MORELLA CORPORATION

ASX Announcement

23 June 2022

Lithium targets identified at Mt Edon project in Western Australia

53 pegmatite outcrops mapped within Mt Edon Project area

Rock chip assay results indicate lithium potential

Geophysics program planned to delineate future drilling targets

Overview

Morella Corporation Limited (**ASX: 1MC** "Morella" or "the Company") is pleased to announce the results from a successful surface mapping and sampling program completed at Mt Edon (E59/2092) and Mt Edon West (E59/2055) (together "the Project area") near Paynes Find, in the mid-west of Western Australia (refer to ASX Announcement *Drilling underway at Mallina and completion of Mt Edon fieldwork* released 22 April 2022). A total of 53 pegmatite outcrops were mapped over a five-day period in the field. Some pegmatites were sampled, and the rock chip assay results indicate the potential of this area for future lithium exploration.

Surface Mapping

The focus of the field program was to map and sample pegmatite outcrops within the Project area. A total of 53 pegmatite outcrops were mapped ranging from approximately one to 40 metres in apparent thickness at outcrop. It was observed that a pegmatite covering a larger surface area appeared to be a sill, as compared to the remainder of the mapped pegmatites which were interpreted as being dykes.

The mapped pegmatites were observed as having a deeply weathered, friable surface. Generally, the rock was seen to be a heterogenous mixture of weathered feldspar crystals up to 45cm in length, quartz crystals up to 60cm in length and mica "books" up to 15cm in width. Mica was observed in veins ranging from 5-60cm in width. Although weathered, some of the pegmatites indicated potential lithium mineralisation.

Most of the pegmatites are dykes that crosscut the mafic volcanics in a north-northwest direction. An additional pegmatite outcrop interpreted to be a sill was found in the central section of the E59/2092 tenement in a sub-parallel orientation to the surrounding weakly foliated mafic country rock.

Figure 1 shows the key pegmatites mapped during the field program and target areas identified from analysing the pegmatites mapped during the March 2022 field work program. Morella notes that at this early stage, target areas have been developed based on a multi-element analysis rather than just lithium content.

