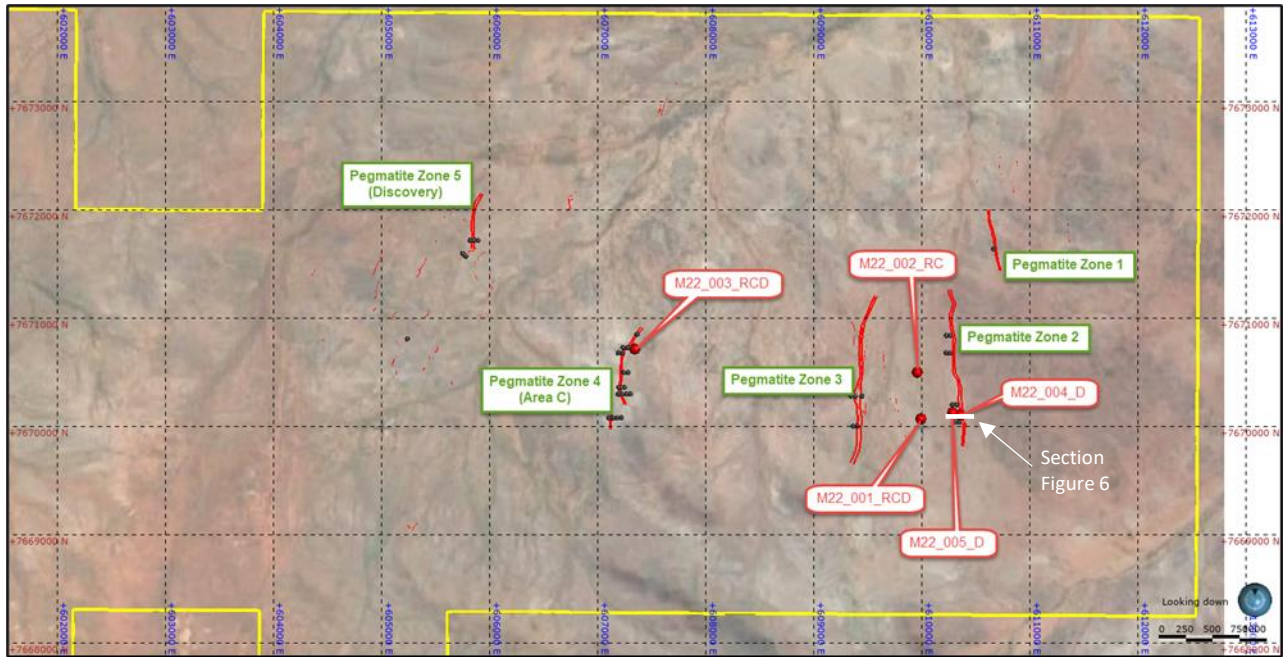


Figure 9: Map showing 5 zones of pegmatite (red outlines) and most recent drillholes (red dots); drill hole suffix: D -diamond, RC - reverse circulation drilled, RCD – reverse circulation drilled with diamond tail; previous Sayona RC holes (black dots)

Significant results were generated from Pegmatite 2 (>0.2 Li₂O%) and are outlined in Table 9. The significant results are also presented in Figure showing holes M22_004_D and M22_005_D.

Importantly, the standout result from hole M22_004_D (which was drilled down dip) confirms the previous successful work completed by Sayona, intercepting 16.4m @ 1.24% Li₂O from 4.6m and 1.0m @ 1.18% Li₂O from 46m, with the next round of drilling to test strike and depth extensions of this zone.

Table 9: Significant Intercepts from the recent drilling campaign (>0.2 Li₂O%)

Hole	Easting	Northing	From (m)	To (m)	Intercept
M22_004_D	610351	7670109	4.6	21.0	16.4m @ 1.24% Li ₂ O
			26.0	29.0	3.0m @ 0.49% Li ₂ O
			31.0	33.8	2.8m @ 1.20% Li ₂ O
			37.0	39.8	2.8m @ 0.73% Li ₂ O
			46.0	47.0	1.0m @ 1.18% Li ₂ O

Figures 10 and Figure show core samples of pegmatites intersected by drilling from the most recent program.

