



# Morella Corporation Limited

ABN 39 093 391 774

## HALF YEAR FINANCIAL REPORT

**For the six months ended 31 December 2025**

This half year financial report is for the six months ended 31 December 2025 and does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Company's Annual Report for the year ended 30 June 2025 and any public announcements made by Morella Corporation Limited ABN 39 093 371 774 during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



## CONTENTS

	<b>Page</b>
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	7
Consolidated Statement of Profit and Loss	8
Consolidated Statement of Other Comprehensive Income	9
Consolidated Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	24
Independent Auditor's Review Report	25



## Corporate Directory

### DIRECTORS

James Brown – Managing Director  
Allan Buckler – Non-Executive Director  
Dan O’Neill – Non-Executive Director  
Beng Teik Kuan – Non-Executive Director

### COMPANY SECRETARY

John Lewis

### REGISTERED OFFICE

Suite 5, 680 Murray Street  
West Perth, 6005

Email: [info@morellacorp.com](mailto:info@morellacorp.com)

Website: [morellacorp.com](http://morellacorp.com)

### AUDITORS

PKF Perth  
Level 8, 905 Hay Street  
Perth WA 6000

### SHARE REGISTRY

MUFG Corporate Markets  
(formally, Link Market Services Limited)  
Level 12, QV1 Building  
250 St George’s Terrace,  
Perth WA 6000

### AUSTRALIAN SECURITIES EXCHANGE

Code: 1MC

**Directors' Report**

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

Your directors have pleasure in presenting the interim financial statements of Morella Corporation Limited ("Morella" or "the Company") and its controlled entities ("the Group") for the half year ended 31 December 2025. The previous corresponding period of financial performance is the half year ended 31 December 2024 and of financial position is as at 30 June 2025. The directors report as follows:

**DIRECTORS**

The names of the directors in office during the financial year and up to the date of this report are as follows:

Mr James Brown  
Mr Allan Buckler  
Mr Dan O'Neill  
Mr Beng Teik Kuan

**OPERATING AND FINANCIAL REVIEW****Operating Results**

The Group recorded a net loss after providing for income tax for the half-year ended 31 December 2025 of \$3,657,031 (31 December 2024: Profit \$2,797,822). The result for the current period was primarily driven by non-cash items, including a foreign exchange loss of \$1,649,000 arising from the revaluation of US Dollar denominated liabilities, a fair value adjustment of \$401,992 relating to the embedded derivative within the convertible note facility, and \$464,000 of exploration expenditure written off. These items did not impact the Group's cash position for the period.

**REVIEW OF OPERATIONS**

The Company's primary focus for the six months was the continued exploration across the Group's tenement portfolio.

**Corporate**

During the six months to 31 December 2025, the Group successfully raised \$1.4 million through a convertible note with Directors and sophisticated investors. The facility carries an 8% coupon and is convertible into equity at the option of the holder.

Subsequent to the reporting period, the Company completed a \$2.1 million capital raising (before costs) to support ongoing exploration activities and general working capital requirements.

The Group continues to manage its capital prudently while advancing exploration across its tenement portfolio.

**Exploration**Western Australia Lithium Projects

- Morella and Elevra/Sayona Joint venture

Morella Corporation and Elevra Lithium (Elevra) continue to operate a joint venture focused on lithium and rubidium exploration and development in Western Australia. Morella holds a 51% managing interest in the venture, with Elevra holding the remaining 49%.

The joint venture covers the projects areas of:

- E45/4703 Tabba Tabba East
- E45/4726 West Wodgina
- E47/2983 Mallina
- E45/5288 Strelley
- E45/5289 Strelley West
- E45/5904 Mac Well
- E59/2092 Mt Edon
- E59/2055 Mt Edon West.

## Directors' Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

- Mt Edon (WA, Rubidium–Lithium) - JV 51%

The Mt Edon project covers approximately 7,450 hectares within the historic Paynes Find mining district. The project area comprises southern greenstone sequences of the Paynes Find Belt, including mafic, ultramafic, and felsic volcanic rocks intruded by pegmatite dykes and sills, which represent the primary exploration targets.

Morella's ongoing exploration continues to expand the geological understanding of the project.

Phase 2 metallurgical testwork has confirmed high rubidium recoveries, supporting the potential economic value of rubidium-dominant mineralisation.

Petrographic studies confirm that mineralisation is rubidium-dominant within LCT-type (Lithium-Caesium-Tantalum) pegmatites, a favourable host for critical metals.

Collaboration with Edith Cowan University continues, focusing on metallurgical characterisation and optimisation of rubidium and associated mineral extraction methods.

Planned Activities:

- Resource definition scheduled to commence in late February 2026
- Ongoing collaboration with Edith Cowan University

- Mallina Project (WA, Lithium) – JV 51%

The Mallina Project is located 110 kilometres southwest of Port Hedland in Western Australia.

Morella's on-going exploration has identified 12 new pegmatite targets following a ground gravity and geophysical survey program.