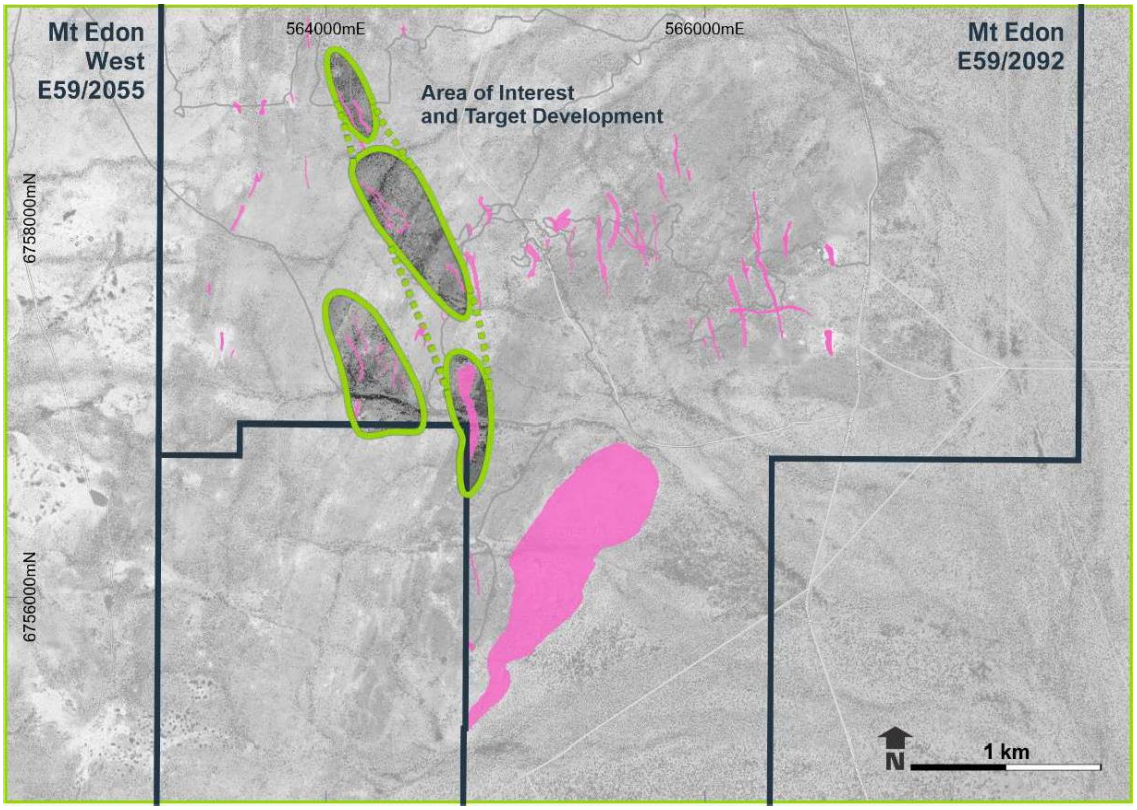

Figure 1 – Map of mapped pegmatites and priority areas for further exploration

Sampling

A total of 32 samples were taken across the mapped pegmatites. Each sample consists of rock chips taken across each outcrop to account for zonation and to provide a representative sample. Figure 2 shows sample locations on a background of mapped lithology.

Samples were sent to an independent, accredited laboratory for full elemental assay. Samples were assayed for a standard multi-element lithium suite including rare earth elements using the process of a 4-acid digest followed by ICP-MS for detection.

The sample results listed in Table 1 were collected from weathered outcrops and are interpreted to indicate potential subsurface lithium mineralisation.

Table 1 – Multi-element assay results from March 2022 Field Work program

Sample	Easting	Northing	Li	Ta	Rb	Ba	Be	Ce	K	Na	Nb
			ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
MGR001	564410	6757111	30.7	37.69	256.99	44.5	33.48	2.29	6301	46060	46.27
MGR002	564356	6757128	311.8	18.38	1404.11	73	4.64	3.03	22499	27762	60.6
MGR003	564275	6757265	97.5	27.12	803.4	53.7	25.98	5.31	15737	42640	74.38
MGR004	564217	6757315	108.5	49.12	954.97	76.4	64.53	2.63	14578	31019	80.25
MGR005	564189	6757199	59.6	41.97	1065.9	26.1	42.02	3.52	16780	44832	65.04
MGR006	563544	6758020	12.4	53.78	386.51	199.2	60.57	2.71	19326	45603	50.29
MGR007	564373	6757945	315.4	82.69	>2000.0	59.9	40.96	0.93	26801	33695	71.59
MGR008	564438	6757961	70.8	57.46	356.44	59.6	21.17	3.14	5923	41960	69.3
MGR009	564363	6758040	321.8	66.37	1159.42	424.8	41.68	3.45	16387	30895	63.22

