

27 January 2026

Quarterly Activities Report & 5B Cashflow December 2025

- **Mt Edon Rubidium–Lithium Project (WA):** Phase 2 metallurgical testwork results reported during the quarter confirmed high rubidium recoveries, supporting progression toward resource definition drilling.
- **Mt Edon development readiness advanced during the quarter through completion of drill program design, permitting and heritage clearances, positioning the Project for drilling in early 2026.**
- **WA lithium portfolio:** gravity interpretation, geochemical integration and target refinement progressed during the quarter across Mallina and other Pilbara projects, consistent with wet-season operating conditions.
- **Dixon Well (Titanium–Vanadium, WA):** planning, data review and target refinement activities progressed during the quarter following reconnaissance results reported previously.
- **Nevada lithium portfolio:** tenure management and portfolio rationalisation activities progressed during the quarter, maintaining exposure while reducing holding costs.
- **Corporate:** funding commitments for a \$1.4 million convertible note facility were received during the quarter, strengthening the Company's financial position.

OVERVIEW

During the December 2025 quarter, Morella Corporation continued to advance its portfolio of critical-minerals projects across Tier-1 jurisdictions, with activities focused on technical progression, disciplined capital allocation and development readiness.

In northern Western Australia, on-ground activities were appropriately sequenced to reflect the traditional wet-season period. The Company therefore prioritised permitting, technical integration, data interpretation and drill planning during the quarter, ensuring key projects are well positioned for execution when seasonal access improves.

This measured approach enabled Morella to convert recent technical and metallurgical results into executable development programs, while maintaining cost discipline and strategic optionality across its broader portfolio.

WESTERN AUSTRALIA PROJECTS

Mt Edon Rubidium-Lithium Project (Western Australia – Morella-Elevra Joint Venture)

The Mt Edon Project is located within the Paynes Find Belt of Western Australia (see Figure 1) and hosts a system of rubidium and lithium-bearing pegmatites emplaced within mafic, ultramafic and felsic volcanic sequences. Prior RC drilling has confirmed extensive pegmatite development and significant rubidium enrichment across multiple target zones, including the Sophie, Miles and June pegmatites.

The Project remained the Company's principal operational focus during the quarter, with activities directed toward advancing Mt Edon from technical validation into execution readiness for resource definition drilling.

Quarter activities:

- Integration and review of Phase 2 metallurgical testwork results reported during the quarter, which confirmed high rubidium recoveries and identified optimisation pathways.
- Finalisation of the 2026 resource definition drilling program design, including prioritisation of pegmatite targets and drill sequencing.
- Grant of Program of Works approvals covering planned drilling activities.
- Completion of heritage surveys and site clearances across priority drill areas.

Based on the work completed during the quarter, the Company has scheduled the commencement of drilling for early 2026, subject to contractor availability. This sequencing allows alignment of permitting, heritage, logistics and seasonal access considerations, and is intended to maximise operational efficiency and data quality.

Exploration Licence E59/2778 (Mt Edon South) is held 100% by Morella, with the remaining Mt Edon tenements held under the Morella–Elevra Joint Venture.