Planned Activities:

- RC drilling programme is targeted for mid-2026 to test targets.

- Tabba Tabba East & West Wodgina Projects (WA Lithium) – JV 51%

The Tabba Tabba East project is located 58km southeast of Port Hedland and approximately 4km south of the recent Wildcat Resources discovery. The West Wodgina project is located approximately 8 kilometres west of the Wodgina lithium mine.

Recent work has confirmed fractionated LCT pegmatites through ground gravity and geochemical surveys.

Planned Activities:

- Systematic mapping and drilling programme is targeted for 2026.

- Dixon Well (WA, Titanium–Vanadium) – 100% Morella

The Dixon Well Project, located approximately 60 km east-northeast of Paynes Find in the Murchison region of Western Australia, was added to the Morella portfolio during the September 2025 quarter.

The tenement (E57/1226) covers approximately 36 km<sup>2</sup> of mafic–ultramafic intrusions within the Glenburgh Terrane, a geological setting known to host titanium and vanadium-bearing magnetite gabbro systems.

Initial exploration reconnaissance sampling returned encouraging results, including titanium dioxide (TiO<sub>2</sub>) grades up to 17 %, accompanied by elevated vanadium values. These results confirm the presence of a titanium–vanadium system at surface and support continued systematic exploration.

Planned Activities:

- Follow-up mapping, sampling, and target definition programmes.

## Directors' Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

- Mt Edon Sth. & Four Cnr Wells (WA, rubidium–lithium) – 100% Morella

These tenements are located in the Murchison region of Western Australia. Field sampling has identified limited lithium and some rubidium anomalism, with further investigation required.

### Nevada USA - Lithium Projects

- Fish Lake Valley (FLV) & North Big Smokey (NBS) Projects (USA Nevada, Lithium)

The Projects are located near Tonopah, Nevada, approximately equidistant (280km) from Las Vegas and Reno. Tesla's Nevada Gigafactory is 37km from Reno.

Tenure has been rationalised and ownership consolidated, providing Morella 100% control of Fish Lake Valley South and North Big Smoky projects. The consolidation process simplifies management and reduces holding costs.

### Environment

There were no environmental breaches or incidents recorded during the reporting period.

### Other Assets - Lithium Corporation

Morella holds a strategic equity position with US based Lithium Corporation (OTCQB: LTUM) which is an early-stage exploration company with claims and land holding in the United States of America.

**Directors' Report (continued)**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

**Divestment of Assets**Tabalong Coal Asset

The Tabalong Coal Project is a premium grade thermal coal deposit located in South Kalimantan, Indonesia. The project consists of five (5) Mining Licences (IUPs), with all five (5) IUPs granted for Operation Production. Morella holds 70% of three IUPs and 56% of the remaining two. The Company has previously stated its intention to divest its interests in Tabalong coal assets. It is pursuing several options for sale of the coal assets and information has been made available to a number of parties under confidentiality deed arrangements.

**FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Groups' objective is to create shareholder value through the development and operation of profitable mining businesses and other supplementary activities that deliver strong cash flows for the Group, and resultant regular dividends for shareholders.

Key Business Strategies

Morella's strategic focus comprises:

- The targeted exploration of prospective lithium tenements in Tier 1 operating jurisdictions.
- Transitioning a passive investment in Lithium Corporation into an active Project interest through the development of the strategically located, US-based, Fish Lake Valley and North Big Smoky Projects.
- Partner and collaborate with other groups and entities, focused on delivering lithium and battery materials into the market, thus enabling the new energy/green revolution.
- Design future operations and lithium production processes that align and contribute to the global need to decarbonise the economy, with the transparent and regulatory compliance that emerging sophisticated markets like (the EU) will demand.
- Conducting its exploration and development activities in a sustainable manner across environment, health and safety, people and community considerations.
- Divestment of the Tabalong coal project.

**MATTERS SUBSEQUENT TO THE END OF THE PERIOD**

Subsequent to the reporting period, the Company commenced legal proceedings in the Federal Court of Australia in relation to events associated with the 2020 receivership and asset sale of Altura Mining Limited (now Morella Corporation Limited). The proceedings seek relief in respect of proceeds arising from the 2020 asset sale which the Company contends should have been returned to it.

The proceedings are at an early stage and, as with all litigation, the timing and outcome are uncertain. As at the reporting date, no judgement or settlement has occurred. The Directors are not able to reliably assess the probability or quantum of any potential inflow of economic benefits, and accordingly no asset or provision has been recognised in the financial statements. The Company will continue to assess the matter and its disclosure obligations as the proceedings progress.

On 23 February 2025, the Company completed a capital raising of \$2.1 million (before costs) through the issue of ordinary shares in two tranches to institutional and sophisticated investors. Tranche one shares 39,375,000 and attaching options were issued on the 27 February 2026 whilst tranche two will require shareholder approval at a shareholder meeting, the details are to be finalised. The funds raised will be applied toward exploration activities and general working capital.