MGR010	564751	6757076	579.9	140.92	>2000.0	36.5	6.08	2.49	23895	29001	67.69
MGR011	565098	6756151	251.9	20.41	528.16	14.5	4.2	1.67	18604	18586	85.26
MGR012	564819	6755716	48.2	16.72	481.01	44.7	4.61	3.94	21297	39555	64.17
MGR013	565536	6756522	118.6	3.39	579.12	452.2	3.67	33.62	45118	23097	22.77
MGR014	565169	6757841	40.8	54.38	492.99	34	68.66	6.9	9022	37124	83.53
MGR015	565062	6757854	83.8	27.21	448.07	81.3	4.44	4.23	11185	32491	61.5
MGR016	564859	6758052	162.4	22.52	941.41	75.3	2.85	2.98	17715	26749	57.33
MGR017	564756	6757895	105.8	21.26	1131.28	134.6	5.59	3.18	23556	29406	53.11
MGR018	565217	6757936	87.9	23.07	590.24	25.6	2.94	3.11	12871	33284	64.49
MGR019	565444	6757932	91.2	11.05	1710.74	28.3	3.08	4.36	52475	29092	39.62
MGR020	565658	6757850	296.2	16.09	928.87	21	6.78	6.12	29176	23949	80.23
MGR021	565933	6757395	27.8	33.67	232.16	29.4	3.85	5.47	10330	46550	69.99
MGR022	566215	6757490	41.2	15.04	214.22	26.5	4.31	8.77	9811	47567	62.23
MGR023	566400	6757533	52.8	18.59	553.59	15.3	2.68	5.31	26377	35784	104.5
MGR024	566425	6757825	739.4	11.3	1839.92	9.3	4.98	4.75	29950	15873	61
MGR025	564719	6757646	336.5	17.69	>2000.0	67.5	3.79	1.41	47297	16276	68.98
MGR026	564168	6758589	39.6	28.68	1202.54	82.7	25.18	1.02	29705	38962	42.73
MGR027	564744	6756189	93.1	24.61	550.1	9.7	4.86	7.4	10242	51814	46.96
MGR028	564775	6756172	11.9	15.72	313.98	19.9	29.65	1.21	12799	52851	26.46
MGR029A	564763	6755737	32.2	20.05	467.53	17.4	1.69	5.13	29747	41901	76.11
MGR029B	562290	6758072	5	101.74	1883.64	101.4	11.14	1.11	44404	41782	70.4
MGR029C	564774	6756964	233.3	15.13	1958.49	16.3	4.41	1.43	42681	21893	60.67
MGR030	564201	6761392	40.3	80.77	278.72	118.9	108.5	1.87	7268	37712	66.48