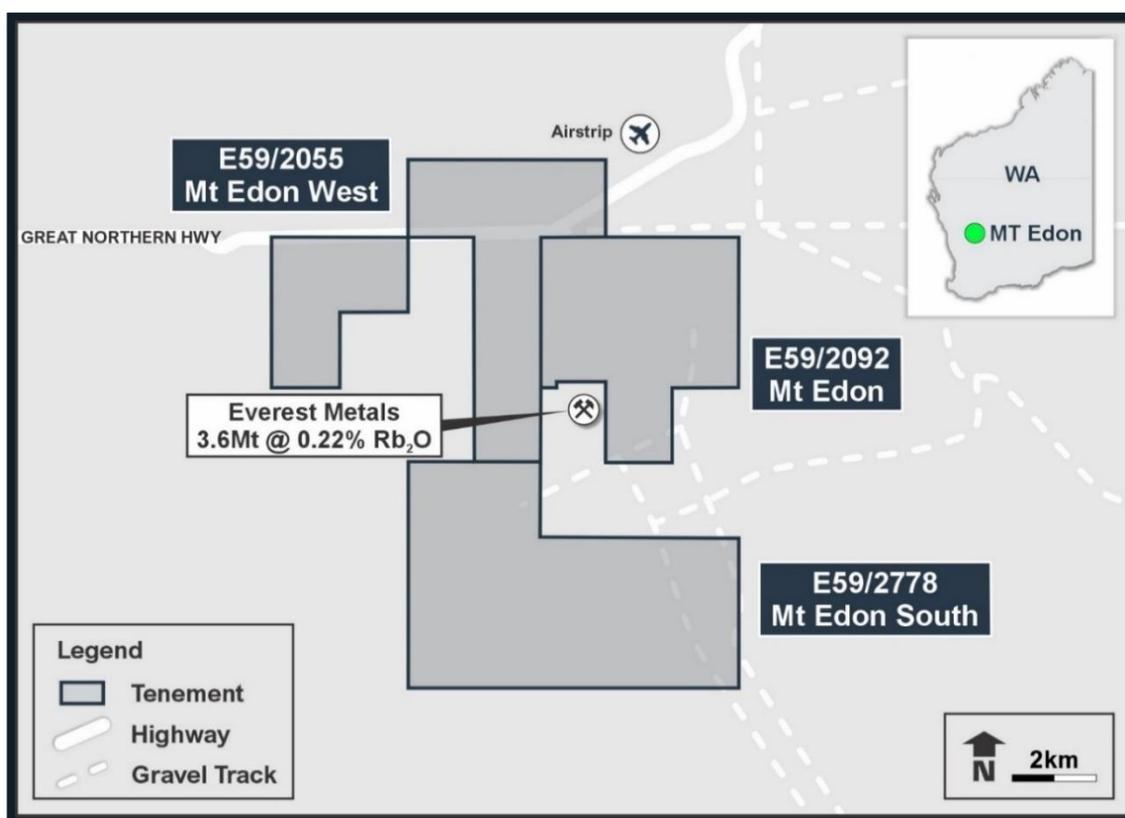


Figure 1: Mt Edon Project location

Mallina Lithium Project (Morella-Elevra Joint Venture)

The Mallina Project is situated within the Mallina Basin along the central Pilbara coast, a regionally extensive and largely covered corridor considered prospective for rare-metal pegmatite systems (see Figure 2).

The Project forms part of a broader lithium-fertile trend extending toward the Tabba Tabba and Wodgina districts.