**ROUNDING OF AMOUNTS**

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

**Directors' Report (continued)**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

**COMPETENT PERSON'S STATEMENT**

The information in this report that relates to Drilling Results at the Mallina and Fish Lake Valley Projects 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 announcement that relates to Geophysical Results at FLV complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Dr Jayson Meyers, a consultant to Morella and a Director of Resource Potentials Pty Ltd. Dr Meyers is a Fellow of the Australasian Institute of Geoscientists. He 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 JORC Code. Dr Meyers consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. Dr Meyers does not hold securities in the Company.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the half year ended 31 December 2025 has been received and is included on page 7 of the report.

Signed in accordance with a resolution of the directors.

On behalf of the Directors,



---

**James Brown**  
Director  
Perth, 11 March 2026



PKF Perth  
ABN 64 591 268 274  
Dynons Plaza,  
Level 8, 905 Hay Street,  
Perth WA 6000  
PO Box 7206,  
Cloisters Square WA 6850  
Australia

+61 8 9426 8999  
perth@pkfperth.com.au  
pkf.com.au

## AUDITOR'S INDEPENDENCE DECLARATION

### TO THE DIRECTORS OF MORELLA CORPORATION LIMITED

In relation to our review of the financial report of Morella Corporation Limited for the half year ended 31 December 2025, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'PKF Perth'.

PKF PERTH

A handwritten signature in black ink that reads 'Alexandra Sofia Baldeira Pereira Carvalho'.

ALEXANDRA SOFIA  
BALDEIRA PEREIRA CARVALHO  
PARTNER  
11 March 2026  
PERTH, WESTERN AUSTRALIA

### Consolidated Statement of Profit and Loss

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Note	31 December 2025 \$'000	31 December 2024 \$'000
<b>Continuing operations</b>			
Revenue	3(a)	310	285
Cost of sales	3(c)	<u>(248)</u>	<u>(244)</u>
<b>Operating profit / (loss)</b>		62	41
<b>Other income</b>			
Sundry income	3(b)	3	1
<b>Expenses</b>			
Administration costs		(299)	(459)
Employee benefits expense	3(f)	(872)	(966)
Exploration Expenditure		(11)	(44)
Exploration Costs Written Off		(464)	-
Other expenses	3(d)	<u>(37)</u>	<u>(46)</u>
<b>(Loss) before foreign exchange and finance costs</b>		(1,618)	(1,473)
Net foreign exchange gain/(loss)	3(e)	<u>(1,649)</u>	<u>4,896</u>
<b>Gain / (loss) before finance costs</b>		(3,267)	3,423
<b>Finance costs</b>			
Interest and fair value movement on convertible note facility		<u>(554)</u>	<u>(128)</u>
<b>Profit / (loss) before income tax</b>		(3,821)	3,295
Income tax expense		-	-
<b>Net profit / (loss) after income tax for the period from continuing operations</b>		<u>(3,821)</u>	<u>3,295</u>
<b>Discontinued operations</b>			
Profit / (loss) of discontinued operations after tax	7(b)	<u>164</u>	<u>(497)</u>
<b>Net profit / (loss) for the period</b>		<u>(3,657)</u>	<u>2,798</u>
<b>Net profit / (loss) attributable to:</b>			
Owners of Morella Corporation Limited from continuing operations		(3,830)	3,248
Owners of Morella Corporation Limited from discontinued operations		164	(497)
Non-controlling interest		<u>9</u>	<u>47</u>
		(3,657)	2,798
<b>Profit / (Loss) per share from continuing and discontinued operations attributable to the ordinary equity holders of the company:</b>			
		<b>Cents</b>	<b>Cents</b>
Basic and diluted profit / (loss) per share from continuing and discontinued operations		(0.99)	0.01
Basic and diluted profit / (loss) per share from continuing operations		(1.04)	0.01
Basic and diluted profit / (loss) per share from discontinued operations		0.04	(0.00)

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying Notes.

Consolidated Statement of Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	<b>31 December 2025 \$'000</b>	<b>31 December 2024 \$'000</b>
<b>Net profit / (loss) after income tax</b>	<u>(3,657)</u>	<u>2,798</u>
Other comprehensive income / (loss)		
Items that will not be reclassified subsequently to profit or loss:		
Changes in the fair value of financial assets	611	(40)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign controlled entities	<u>1,289</u>	<u>(3,820)</u>
<b>Other comprehensive (loss) for the period, net of tax</b>	<u>1,900</u>	<u>(3,860)</u>
<b>Total comprehensive (loss) for the period</b>	<u>(1,757)</u>	<u>(1,062)</u>
Total comprehensive income / (loss) attributable to:		
Members of the parent entity	(1,754)	(1,141)
Non-controlling interest	<u>(3)</u>	<u>79</u>
	<u>(1,757)</u>	<u>(1,062)</u>
Total comprehensive income / (loss) attributable to members:		
Continuing operations	(1,918)	(644)
Discontinued operations	<u>164</u>	<u>(497)</u>
	<u>(1,754)</u>	<u>(1,141)</u>