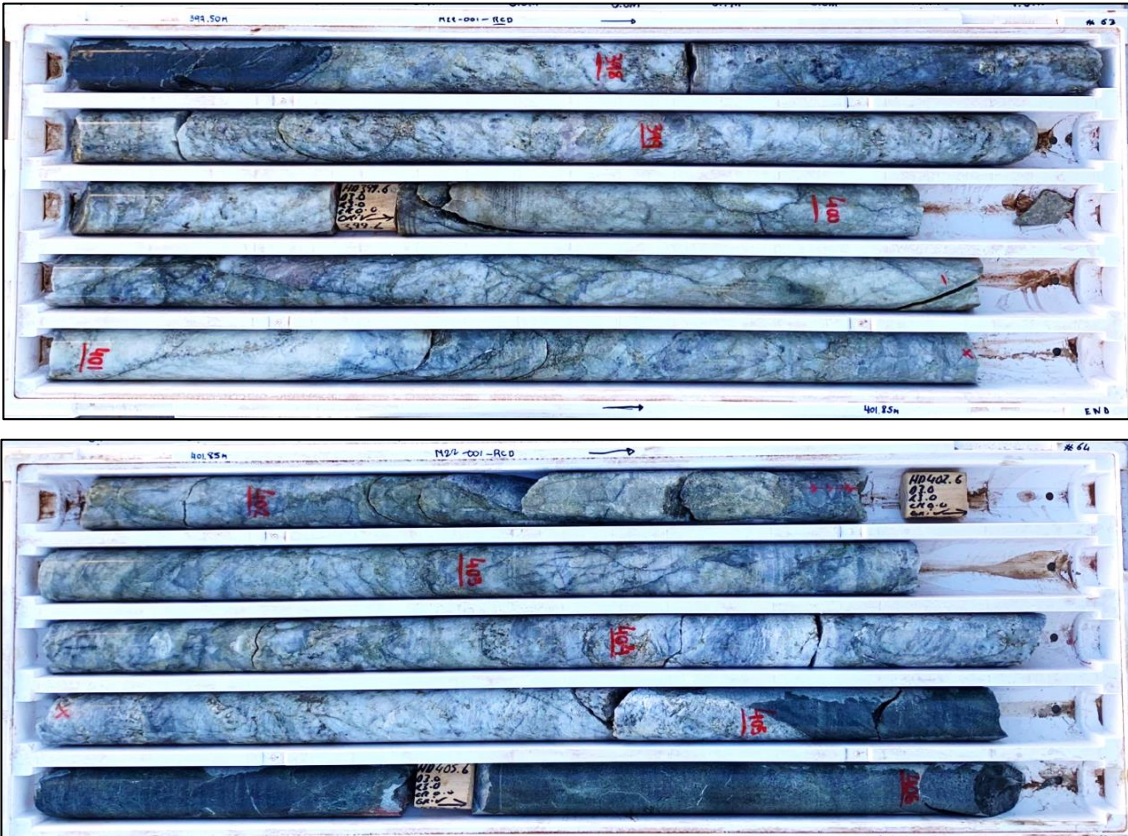


Figure 10: Drillhole M22_001_RCD: pegmatite intersected from 395.7 to 405.0m



Figure 11: Drillhole M22_004_D: has intersected pegmatite from surface to 57.7m (EOH). The hole was drilled down dip of pegmatite Zone 2. Above are the photos of pegmatite with chlorite, mica and k-feldspar from 14.8m to 27.3m