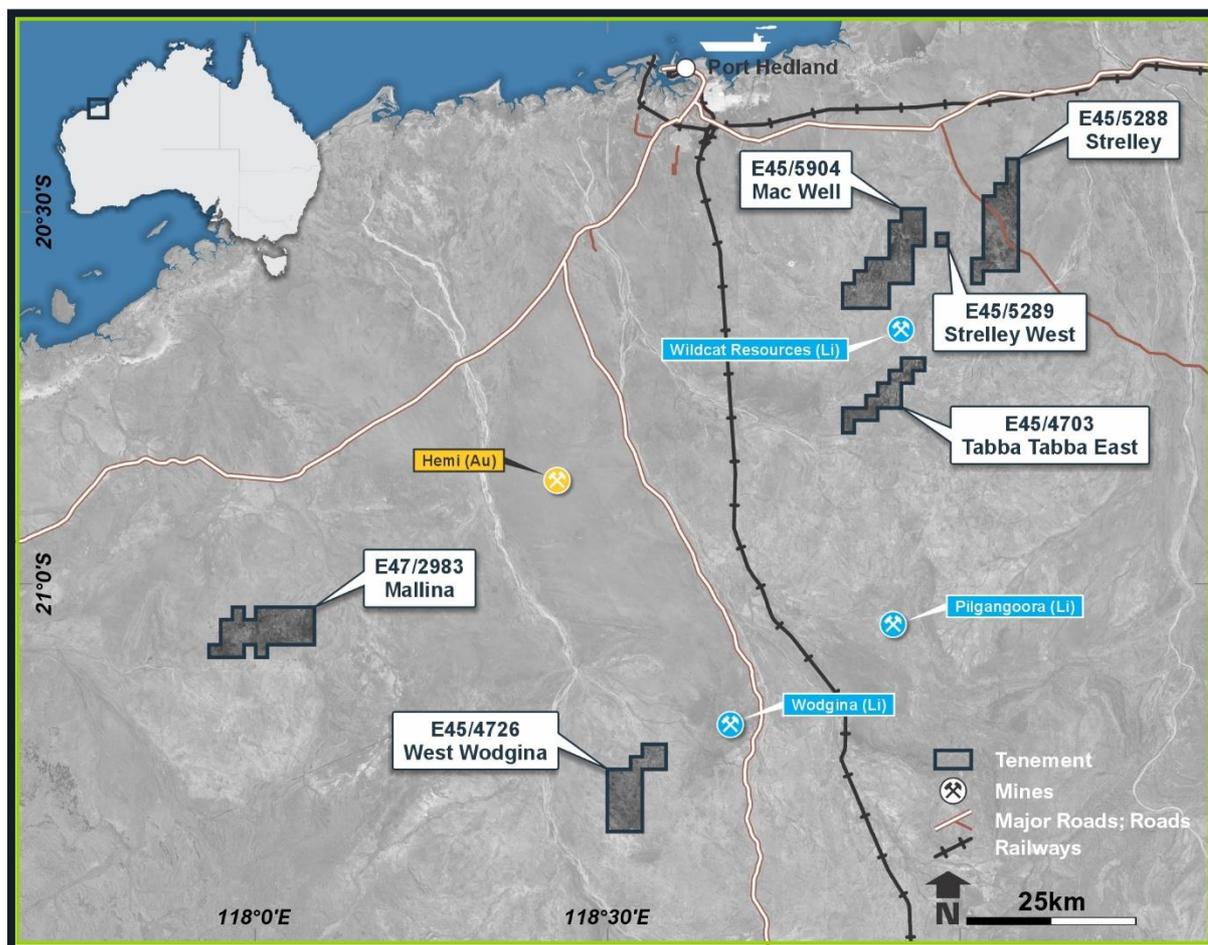


Figure 2: Mallina and other JV Project Locations

Quarter activities:

- Completion and interpretation of a ground gravity survey, co-funded through a government program.
- Integration of gravity, geological mapping and geochemical datasets to refine priority intrusion and pegmatite targets.
- Completion of rehabilitation and compliance activities associated with prior drilling.

The work completed during the quarter has improved geological understanding across the project area and will form the design of future Phase 1 RC drilling anticipated in mid-2026.

Dixon Well Project (Titanium – Vanadium – E57/1226, WA)

The Dixon Well Project is located approximately 60 km east-northeast of Paynes Find in the Murchison region of Western Australia (see Figure 3). The Project comprises Exploration Licence E57/1226, which is held 100% by Morella Corporation Limited and covers approximately 36 km² of mafic–ultramafic intrusions within the Glenburgh Terrane.

Titanium and vanadium are recognised as important inputs to emerging energy-transition and industrial decarbonisation technologies.