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying Notes.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2025

	Note	31 December 2025 \$'000	30 June 2025 \$'000
<b>Current assets</b>			
Cash and cash equivalents		831	795
Trade and other receivables	5	165	220
Held to maturity investments		55	54
Current tax prepaid		116	111
Other current assets		123	168
Financial assets	8	1,373	762
Total current assets		2,663	2,110
<b>Non-current assets</b>			
Derivative financial instruments	18	415	480
Property, plant, equipment and mine properties	10	78	86
Exploration and evaluation	9	12,007	12,187
Right-of-use assets	11	41	73
Total non-current assets		12,541	12,826
<b>Total assets</b>		<b>15,204</b>	<b>14,936</b>
<b>Current liabilities</b>			
Trade and other payables	6	985	688
Borrowings	4	18	71
Provisions		435	429
Lease liabilities	11	32	41
Total current liabilities		1,470	1,229
<b>Non-current liabilities</b>			
Borrowings	4	5,163	3,403
Provisions		208	213
Lease liabilities		9	32
Total non-current liabilities		5,380	3,648
<b>Total liabilities</b>		<b>6,850</b>	<b>4,877</b>
<b>Net assets</b>		<b>8,354</b>	<b>10,059</b>
<b>Equity</b>			
Contributed equity	17	319,867	319,803
Reserves		(5,461)	(7,361)
Accumulated losses		(306,573)	(302,907)
Capital and reserves attributable to owners of Morella Corporation Limited		7,833	9,535
Non-controlling interest		521	524
<b>Total equity</b>		<b>8,354</b>	<b>10,059</b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

### Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Contributed Equity	Accumulated losses	Performance rights reserve	Change in fair value financial assets	Foreign currency translation reserve	Non- controlling interests	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2024</b>	<b>316,267</b>	<b>(301,592)</b>	-	525	(7,390)	424	<b>8,234</b>
<b>Comprehensive income for the period</b>							
Net profit / (loss)	-	2,751	-	-	-	47	2,798
Other Comprehensive Income Fair Value	-	-	-	(40)	-	-	(40)
Other Comprehensive Income Foreign Exchange	-	-	-	-	(3,852)	32	(3,820)
<b>Total comprehensive income for the period</b>	-	<b>2,751</b>	-	<b>(40)</b>	<b>(3,852)</b>	<b>79</b>	<b>(1,062)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Shares Issued – Non-renounceable Rights Offer	1,724	-	-	-	-	-	1,724
Shares Issued – Placement	707	-	-	-	-	-	707
Share based payment transactions	290	-	-	-	-	-	290
<b>Sub-total</b>	<b>2,721</b>	-	-	-	-	-	<b>2,721</b>
<b>Balance as at 31 December 2024</b>	<b>318,988</b>	<b>(298,841)</b>	-	<b>485</b>	<b>(11,242)</b>	<b>503</b>	<b>9,893</b>
<b>Balance as at 1 July 2025</b>	<b>319,803</b>	<b>(302,907)</b>	-	<b>669</b>	<b>(8,030)</b>	<b>524</b>	<b>10,059</b>
<b>Comprehensive income for the period</b>							
Net profit / (loss)	-	(3,666)	-	-	-	9	(3,657)
Other Comprehensive Income Fair Value	-	-	-	611	-	-	611
Other Comprehensive Income Foreign Exchange	-	-	-	-	1,289	(11)	1,278
<b>Total comprehensive income for the period</b>	-	<b>(3,666)</b>	-	<b>611</b>	<b>1,289</b>	<b>(3)</b>	<b>(1,769)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Share based payment transactions	64	-	-	-	-	-	64
<b>Sub-total</b>	<b>64</b>	-	-	-	-	-	<b>64</b>
<b>Balance as at 31 December 2025</b>	<b>319,867</b>	<b>(306,573)</b>	-	<b>1,280</b>	<b>(6,741)</b>	<b>521</b>	<b>8,354</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	31 December 2025 \$'000	31 December 2024 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	363	236
Payments to suppliers and employees	(1,057)	(1,687)
Sundry income	5	27
Interest received	1	1
<b>Net cash provided by / (used in) operating activities</b>	<b>(688)</b>	<b>(1,423)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and mine properties	-	(22)
Proceeds from joint tenement holder	-	520
Expenditure on exploration and evaluation	(647)	(1,158)
<b>Net cash provided by / (used in) investing activities</b>	<b>(647)</b>	<b>(660)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	-	3,185
Payments of lease liabilities	(22)	(24)
Repayment of borrowings	1,400	(201)
<b>Net cash provided by / (used in) financing activities</b>	<b>1,378</b>	<b>2,960</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>43</b>	<b>877</b>
Cash and cash equivalents at the beginning of year	805	421
Effect of exchange rates on cash holdings in foreign currencies	(8)	32
<b>Cash and cash equivalents at the end of period</b>	<b>840</b>	<b>1,330</b>
<b>Reconciliation of cash and cash equivalents at the end of period</b>		
Cash and cash equivalents per balance sheet	831	1,320
Cash in assets classified as held for sale	9	10
<b>Cash balance as per statement of cash flows above</b>	<b>840</b>	<b>1,330</b>
<b>Non-Cash investing and financing activities</b>		
Transaction fees – Consideration earn in option agreement	-	290
Share based payments	64	-

