Morella Corporation Limited

ABN 39 093 391 774

ANNUAL FINANCIAL REPORT

30 JUNE 2026

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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

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SHARE REGISTRY

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(Formally Link Market Services Limited)
Level 12, QV1 Building
250 St George's Terrace
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

Code: 1MC

Your directors have pleasure in presenting the annual financial report of Morella Corporation Limited ("Morella" or "the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2026.

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

COMPANY SECRETARY

The name of the secretary in office during the financial year and up to the date of this report is as follows:

Mr John Lewis

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were mineral exploration and the provision of exploration services.

OPERATING AND FINANCIAL REVIEW

Overview

Following announcement of the maiden Mt Edon Mineral Resource Estimate, Morella's principal near-term focus is defining and prioritising the technical work required to assess the project's rubidium and associated mineral potential. The Company will continue to prioritise expenditure across its Western Australian projects, preserve its tenure and access rights, assess funding and partnership opportunities, and seek value-realisation pathways for its non-core assets.

Review of Operations

<ins>Corporate Developments</ins>

- During the year, the Group completed a placement in two tranches, raising $2.1 million before costs to fund exploration activities and working capital.
- During the year, directors and sophisticated investors subscribed for $1.4 million of unsecured convertible notes to provide additional working capital.
- The Group continued Federal Court proceedings against the former receivers and managers arising from the sale of the former Altura lithium operations in 2020.
- Separately, the Group and its joint venture partner continued to address Western Australian tenure and access matters affecting the Tabba Tabba area projects. Expenditure was prioritised towards the Company's principal exploration, tenure-protection and corporate activities.

<ins>Indonesian Operations</ins>

Revenue from the Indonesian services business was broadly unchanged in US dollar terms. Performance was affected by higher operating costs and adverse exchange-rate movements. Management remains focused on customer retention, service pricing and cost control.

<ins>Western Australia Exploration</ins>

Morella's Western Australian activities were principally focused on advancing the Mt Edon rubidium-lithium project, reviewing the Mallina and Tabba Tabba lithium projects, and assessing the Dixon Well titanium-vanadium opportunity. Exploration expenditure was prioritised having regard to available funding, technical merit and the Company's broader portfolio strategy.

Mt Edon Rubidium-Lithium Project

(Morella-Elevra Joint Venture - Morella interest 51%)

The Mt Edon Project, located near Paynes Find in Western Australia's Mid-West region, is prospective for rubidium, lithium and associated critical-mineral mineralisation hosted within highly fractionated pegmatites.

- **Activities during the year included:**
  - The Company completed a 17-hole reverse-circulation drilling program totalling approximately 1,464 metres, with pegmatites intersected in 15 of the 17 holes drilled. The program confirmed broad zones of rubidium mineralisation at the Sophie, Miles and June prospects.
  - All assays' results from the 2026 drilling program were received during the year and incorporated into the geological model supporting preparation of a Maiden Mineral Resource estimate (MRE).
  - The Company continued to assess the results of earlier metallurgical test-work undertaken with Edith Cowan University and the scope of further testwork required to evaluate potential rubidium and lithium recovery pathways.
  - Drilling identified higher-grade rubidium zones within broader mineralised pegmatites, with potential extensions remaining outside the drilling coverage.
- **Next Steps:** Further work includes evaluating additional metallurgical testwork and opportunities to extend and improve confidence in the resource. Work programs will be prioritised having regard to available funding and joint venture approvals.

Following the end of the financial year, the Company announced the maiden Mt Edon Mineral Resource Estimate on 17 September 2026. The estimate establishes an Inferred rubidium resource across the Sophie and Miles & June prospects and provides a foundation for further technical evaluation. Refer to Note 30 and the Company's ASX announcement dated 17 September 2026.

Mallina Lithium Project

(Morella-Elevra Joint Venture - Morella interest 51%)

The Mallina Project is located in the Pilbara region of Western Australia and is prospective for lithium-bearing pegmatites.

- **Activities during the year included:**
  - Geophysical data were reviewed and interpreted to assist with geological targeting, including the identification of priority areas for further investigation.
  - Geological, geochemical and geophysical information was compiled and reviewed to refine areas for future field investigation.
- **Next Steps:** Future work will be determined following completion of the technical review and prioritisation of targets against the Company's other Western Australian projects.

Dixon Well Titanium - Vanadium Project

(Morella interest 100%)

Dixon Well is an early-stage titanium-vanadium exploration project located in Western Australia's Murchison region.