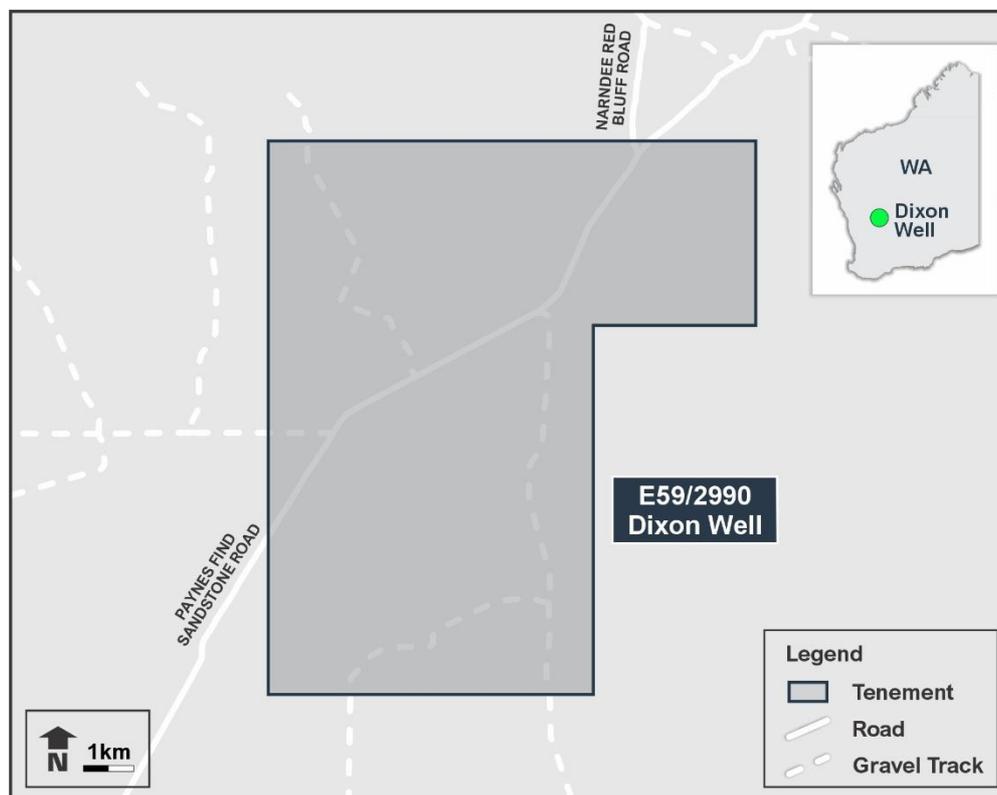


Figure 3 – Dixon Well Project Location

Quarter activities:

- Planning, data review and target refinement activities progressed during the quarter following previously reported reconnaissance sampling results returning grades of up to 17.0% TiO₂ (titanium oxide)
- Preparation of staged follow-up programs focused on mapping, additional sampling and target definition.

Other WA Projects (Tabba Tabba East, Wodgina West, Strelley, Mac Well)

District Projects (Morella-Elevra Joint Venture)

Across the remaining Pilbara tenements, the Company undertook site visits, sampling and reviews aimed at assessing prospectivity and prioritisation.

Results from these programs were variable, with limited lithium mineralisation identified. Rubidium anomalism was observed in several areas. This work forms part of the Company's ongoing portfolio review process, ensuring management attention and capital are directed toward opportunities with the strongest technical and strategic justification.

United States Projects – Nevada Lithium Portfolio (Fish Lake Valley and North Big Smoky)

The Nevada lithium assets are located within established brine-bearing basins along the central Nevada lithium trend (see Figure 4) and provide long-term exposure to the United States domestic battery-materials supply chain.

No physical exploration work was undertaken on the Nevada projects during the quarter. Activities instead focused on tenure management and portfolio rationalisation.

Quarter activities:

- Completion of claim renewals and administrative restructuring.
- Reduction of non-core ground to concentrate on structurally favourable basin positions.
- Preparation for future optionality through claim transfers and compliance processes.

These actions have reduced ongoing holding costs while preserving exposure to large-scale lithium basin systems for future market cycles.