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

## Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### **Statement of compliance**

The half year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

The half year report covers the consolidated financial statements of the Group comprising Morella Corporation Limited (the Company) and its controlled entities (the Group). The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report for the year ended 30 June 2025 of the Company and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial statements were authorised for issue on 11 March 2026 by the directors of the Company.

#### **Basis of preparation**

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, and in accordance with that Instrument amounts in the directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

#### **Accounting policies**

The same accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2025, except for those described below.

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

It has determined by the Group that there are no new Accounting Standards or Interpretations that have a material or otherwise impact on its business.

No other accounting policies are required for the half-year financial report.

## Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)***(i) Going Concern Principle of Accounting*

The Directors believe it is appropriate to prepare the consolidated financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group returned a Loss of \$3,657,031 (2024 Profit \$2,797,822), had cash outflows from operating activities of \$687,698 (2024: \$1,422,188), concluded the half year end with cash and cash equivalents of \$831,200 (2024: \$1,320,399), and had loans outstanding at half year-end of \$5,163,250, which included the convertible note facility which is unsecured and convertible into equity at the option of the holder (2024: \$3,589,007). The fair value adjustment recognised on the embedded derivative within the convertible note facility is a non-cash accounting entry and does not impact the Group's liquidity.

The Group requires further funding within the next twelve months to progress the projects' development and drilling programmes, to meet its ongoing administrative expenses, and for any new business opportunities that the Group may pursue. The Directors believe that the Group will be able to secure sufficient funding to meet the requirements to continue as a going concern, due to its history of previous capital raisings, acknowledging that the structure and timing of any capital raising is dependent upon investor support, prevailing capital markets, shareholder participation, lithium prices and the outcome of planned exploration and evaluation activities, which are subject to market conditions.

The Directors consider the going concern basis of preparation to be appropriate based on its forecast cash flows for the next twelve months and that the Group will be in a position to continue to meet its minimum administrative, evaluation and development expenditures and commitments for at least twelve months from the date of this report.

While the ability to secure additional funding is dependent on capital markets and investor support, the Directors are confident based on the Group's historical funding record and current funding strategies, that sufficient capital can be raised as required. Subsequent to the reporting period, the Company completed a \$2.1 million capital raising which has strengthened the Group's liquidity position and supports the Directors' assessment that the Group can continue as a going concern.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

2. SEGMENT INFORMATION

The Group's primary segment reporting format is business segments as the Group's risks and returns are affected predominantly in the products and services produced.

	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
<b>Half-year 2025</b>				
<b>Revenue</b>				
External sales	310	-	-	310
Other income	-	3	-	3
Other segments	-	-	-	-
Total segment revenue	<u>310</u>	<u>3</u>	<u>-</u>	<u>313</u>
Unallocated revenue				<u>-</u>
Total consolidated revenue				<u>313</u>
<b>Segment result</b>	(469)	(1,149)	-	(1,618)
Unallocated segments net of unallocated revenue				<u>-</u>
Profit/(loss) before income tax, foreign exchange, and finance costs				<u>(1,618)</u>
Net Foreign exchange gain/(loss)				<u>(1,649)</u>
Finance costs				<u>(554)</u>
Income tax expense				<u>-</u>
Net profit/(loss) for the period from continuing operations				<u>(3,821)</u>
Profit/(Loss) from discontinued operations				<u>164</u>
Net profit/(loss) for the period				<u>(3,657)</u>
<b>Assets and liabilities</b>				
Segment assets	702	14,502	-	15,204
Unallocated assets	-	-	-	-
Total assets				<u>15,204</u>
Segment liabilities	578	6,272	-	6,850
Unallocated liabilities	-	-	-	-
Total liabilities				<u>6,850</u>

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

2. SEGMENT INFORMATION (continued)

	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
<b>Half-year 2024</b>				
<b>Revenue</b>				
External sales	285	-	-	285
Other income	-	1	-	1
Other segments	-	-	-	-
Total segment revenue	285	1	-	286
Unallocated revenue				-
Total consolidated revenue				286
<b>Segment result</b>	(34)	(1,439)	-	(1,473)
Unallocated segments net of unallocated revenue				-
Profit/(loss) before income tax, foreign exchange, and finance costs				(1,437)
Net Foreign exchange gain/(loss)				4,896
Finance costs				(128)
Income tax expense				-
Net profit/(loss) for the period from continuing operations				3,295
Loss from discontinued operations				(497)
Net profit/(loss) for the period				2,798
<b>Assets and liabilities</b>				
Segment assets	661	15,011	-	15,672
Unallocated assets	-	-	-	-
Total assets				15,672
Segment liabilities	643	5,136	-	5,779
Unallocated liabilities	-	-	-	-
Total liabilities				5,779