- **Activities during the year included:**
  - The Company continued to compile and assess historical geological, geochemical and geophysical information to improve its understanding of the project's titanium-vanadium potential.
  - Preliminary field reconnaissance and technical assessment were undertaken to assist with target generation.
- **Next Steps:** Further work will focus on defining technically credible targets and assessing potential work programs including drilling as a priority.

Tabba Tabba Area Projects (Tabba Tabba East, Strelley and Mac Well)

(Morella-Elevra Joint Venture - Morella interest 51%)

The joint venture holds interests in tenements within the prospective Tabba Tabba-Pilgangoora lithium district of Western Australia.

- **Activities during the year included:**
  - The Company and its joint venture partner undertook technical, commercial and legal reviews in response to access and tenure matters arising from proposed development activities on adjoining and overlapping tenure.
  - Objections were lodged in relation to third-party miscellaneous licence applications where considered necessary to preserve the joint venture's existing tenure, access and statutory rights.
- **Next Steps:** The Company will continue to work with its joint venture partner, neighbouring tenure holders and legal advisers to preserve the joint venture's tenure and access rights while seeking commercially workable outcomes.

Other WA Tenements

(Mt Edon South, Four Corners Well, Strelley West, Mt Edon West)

The Company continued to review its broader Western Australian tenement portfolio for lithium, rubidium and other critical-mineral opportunities.

- **Activities during the year included:**
  - Available geological and geochemical information was reviewed to assess prospectivity and assist with portfolio prioritisation.
- **Next Steps:** The Company will continue to rank these opportunities against its priority projects and available funding.

United States Exploration

Morella's retained Nevada portfolio comprises lithium exploration claims at Fish Lake Valley South and North Big Smoky. Both projects are located approximately 1 hour via road south-west and north of the regional centre of Tonopah.

- **Activities during the year included:**
  - No material field exploration was undertaken during the year. Activities focused on maintaining priority claims in good standing and restructuring the Company's interests with Lithium Corporation.
  - Shareholder approved the issue of 8,000,000 shares to Lithium Corporation as consideration under the agreed restructuring of the parties Nevada interests.
- **Next Steps:** The Company intends to maintain its priority Nevada claims in good standing while considering partnership, funding and other value-realisation opportunities

Operating results

The Group's operating loss after income tax for the year ended 30 June 2026 was $6,229,972 (2025: loss $1,233,148). The Group's operating loss after income tax from continuing operations for the year ended 30 June 2026 was $6,601,492 (2025: loss $1,884,231).

The loss in 2026 includes non-cash costs as follows:

- Depreciation and amortisation of $83,661
- Derivative facility expense of $196,180
- Net foreign exchange Loss of $3,580,704

and includes further financial costs as follows:

- Interest of $334,646

Excluding the above items, the Group loss after tax was due to the Group's ongoing exploration activities and corporate administration.

The Group's revenue from continuing operations for the year ended 30 June 2026 was $593,560 (2025: $636,006). The revenue in 2026 was derived from its exploration services.

Financial position

The Group cash and cash equivalents balance as at 30 June 2026 was $1,367,086 (2025: $795,508). The Group's cash flow from operating activities was negative $1,576,014 (2025: $2,145,483) predominantly due to Interest and administration expenditure. The Group's cash flow from investing activities was negative $1,192,662 (2025: negative $370,472) predominantly due to the exploration expenditure on its tenements. The Group's net cash flow from financing activities provided was $3,352,824 (2025: 2,899,443) predominantly form a capital raise and funds via a convertible note in this period and used to meet medium-term expenditure commitments.

The Group's net assets decreased from $10,058,642 at 30 June 2025 to $9,246,250 at 30 June 2026. The decrease reflects the Group's result and movements in reserves during the year, partly offset by equity issued during the period. For further information on capitalised exploration expenditure, refer to Note 15.

Other Assets

Lithium Assets - Lithium Corporation

Morella acquired an interest in US-based, OTC listed Lithium Corporation in November 2012. Lithium Corporation is a junior exploration and mining company focused on creating shareholder value through the discovery and development of lithium and other energy related mineral resources. At the end of the reporting period Morella held 9.21% of the issued capital of Lithium Corporation.

Coal Assets -Tabalong Coal

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 a number of options for sale of the coal assets and information has been made available to a number of parties under confidentiality deed arrangements. The Board has considered the current climate and the ability to complete the sale of the project in the near term and determined it prudent to make an impairment to present a value of Nil in the financial statements whilst continuing to actively seek an appropriate sale counterparty.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the financial year the following events occurred:

20 August 2026 the Company and Elevra Lithium Limited have entered into an indicative term sheet to expand their existing Western Australian exploration arrangements through the addition of four tenements, Deep Well, Mt Dove, Mount Satirist and Station Peak. The Company to earn a 51% interest in the four additional projects through incurring A$300,000 of exploration expenditure over two years, with Elevra retaining 49% following completion of the earn-in.
Upon meeting the earn requirements in the Company will become manager and operator of the additional projects, building on its existing role as manager of the Morella-Elevra Joint Venture.