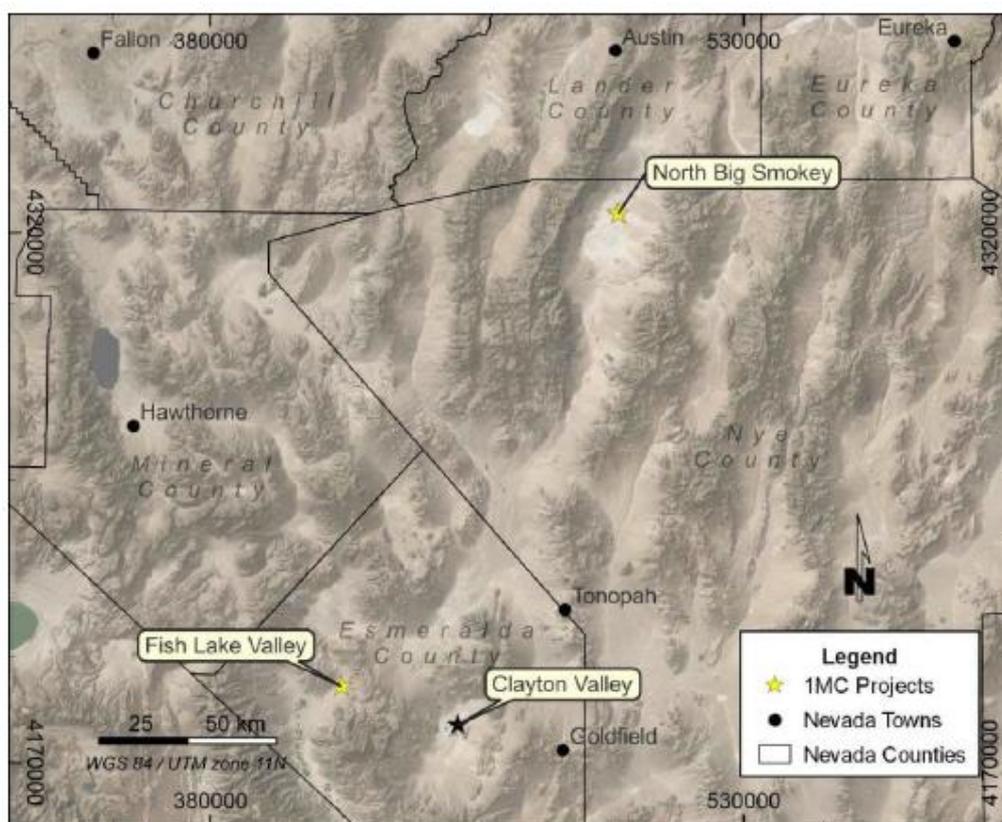


Figure 4 – Morella Corporation Nevada Project Locations

CORPORATE

The Company maintained a disciplined approach to corporate expenditure during the quarter, ensuring alignment between funding capacity and project priorities.

During the quarter, the Company received commitments for a \$1.4 million Convertible Note Facility, strengthening the balance sheet and providing flexibility to advance its Australian and U.S. critical-minerals projects. The Company’s Annual General Meeting was held in November 2025, with all resolutions passed by shareholders.

SUBSEQUENT EVENTS

Subsequent to the end of the December 2025 quarter, the Company announced that it had commenced proceedings in the Federal Court of Australia relating to events associated with the 2020 receivership of Altura Mining Limited (now Morella Corporation Limited).

The Board has determined that it is appropriate to seek relief in respect of proceeds arising from the 2020 asset sale which the Company contends should have been returned to it. The Company has previously advised that it does not expect the proceedings to have a material impact on its ability to continue advancing its exploration, development or operational activities.

OUTLOOK

Morella enters 2026 with a focused portfolio and a near-term execution catalysts, led by planned drilling and resource definition activities at Mt Edon, continued advancement of priority Western Australian projects, and disciplined management of its U.S. lithium assets.

Morella Managing Director James Brown said:

"The December quarter was a period of disciplined execution and preparation for Morella, with activity focused on converting recent technical and metallurgical outcomes into executable development programs.

At Mt Edon, strong Phase 2 metallurgical results reported during the quarter reinforced the Project's potential, while drill planning, permitting and heritage activities were progressed to ensure readiness for resource definition drilling in early 2026. Across northern Western Australia, on-ground programs were appropriately sequenced to reflect the traditional wet-season period, with emphasis placed on data integration, target refinement and logistical preparedness rather than field execution.