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	31 December 2025 \$'000	31 December 2024 \$'000
<b>3. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES</b>		
(a) <b>Revenue from continuing operations</b>		
Revenue from exploration services	310	285
Total revenues from continuing operations	<u>310</u>	<u>285</u>
(b) <b>Sundry income</b>		
Proceeds on equipment	3	1
Total sundry income	<u>3</u>	<u>1</u>
(c) <b>Cost of sales</b>		
Depreciation and amortisation	7	3
Mining services drilling costs	241	241
Total cost of sales	<u>248</u>	<u>244</u>
(d) <b>Other expenses</b>		
Depreciation & Amortisation – plant & equipment	37	46
Total depreciation	<u>37</u>	<u>46</u>
(e) <b>Net foreign exchange Gain</b>		
The net foreign exchange gain relates to the revaluation of the US\$ denominated funds held by the Group.		
(f) <b>Employee benefits expense</b>		
Salaries and on-costs expense	872	966
Total employee benefits expense	<u>872</u>	<u>966</u>

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	31 December 2025 \$'000	30 June 2025 \$'000
<b>4. BORROWINGS</b>		
<b>Current borrowings</b>		
Other	18	71
Total non-current borrowings	<u>18</u>	<u>71</u>
<b>Non-Current borrowings</b>		
Director related facility <sup>##</sup>	3,338	3,403
Convertible Note facility <sup>###</sup>	<u>1,825</u>	<u>-</u>
Total non-current borrowings	<u>5,163</u>	<u>3,403</u>
<b>Reconciliation borrowings – Director related facility</b>		
Opening balance	3,403	3,421
Interest	-	(52)
Exchange rate differences	<u>(65)</u>	<u>34</u>
Total borrowings – Director related facility <sup>##</sup>	<u>3,338</u>	<u>3,403</u>
<b>Reconciliation borrowings – Convertible note facility</b>		
Opening balance	-	-
Loan funds received	1,400	-
Interest and Fair value movement	<u>425</u>	<u>-</u>
Total borrowings – Convertible note facility <sup>###</sup>	<u>1,825</u>	<u>-</u>

<sup>##</sup> The Directors via a director related entity ACN 647 358 987 Pty Ltd provided an un-secured loan facility to fund the DOCA and the short-term working capital requirements of the Group. The facility of \$3,338,197 is provided at 8%pa and contains a US\$2,000,000 component. The term of the facility has been extended to 8 March 2027 and is convertible to shares at the option of the lenders whilst meeting the appropriate regulatory approvals.

<sup>###</sup> Directors and sophisticated investors have subscribed to a convertible note facility funding the Groups short-term working capital requirements. The facility is unsecured and attracts 8%pa interest payable quarterly. The notes have a three-year term for conversion or repayment.

The convertible note includes a variable conversion feature whereby the conversion price is determined at a 15% discount to the prevailing 20-day volume weighted average price (VWAP) at the time of conversion. As the number of shares to be issued upon conversion cannot be determined in advance, the conversion feature does not meet the 'fixed-for-fixed' criteria under AASB 132 and is therefore classified as an embedded derivative liability measured at fair value through profit or loss in accordance with AASB 9.

At 31 December 2025, the fair value of the embedded derivative was \$401,992. The fair value movement for the period has been recognised as a non-cash finance cost. Coupon interest at 8% per annum is accrued separately and payable quarterly in accordance with the note terms. At 31 December 2025, the interest accrued in the period was \$28,059.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

<b>5. TRADE AND OTHER RECEIVABLES</b>		
Trade and other receivables	726	807
Provision for doubtful debts	(561)	(587)
<b>Total trade and other receivables</b>	165	220
<b>6. TRADE AND OTHER PAYABLES</b>		
Trade payables and accruals	985	688
<b>Total trade and other payables</b>	985	688

**7. DISCONTINUED OPERATIONS**

(a) **Description**

Tabalong Group

To date the board has made several information packages available to various groups for the purpose of attracting offers for the sale of the Tabalong tenements in Kalimantan, Indonesia. The board considers that the presentation of the Tabalong Group as held for sale confirms its intent to dispose of these assets.

The Group obtained an independent expert valuation of the Tabalong Group which included a range of valuation cases. The Group adopted a middle range (preferred) valuation of US\$2,750,000 a 100% equity basis.

