

25 July 2022

\$7.5M Placement to Support Lithium Growth Strategy

Placement provides strong funding to support continued resource definition programs at Morella's Western Australia and Nevada lithium projects

A\$3m cornerstone commitment received from global lithium investment group Waratah Electrification and Decarbonization Fund

Private sale of royalties (in addition to the Placement) over the Tabba Tabba, and Mt Edon projects to Waratah-affiliate Lithium Royalty Corp. further solidifies Morella's balance sheet and extends the growth runway

Overview

Morella Corporation Limited (ASX: 1MC, "Morella" or the "Company") is pleased to announce that it has received firm commitments for a single tranche placement of 500 million new fully paid ordinary shares ("New Shares") to new and existing institutional and sophisticated investors in Australia and internationally at an issue price of \$0.015 to raise \$7.5 M ("Placement"). Waratah Capital Advisors ("Waratah"), through its subsidiary, Waratah Electrification and Decarbonization Fund ("Waratah E&D Fund") has provided a corner stone investment in the Placement for A\$3 million. Waratah is the sponsor and general partner of Waratah E&D Fund and Lithium Royalty Corp. ("LRC"), a North American royalty corporation.

The Placement process was managed by Canaccord Genuity (Australia) Limited and Jett Capital Advisors acting as Joint Lead Managers.

Morella Chief Executive Officer, Alex Cheeseman said:

"The completion of this successful capital raise provides Morella with the balance sheet to continue to advance our lithium project interests which are located in two of the best mining jurisdictions in the world. It is a testament to the team and portfolio we have built that we have gained the support of a premier, lithium specialty investor and we are very pleased to be partnering with LRC and Waratah. With the raise now completed we focus directly on advancing our projects and look forward to keeping the market updated as our exploration and resource definition works progress."

Placement

The Placement price of A\$0.015 per share represented a 11.8% discount to the last closing price of Morella shares on the ASX on Wednesday 20 July 2022.

New Shares issued under the Placement will utilise Morella's existing placement capacity under Listing Rule 7.1A. Settlement of New Shares issued under the Placement is expected to occur on Monday, 1 August 2022, with allotment and issue of the New Shares expected on Tuesday, 2 August 2022.

Use of Funds

Following completion of the capital raise and receipt of first round Royalty payments, Morella will have a cash balance of approximately \$11.5M. Morella will apportion the majority of funds towards drilling targets identified at the Fish Lake Valley Lithium Project (refer to ASX Announcement *Key Drilling Targets identified at the Fish Lake Valley Lithium Project* released 28 April 2022) and advancing the development of future drilling targets in Western Australia.

Royalty Agreement

In addition to the equity investment, LRC, Morella and Sayona Mining Limited ("Sayona") have agreed to binding terms for a royalty on lithium products produced from both the Mt Edon lithium project, tenements E59/2092 and E59/2055 ("Mt Edon") and the Tabba Tabba lithium project, tenement E45/4703 ("Tabba Tabba").

Morella has an Earn-in Agreement with Sayona covering a package of tenements in Western Australia, including Mt Edon and Tabba Tabba. Sayona has previously executed a similar royalty arrangement over the Mallina Lithium Project with LRC. Morella is approaching the completion of its earn in milestones with a Morella/Sayona joint venture (Morella 51%, Sayona 49%) to be formed upon satisfying those obligations.

Key Royalty Terms

- In consideration for the grant of a 1.25% Gross Overriding Revenue royalty on the Mt Edon project, LRC will pay Morella an initial sum of US\$450,000 with a further US\$100,000 payable if a Mineral Resource estimate is declared with a minimum 5 Mt and 1% Li₂O grade.
- In consideration for the grant of a 1.25% Gross Overriding Revenue royalty on the Tabba Tabba project, LRC will pay Morella an initial sum of US\$650,000 with a further US\$350,000 payable if a Mineral Resource estimate is declared with a minimum 5 Mt and 1% Li₂O grade.

Both Sayona and Morella have agreed to apply the initial royalty funding toward the development of the Western Australian projects with a view to delineating a maiden JORC Resource.

Capital Raise Timeline¹

Event	Time/Date
Announcement of Capital Raising and Trading Halt lifted	Monday 25 July 2022
Settlement of Placement Shares	Monday 1 August 2022
Allotment of Placement Shares	Tuesday 2 August 2022

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

¹ Timeline is indicative only and subject to change, subject to the Corporations Act and the ASX Listing Rules. All times / dates are referenced to Australian Eastern Daylight Time (AEDT).

Contact for further information

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About Morella Corporation Limited Morella is an exploration and resource development company focused on lithium and battery minerals. Morella is currently engaged in exploration, resource definition 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 lithium raw materials to support the surging demand for battery minerals, critical in enabling the global transition to green energy.

Forward Looking Statements Statements contained in this document, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of Morella, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'anticipate', 'believe', 'estimate', 'may', 'should', or similar expressions. Forward looking statements including all statements in this presentation regarding the outcomes of preliminary and definitive feasibility studies, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Morella. Actual results, performance, actions and developments of Morella may differ materially from those expressed or implied by the forward looking statements in this document. Such forward looking statements speak only as of the date of this document. There can be no assurance that actual outcomes will not differ materially from these statements. To the maximum extent permitted by law, Morella and any of its affiliates and their directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this document to reflect any change in expectations or assumptions do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement and disclaim all responsibility and liability for these forward looking statements (without limitation, liability for negligence). Nothing in this document will under any circumstances create an implication that there has been no change in the affairs of Morella since the date of this document.