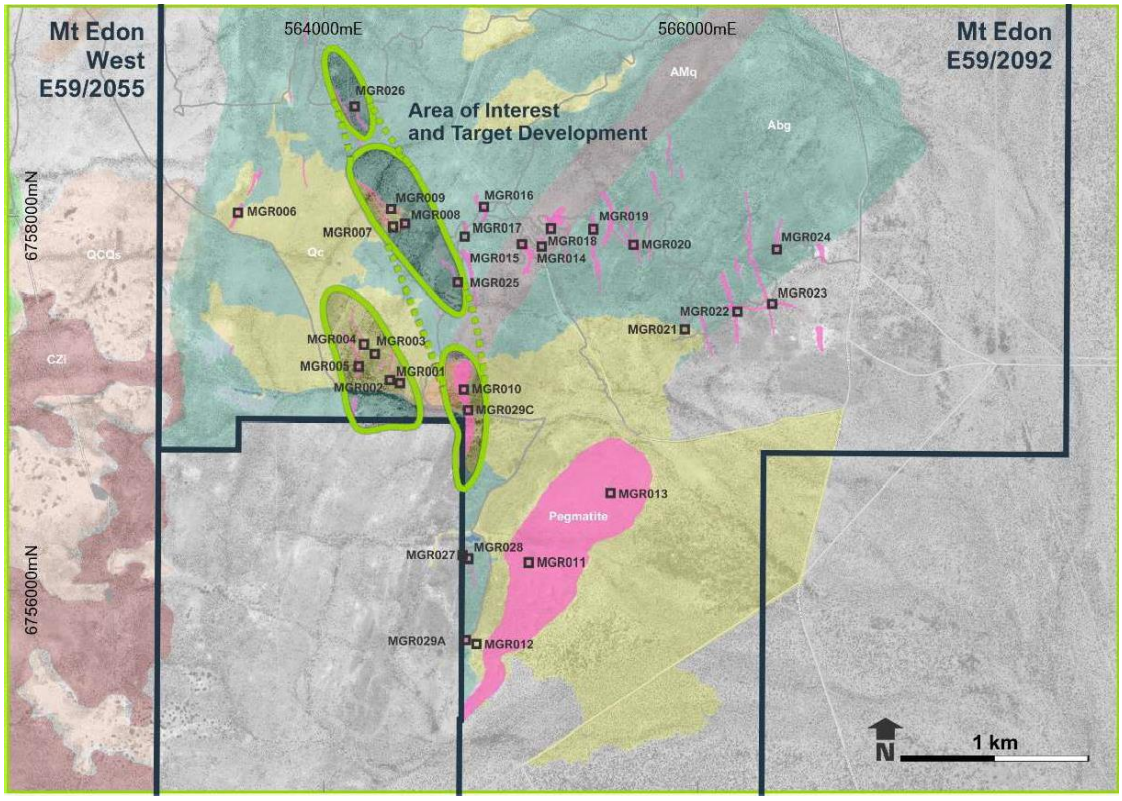

Figure 2 – March 2022 sample locations shown against mapped lithology

Future work

The interpreted results from the field program suggest that there are several prospective targets for lithium-bearing pegmatites within the Project area. Several of the pegmatites were mapped as being narrow and discontinuous, but some were mapped as having a substantial apparent thickness and continuity that may evolve into a commercially viable mining opportunity, subject to adequate mineral endowment.

The mapped and sampled pegmatites displayed significant weathering which may explain the depleted surface lithium grades. Morella is reviewing geophysical techniques to support developing a better understanding of the subsurface potential of the Project area to quantify potential drilling targets. It is noted that future drilling below the weathered zone would assist in the determination of the subsurface lithium-bearing potential of the Project area.

Morella Chief Executive Officer, Alex Cheeseman said:

"*Mt Edon represents an early-stage exploration opportunity for Morella. We are pleased with the outcomes of the field work and subsequent results and are developing future work plans. There is clearly potential at Mt Edon, and this warrants further exploration effort. Morella will now spend time and effort to develop and refine potential drilling targets and look forward to continuing to advance the project*."

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.*	• Samples taken as rock chips from outcropping pegmatite dykes. • Several chips taken across the outcrop for representativity.
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).*	• No drilling conducted.
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 drilling conducted.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies & 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.*	• Basic logging of dominant minerals. • Qualitative logging.
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*	• No core drilled.

Criteria	JORC Code explanation	Commentary
	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.*	
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.*	• Sample preparation involved crushing and screening of rock chips. • Assay technique used 4 acid digestion followed by ICP-MS for elemental detection. • One check assay was conducted with comparable results. • Three lab standards and two control blanks were included.
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 drilling conducted.
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.*	• Data points recorded by handheld GPS with accuracy of +/- 5m.
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.*	• Sample spacing was deliberately random. • Sample spacing was not appropriate for resource estimation. • No samples composited.
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.*	• No drilling conducted.
Sample security	• *The measures taken to ensure sample security.*	• Samples delivered directly to the lab via courier.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits conducted.

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 area incorporates two exploration tenements E59/2055 and E59/2092. • The E59/2055 tenement is 100% owned by Sayona Mining Pty Ltd. The E59/2092 tenement is 80% owned by Sayona Mining Pty Ltd & 20% owned by Bruce Legendre. • Sayona has granted Morella the right to earn a 51% interest in the lithium rights in the tenements (and other tenements) by conducting lithium exploration and incurring expenditure relating to exploration over a three-year Earn in Period. • Sayona has granted Morella the right to access and conduct lithium 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.*	• Previous exploration has been conducted by other parties. No results from previous exploration by other parties has been used or referenced.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Regional geology consists of partly foliated to strongly deformed and recrystallised granitoids intruding Archean ultramafic and felsic to mafic intrusive units. • Isolated belts of metamorphosed sediments are present with regional metamorphism attaining greenschist and amphibolite facies. • Late-stage pegmatite dykes intrude the mafic and felsic volcanics in a juxtaposed position to regional orientation.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling conducted.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade*	• Data not aggregated.

Criteria	JORC Code explanation	Commentary
	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.*	
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.*	• Geophysical exploration to support target development for future reconnaissance drilling if deemed appropriate by Morella.