At the end of the reporting period the Board considered the valuation of the Tabalong Group and the ability to progress and complete the sale in the current transactional climate and attract a suitable counterparty in the near term. To present a conservative position, the Board has impaired the value of the Tabalong Group to Nil whilst continuing to actively market the project.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) **Financial performance and cash flow information of discontinued operations**

The financial performance and cash flow information presented are for the half year ended 31 December 2025.

	<b>31 December 2025 \$'000 Tabalong</b>	<b>31 December 2024 \$'000 Tabalong</b>
Revenue		
Sale of Product	-	-
Cost of sales		
Operating expenses	-	-
<b>Total cost of sales</b>	-	-
Profit / (Loss)	-	-
Other Income	-	-
Expenses		
Impairment profit / (loss)	145	(482)
<b>Profit / (Loss) before foreign exchange and finance costs</b>	145	(482)
Foreign exchange gain / (loss)	19	(15)
<b>Profit / (Loss) before foreign exchange</b>	164	(497)
<b>Net Profit / (Loss) before income tax</b>	164	(497)
Income Tax expense	-	-
<b>Profit / (Loss) from discontinued operations after income tax</b>	164	(497)
Net cash (outflow) from financing activities	(1)	1
<b>Net decrease in cash generated by the division</b>	(1)	1

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

7. DISCONTINUED OPERATIONS (continued)

(c) Carrying amounts of assets and liabilities

	31 December 2025 \$'000 Tabalong	30 June 2025 \$'000 Tabalong
Cash and cash equivalents	9	9
Exploration and evaluation	4,290	4,384
Total assets of disposal group held for sale	<u>4,299</u>	<u>4,393</u>
Trade and other payables	2,519	2,574
Borrowings	1,780	1,819
Total liabilities of disposal group held for sale	<u>4,299</u>	<u>4,393</u>
Net Assets of disposal group held for sale	<u>-</u>	<u>-</u>

The carrying amount of the assets and liabilities for the Tabalong disposal group held for sale have been fully impaired to value of nil.

8. FINANCIAL ASSETS

Non-current financial assets

Financial assets	<u>1,373</u>	<u>762</u>
------------------	--------------	------------

Reconciliation of the fair values at the beginning and end of the current and previous period are set out below.

Opening fair value	762	618
Disposal	-	-
Changes in fair value	611	144
Closing fair value	<u>1,373</u>	<u>762</u>

The Group holds an 8.53% interest in Lithium Corporation, Nevada USA by way of a non-brokered private placement. Lithium Corporation is quoted on the US OTCBB (Over The Counter Bulletin Board).

9. EXPLORATION AND EVALUATION

Exploration and evaluation expenditure at cost:

Carried forward from previous year	12,187	10,650
Incurred during the year – share based payment	-	290
Incurred during the year	384	1,731
Recovery of expenditure from Joint Venture participant	-	(420)
	<u>12,571</u>	<u>12,251</u>
Less: Written off during the year	464	64
Total exploration and evaluation expenditure	<u>12,007</u>	<u>12,187</u>

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

**10. PROPERTY, PLANT, EQUIPMENT AND MINE PROPERTIES**

	<b>Property plant and equipment \$'000</b>
<b>December 2025</b>	
<b>Gross carrying amount</b>	
Balance at 30 June 2025	1,053
Additions	21
Exchange difference	(21)
Disposals	-
Balance at 31 December 2025	<u>1,053</u>
<b>Accumulated depreciation</b>	
Balance at 30 June 2025	967
Depreciation expense	28
Exchange difference	(20)
Disposals	-
Balance at 31 December 2025	<u>975</u>
Net book value as at 31 December 2025	<u><u>78</u></u>

	<b>Property plant and equipment \$'000</b>
<b>June 2025</b>	
<b>Gross carrying amount</b>	
Balance at 30 June 2024	1,010
Additions	32
Exchange difference	11
Disposals	-
Balance at 30 June 2025	<u>1,053</u>
<b>Accumulated depreciation</b>	
Balance at 30 June 2024	903
Depreciation expense	54
Exchange difference	10
Disposals	-
Balance at 30 June 2025	<u>967</u>
Net book value as at 30 June 2025	<u><u>86</u></u>

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	31 December 2025 \$'000	30 June 2025 \$'000
<b>11. LEASES</b>		
Set out below is a summary of the amounts disclosed in the Consolidated Balance Sheet:		
<b>Lease liability</b>		
Current	32	41
Non-Current	9	32
	41	73
<b>Right of use assets</b>		
Properties		
Opening Balance	73	14
Additions	(16)	101
Depreciation	(16)	(42)
Closing Balance	41	73

**12. DIVIDENDS**

The Company has not paid a dividend during the period, and no interim dividend is recommended.  
(30 June 2025: \$0)

**13. INTERESTS IN JOINT OPERATIONS**

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2025 %	30 June 2025 %
Altura/Sayona UJV	Australia	51.00%	51.00%

**14. SUBSEQUENT EVENTS**

Subsequent to the reporting period, the Company commenced legal proceedings in the Federal Court of Australia in relation to events associated with the 2020 receivership and asset sale of Altura Mining Limited (now Morella Corporation Limited). The proceedings seek relief in respect of proceeds arising from the 2020 asset sale which the Company contends should have been returned to it.