Beyond advancing our core assets, we continue to actively review and build our project pipeline, applying a disciplined approach to identifying and prioritising new opportunities that align with Morella's critical-minerals strategy. This ensures the Company maintains a balanced portfolio of near-term development catalysts alongside longer-term growth options.

With commitments received during the quarter for a \$1.4 million convertible note facility, Morella enters 2026 in a strong position to advance drilling, resource definition and value-focused exploration across Tier-1 jurisdictions."

Other Disclosure

As disclosed under item 6 in the Appendix 5B, the Company made payments to related parties as follows:

- \$9,000 relating to the Directors fees for the Quarter.

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

Competent Persons Statement The information in this announcement that relates to Exploration Results 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.

About Morella Corporation Limited Morella (ASX:1MC) is an exploration and resource development company advancing a portfolio of critical mineral projects across Tier 1 jurisdictions in Australia and the United States. With active exploration underway in lithium, rubidium, and titanium, Morella is committed to securing raw materials essential for the global clean energy transition and high-value industrial applications.

Schedule of Tenements

The schedule below discloses the exploration tenements held by the Company at the end of the Quarter; none were sold or cancelled.

Location	Tenement Number	Interest beginning of Quarter	Interest end of Quarter
Mt Edon South	E59/2778	100%	100%
Four Corners Well	E59/2904	100%	100%
Dixon Well	E57/1226	100%	100%
TabbaTabba East	E45/4703	51%	51%
West Wodgina	E45/4726	51%	51%
Strelley	E45/5288	51%	51%
Strelley West	E45/5289	51%	51%
Mac Well	E45/5904	51%	51%
Mallina	E47/2983	51%	51%
Mt Edon	E59/2092	51%	51%
Mt Edon West	E59/2055	0%	51%
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 2025

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	195	363
1.2 Payments for		
(a) exploration & evaluation	(91)	(178)
(b) development	-	-
(c) production	-	-
(d) staff costs	(204)	(385)
(e) administration and corporate costs	(283)	(494)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
• Sundry income	5	5
1.9 Net cash from / (used in) operating activities	(377)	(688)
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	(199)	(647)
(e) investments	-	-
(f) other non-current assets	-	-

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) reimbursement from tenement holder	-	-
(c) property, plant and equipment	-	-
(d) investments – Sale of shares on market	-	-
(e) Reimbursement from offshore tenement partner	-	-
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	(199)	(647)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5 Proceeds from borrowings	700	1,400
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	(11)	(22)
3.10 Net cash from / (used in) financing activities	689	1,378

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period	113	43
4.1	Cash and cash equivalents at beginning of period	732	804
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(377)	(688)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(199)	(647)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	689	1,378
4.5	Effect of movement in exchange rates on cash held	(5)	(7)
4.6	Cash and cash equivalents at end of period	840	840

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	840	732
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)	840	732

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

6.1	Aggregate amount of payments to related parties and their associates included in item 1	Current quarter \$A'000
- Directors Fees paid in the Qtr	9	
- Interest paid on funding facility in the Qtr.	-	
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) (ii)	4,761	4,761
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	4,761	4,761
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 2027 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.		
(ii)	Morella has completed an additional facility with related entities to meet the Groups working capital requirements. The facility maturity date is August 2028 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)	(377)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(199)
8.3 Total relevant incoming / (outgoings) (item 8.1 + item 8.2)	(576)
8.4 Cash and cash equivalents at quarter end (item 4.6)	840
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	840
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.5

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:

- 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: Yes

- 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: The Company has completed a funding facility during the quarter. The Company has the ability to vary exploration intensity in order to manage funding. The Company believes that additional capital will be required during the year and is confident of raising such capital when required, based on previous funding outcomes the Board expects a high probability of success.

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: Yes, the Company has been successful and well supported for funding previously and the Board expects sufficient funds can be raised to meet the Group's operational objectives

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: 23 January 2026

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.