4 September 2026 The Company issued 4,676 shares at 7.2 cents per share from the conversion of options expiring on 31 August 2026. The balance of 23,935,079 options at 7.2 cents per share has expired without conversion.

On 17 September 2026, Morella Corporation Limited announced a maiden Mineral Resource Estimate for the Mt Edon Critical Minerals Project in Western Australia.
The Inferred Mineral Resource, reported in accordance with the JORC Code (2012), comprises 5.44 million tonnes at 0.16% Rb_2O, containing approximately 8,300 tonnes of Rb_2O at a cut-off grade of 0.10% Rb_2O. The estimate covers the Sophie and Miles & June prospects.
The estimate provides a foundation for further technical evaluation of the project. Further exploration and metallurgical work will be prioritised having regard to available funding and joint venture approvals. Further studies are required to assess processing pathways and commercial viability.
Further details are provided in the Company's ASX announcement dated 17 September 2026.

No other significant events have occurred since 30 June 2026, which would require disclosure in the financial report.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group's objective is to create shareholder value by advancing and realising value from its mineral project portfolio, including rubidium, lithium, titanium and vanadium opportunities, together with complementary mining activities.

Key Business Strategies

Morella's strategic focus comprises:

- Exploration and resource development across the Group's mineral project portfolio, including rubidium, lithium, titanium and vanadium opportunities.
- Assessment of additional tenements and project opportunities consistent with the Group's strategy and available funding.
- Conducting its exploration operations sustainably and in consideration of the environment, health and safety, people and community relations.
- Divestment of the Tabalong coal project.

Future Prospects and Material Business Risks

The Group's future performance is subject to risks associated with mineral exploration and potential development across its rubidium, lithium, titanium and vanadium projects. The principal risks include:

- Funding: Access to additional capital and refinancing on acceptable terms to meet working-capital requirements and fund planned activities.
- Exploration and resources: Uncertainty regarding exploration results, the scale and continuity of mineralisation, and the ability to define resources capable of supporting economic development.
- Metallurgy and recovery: The ability to establish technically and commercially viable processing routes, recoveries and saleable products.
- Markets and customers: Changes in commodity prices and demand, and the ability to develop reliable markets and customer relationships, particularly for rubidium.
- Tenure, approvals and access: Maintaining mineral rights, obtaining necessary approvals and securing access for exploration and potential development.
- Joint ventures and counterparties: Performance of joint venture partners and other counterparties, including agreement on work programs, funding and commercial arrangements.
- Foreign exchange: Currency movements affecting the value of overseas assets, liabilities and expenditure.

DIVIDENDS

There were no dividends paid or declared during the year ended 30 June 2026 (2025: Nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than this and matters outlined in the Review of Operations, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations or results of the Group in subsequent financial years.

ENVIRONMENTAL PERFORMANCE

The Group is committed to achieving a high standard of environmental performance and is subject to significant environmental regulation form both Commonwealth and State legislation in Australia to its mining, development and exploration activities. The Board of Directors is responsible for regular monitoring of environmental exposures and compliance with these environmental regulations. The Group complied with its environmental performance obligations during the year.

INFORMATION ON DIRECTORS

Mr James Brown (Managing Director)

Qualifications

Graduate Diploma in Mining from University of Ballarat

Experience

Mr Brown is an experienced mining company executive with over 40 years' experience in the mining industry in Australia, United States, Africa and Indonesia, including the last 19 years in the Managing Director role at Morella. Mr Brown has successfully sourced, developed and operated numerous key global projects with a focus on lithium and battery materials. He has an extensive global network which has delivered key projects to Morella such as Fish Lake Valley, Mallina and more recently North Big Smoky project. Aside from securing key projects Mr Brown led the successful re-establishment of Morella via delivery of capital from his established network of global institutions and high net worth investors.

Other current directorships in listed entities

Elevra Lithium Limited

Greenwing Resources Limited

Former directorships in last 3 years

None

Special responsibilities

None

Interests in shares and options

As at the date of this report Mr Brown had interests in 22,915,808 ordinary shares and 1,352,950 Options over ordinary shares in Morella Corporation Limited.