The proceedings are at an early stage and, as with all litigation, the timing and outcome are uncertain. As at the reporting date, no judgement or settlement has occurred. The Directors are not able to reliably assess the probability or quantum of any potential inflow of economic benefits, and accordingly no asset or provision has been recognised in the financial statements. The Company will continue to assess the matter and its disclosure obligations as the proceedings progress.

On 23 February 2025, the Company completed a capital raising of \$2.1 million (before costs) through the issue of ordinary shares in two tranches to institutional and sophisticated investors. Tranche one shares 39,375,000 and attaching options were issued on the 27 February 2026 whilst tranche two will require approval at a shareholder meeting, the details are yet to be finalised. The funds raised will be applied towards exploration activities and general working capital.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2025

**15. CONTINGENT LIABILITIES AND COMMITMENTS**

There have been no material changes to the contingent liabilities and commitments as reported at 30 June 2025.

**16. CONTINGENT ASSETS**

During the period, the Company has been assessing matters arising from the 2020 receivership and asset sale of Altura Mining Limited. Subsequent to the reporting period, the Company commenced legal proceedings in the Federal Court of Australia in relation to these matters. The proceedings are at an early stage, and the outcome and timing remain uncertain. As the Directors cannot reliably assess the probability or quantum of any potential inflow, no asset has been recognised at 31 December 2025.

**17. CONTRIBUTED EQUITY**

Issued capital

	31 December 2025		30 June 2025	
	Number	\$'000	Number	\$'000
<b>Fully paid ordinary shares issued</b>	368,428,984	319,867	364,506,909	319,803
Balance at the beginning of the financial year	364,506,909	319,803	6,178,799,426	316,267
Share Consolidation @25:1	-	-	(5,931,646,323)	-
Share placement - Sophisticated Investors	-	-	51,435,256	1,580
Share Issue – Rights Offer	-	-	51,487,968	1,536
Share Issue – EIO Consideration	-	-	8,055,966	290
Share Issue – in Lieu of fees	3,922,075	64	6,374,616	130
Balance at the end of the financial period	368,428,984	319,867	364,506,909	319,803

Fully paid ordinary shares carry one vote per share and carry the rights to dividends. Ordinary shares have no par value.

**18. KEY MANAGEMENT PERSONNEL**

Details of the Group's Key Management Personnel Compensation arrangements are provided in the Remuneration Report and the Notes to the Financial Statements contained in the Group's Annual Report for the year ended 30 June 2025.

**19. RELATED PARTIES**

- a) In February 2021, The Directors via a director related entity ACN 647 358 987 Pty Ltd provided an un-secured loan facility to fund the DOCA and the short-term working capital requirements of the Group. The facility of \$3,338,197 contains a US\$2,000,000 component and is provided at 8%pa repayable in March 2027. Interest of \$120,098 has been incurred during the period. The US\$ component of the facility uses a fixed translation rate of \$0.777185 this gives rise to a derivative asset of \$414,807 when translated at period end.
- b) During the period Mr Allan Buckler and Mr James Brown provided funding via a convertible note raising \$700,000. The facility is unsecured and attracts 8%pa interest payable quarterly. The notes have a three-year term for conversion or repayment. The terms of this facility are consistent with those disclosed in Note 4.
- c) Morella signed a Joint Operation Agreement with lithium project developer Elevra/Sayona Mining Limited over its Pilbara lithium tenements to cover the next phase of exploration activity. Elevra/Sayona Mining Limited is a related party due to common directors. Elevra/Sayona will retain the right to contribute to project evaluation and development in the future to participate in the upside potential.
- d) During the period Mr Allan Buckler, a director of the Group provided corporate services via his controlled entity Shazo Pty Ltd. These services are provided under a service agreement for director's fees

### Directors' Declaration

In the Directors' opinion:

1. The financial statements and notes as set out on pages 8 to 23 are in accordance with the *Corporations Act 2001* and:
  - (a) comply with the Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 31 December 2025 and of the performance for the six-month period ended on that date of the Group.
2. In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors,



---

**James Brown**  
Director

Perth 11 March 2026

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF MORELLA CORPORATION LIMITED

#### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Morella Corporation Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, and notes to the financial statements, including material policy information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2025, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Morella Corporation Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

#### Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to Note 1(i) in the half-year financial report in which indicates that the consolidated entity incurred a net loss of \$3,657,031 during the half year ended 31 December 2025, had negative operating cashflow of \$688,000 and had a closing cash balance of \$831,200. These conditions, along with other matters as set forth in Note 1(i), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half-year financial report.

### Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF PERTH



ALEXANDRA SOFIA  
BALDEIRA PEREIRA CARVALHO  
PARTNER  
11 MARCH 2026  
PERTH, WESTERN AUSTRALIA