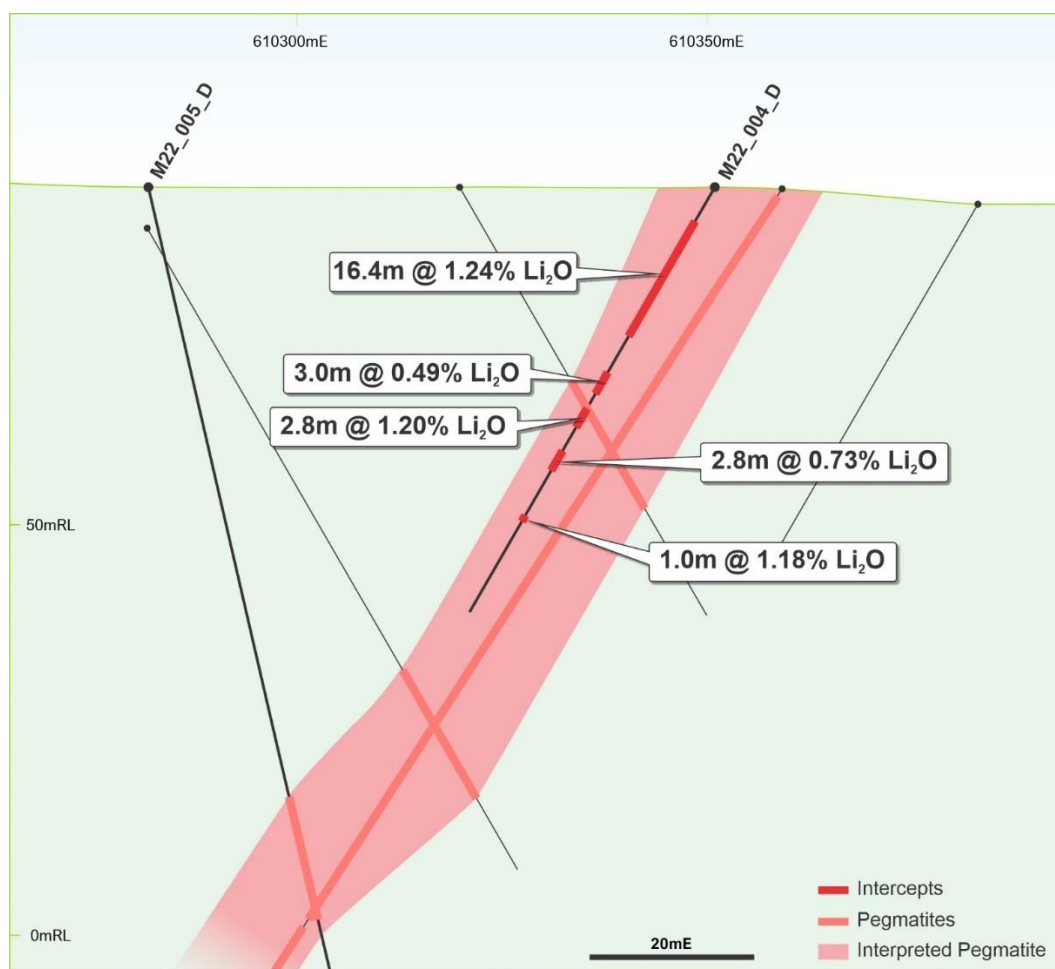


Figure 12: Section 7670100mN showing Drillholes M22_004_D and M22_005_D

Co-funded Drilling

As previously advised in ASX Announcement Mallina Lithium Project Update released 28 October 2021, Morella was awarded a co-funded grant for the drill program recently 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). Morella 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.

Future Exploration Program

- A detailed surface grid soil sampling accompanied by geological mapping and rock chips to follow-up highly anomalous Lithium and Rubidium from soil and rock chip geochemistry
- Review and refine existing aeromagnetic and radiometric data to support surface geochemical anomalies
- Additional RC and diamond drilling to test thicker intercepts of spodumene-bearing pegmatites to test thickness, direction and dip of the pegmatites.

ESG and Sustainability

Health and Safety

There were no injuries or safety incidents during the quarter.

Environment

There were no environmental issues or breaches during the quarter.

Other Disclosure

As disclosed under item 6 in the Appendix 5B, the Company made payments to related parties being for a total consideration of \$125,000. This consideration relates to payments to a Company wholly owned by the Directors of Morella for interest payments against the loan facility used to support the deed of company arrangement and restructure of the Company as well as to the Directors' for normal monthly fees.

Corporate

The Company convened its Annual General Meeting in Brisbane, Queensland on 25 November 2022. The meeting passed all 15 Resolutions via Polls as is required by the regulatory bodies.

On 9 December 2022 the Company issue 150,000,000 Fully Paid Ordinary Shares to CG Nominees (Australia) Pty Ltd on the conversion of three tranches of 50,000,000 Options. The Options were each exercisable at \$0.006, \$0.007 and \$0.008 and raised \$1,050,000.

On 22 December 2022 the Company issued 147,024,658 Fully Paid Ordinary Shares to the Directors of the Company upon conversion of the Performance Rights announced on 18 August 2022 and approved for issue at the AGM on 25 November 2022.

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

Contact for further information

Investors | Shareholders

James Brown

Managing Director

E: info@morellacorp.com

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 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
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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	99	1,744
1.2 Payments for		
(a) exploration & evaluation	(41)	(72)
(b) development	-	-
(c) production	-	-
(d) staff costs	(483)	(953)
(e) administration and corporate costs	(304)	(805)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(65)	(135)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	132
1.8 Other (provide details if material)		
• Sundry income	5	6
1.9 Net cash from / (used in) operating activities	(789)	(83)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(530)	(1,482)
(e) investments	-	-
(f) other non-current assets	(2)	(2)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	2	2
	(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	(530)	(1,482)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,050	8,550
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	-	(413)
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	-	-
3.10	Net cash from / (used in) financing activities	1,050	8,137

4.	Net increase / (decrease) in cash and cash equivalents for the period	(269)	6,572
4.1	Cash and cash equivalents at beginning of period	11,279	4,262
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(789)	(83)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(530)	(1,482)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,050	8,137
4.5	Effect of movement in exchange rates on cash held	(84)	92
4.6	Cash and cash equivalents at end of period	10,926	10,926

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	11,279
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)	10,926

6. Payments to related parties of the entity and their associates

		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
	- Directors Fees paid in the Qtr	60
	- Interest paid on funding facility in the Qtr.	65
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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⁾	3,348	3,348
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	3,348	3,348
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 2024 3 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)	(789)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(530)
8.3 Total relevant incoming / (outgoings) (item 8.1 + item 8.2)	(1,319)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10,926
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	10,926
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.3

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:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

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: N/A

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 January 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.