Mr Allan Buckler (Non-Executive Director)

Qualifications

Certificates in Mine Surveying and Mining, First Class Mine Managers Certificate and a Mine Surveyor Certificate issued by the Queensland Government's Department of Mines.

Experience

Mr Buckler has over 45 years' experience in the mining industry and has taken lead roles in the establishment of several leading mining and port operations in both Australia and Indonesia. Mr Buckler was appointed a director in December 2008.

Other current directorships in listed entities

Elevra Lithium Limited

Former directorships in last 3 years

None

Special responsibilities

Member of the Audit & Risk Committee

Member of the Remuneration & Nomination Committee

Interests in shares and options

As at the date of this report Mr Buckler had interests in 70,331,970 ordinary shares and 2,500,000 Options over ordinary shares in Morella Corporation Limited.

Mr Dennis O'Neill (Independent Non-Executive Director)

Qualifications

Bachelor of Science in geology from the University of Western Australia

Experience

Mr O'Neill was appointed a director in December 2008. He has held positions with a number of Australian and multinational exploration companies and has managed exploration programs in a diverse range of environments and locations including Botswana, North America, Southeast Asia, North Africa and Australasia. During his extensive years of experience, he has held executive management positions with ASX listed companies and has worked on a range of commodities including diamonds, gold, base metals, coal, oil and gas.

Other current directorships in listed entities

None

Former directorships in last 3 years

Nil

Special responsibilities

Chairman of the Remuneration & Nomination Committee
Member of the Audit & Risk Committee

Interests in shares

As at the date of this report Mr O'Neill had interests in 6,390,031 ordinary shares and 625,000 Options over ordinary shares in Morella Corporation Limited.

Mr Beng Teik Kuan (Independent Non-Executive Director)

Qualifications

Bachelor of Engineering (University of Malaya)

Experience

Mr Kuan is an engineer with considerable experience in bulk handling and terminal operations, including responsibility for the development and management of the Pulau Laut Coal Terminal in South Kalimantan, Indonesia. He also has experience in Indonesia, Malaysia and Singapore with tin dredging operations, managing rubber, palm oil, and cocoa processing factories, and managing palm oil bulk terminals. He was appointed a director in November 2007.

Other current directorships in listed entities

None

Former directorships in last 3 years

None

Special responsibilities

Chairman of the Audit & Risk Committee
Member of the Remuneration & Nomination Committee

Interests in shares and options

As at the date of this report Mr Kuan had interests in 8,665,167 ordinary shares and 750,000 Options over ordinary shares in Morella Corporation Limited.

COMPANY SECRETARY

Mr John Lewis - Mr Lewis has a Bachelor of Business Degree and is a Chartered Accountant with more than 30 years post qualification experience. Mr Lewis has extensive corporate governance and company reorganisation experience. Since 2007, Mr Lewis has worked predominantly in the resource development and mining sector in Australia and overseas as a Company Director, CFO and Company Secretary.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for directors and other key management personnel. It does not detail information on the remuneration of key management post this date.

Remuneration Policy and link to performance

The Company's policy is to remunerate fairly and in line with companies of similar size, operations and in the same industry. Individual remuneration decisions are made by the Remuneration & Nomination Committee taking into account the following factors:

- The responsibility of the role;
- Experience of the employee;
- Past performance and future expectations; and
- Industry conditions and trends.

In order to retain and attract key management personnel of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Remuneration & Nomination Committee may seek the advice of external advisors in connection with the structure of remuneration packages.

Remuneration packages may contain the following key elements:

a) Primary benefits - salary/fees, bonuses and non-monetary benefits;
b) Post-employment benefits - including superannuation and prescribed retirement benefits; and
c) Equity - performance rights granted under the Long-Term Incentive Plan as disclosed in Note 22 to the financial statements.

None of the Company's personnel remuneration packages are linked directly to the Company's profitability or other measure of performance. The Company maintains a Long-term Incentive Plan under which employees may be granted performance rights and share options which vest subject to service conditions being met. Directors may also be allocated performance rights and/or options as an incentive. During the 2026 year, no executive directors were issued with shares on the vesting of previously issued performance rights.

Performance-based remuneration

The Company currently has performance-based remuneration in place as disclosed in Note 22.

Group performance, shareholder wealth and director and executive remuneration

The Group has recorded the following earnings from continuing operations over the last five years:

	2026	**2025**	**2024**	**2023**	**2022**
Revenue and sundry income	596,332	637,296	573,649	2,023,841	1,529,313
EBITDA *	(6,183,185)	(1,538,653)	(2,625,868)	(2,252,293)	219,080
NPBT *	(6,601,492)	(1,884,231)	(2,999,977)	(2,660,108)	(99,846)
NPAT *	(6,601,492)	(1,884,231)	(2,999,977)	(2,606,927)	(99,846)
Dividends paid	-	-	-	-	-

* Definitions: EBITDA = Earnings before interest, tax, depreciation, and amortisation
NPBT = Net profit before tax
NPAT = Net profit after tax & minority interest

REMUNERATION REPORT (Audited) (continued)

Key Management Personnel Remuneration Policy

The Remuneration & Nomination Committee reviews the remuneration packages of all directors and key management personnel on an annual basis. Remuneration packages are reviewed and determined with due regard to relevant market conditions and individual's experience and qualification and are benchmarked against comparable industry salaries.

Payment of bonuses and share based compensation benefits is discretionary.

Employment Contracts of Key Management Personnel

Contracts of employment are given to key management personnel at time of employment. Details are as follows:

James Brown, Managing Director - the agreement is of no fixed term and allows for payment of a monthly cash salary in US dollars, reviewed each year, plus allowances. Three months' notice of termination by either party is required, with a separation allowance equivalent to one year's salary and entitlements to be paid if employment is terminated by the Company.

REMUNERATION REPORT (Audited) (continued)

Key Management Personnel Remuneration

	Short-term benefits				Post employment		Share based payments	Total	Share based payments as a percentage of total
Name	**Cash salary and fees $**	**Cash bonus $**	**Bonus Shares $**	**Non-monetary benefits $**	**Super-Annuation $**	**Termination payments $**	**EIP and Performance rights $**	**$**	**%**
2026									
Non-executive directors									
A Buckler	72,000	-	-	-	-	-	-	72,000	-
D O'Neill	72,000	-	-	-	8,640	-	-	80,640	-
B Kuan	72,000	-	-	-	8,640	-	-	80,640	-
Sub total non-executive directors	**216,000**	**-**	**-**	**-**	**17,280**	**-**	**-**	**233,280**	
Executive directors									
J Brown (a)	616,839	-	-	(26,087)	-	-	-	590,752	-
Total for key management personnel compensation	**616,839**	**-**	**-**	**(26,087)**	**-**	**-**	**-**	**590,752**	-
Total compensation	**832,839**	**-**	**-**	**(26,087)**	**17,280**	**-**	**-**	**824,032**	

(a) Annual leave taken and applied to the non-monetary benefit provided as per Mr. Brown's contract of employment.

	Short-term benefits				Post employment		Share based payments	Total	Share based payments as a percentage of total
Name	**Cash salary and fees $**	**Cash bonus $**	**Bonus Shares $**	**Non-monetary benefits $**	**Super-Annuation $**	**Termination payments $**	**EIP and Performance rights $**	**$**	**%**
2025									
Non-executive directors									
A Buckler	72,000	-	-	-	-	-	-	72,000	-
D O'Neill	72,000	-	-	-	8,280	-	-	80,280	-
B Kuan	72,000	-	-	-	8,280	-	-	80,280	-
Sub total non-executive directors	**216,000**	**-**	**-**	**-**	**16,560**	**-**	**-**	**232,560**	
Executive directors									
J Brown (a)	643,262	-	-	(117,019)	-	-	-	526,243	-
Total for key management personnel compensation	643,262	-	-	(117,019)	-	-	-	526,243	
Total compensation	**859,262**	**-**	**-**	**(117,019)**	**16,560**	**-**	**-**	**758,803**	

No long service leave payments were made during the year (2026: nil)

REMUNERATION REPORT (Audited) (continued)

a) Performance Rights

Number of performance rights held by key management personnel

The number of performance rights in the Company held during the financial year by each director of Morella Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2026	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting
J Brown	-	-	-	-	-
A Buckler	-	-	-	-	-
D O'Neill	-	-	-	-	-
B Kuan	-	-	-	-	-

2025	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting
J Brown	-	-	-	-	-
A Buckler	-	-	-	-	-
D O'Neill	-	-	-	-	-
B Kuan	-	-	-	-	-

b) Share holdings

Number of shares held by key management personnel

The number of shares in the Company held during the financial year by each director of Morella Corporation Limited and other key management personnel (KMP) of the Group, including their personally related parties, are set out below.

	Balance at start of the year	Purchased / (sold)	Consolidation 25:1	Placement & Securities Purchase Plan	Other (a)	Balance at the end of the year
2026						
J Brown	16,088,550	-	-	1,352,950	5,474,308	22,915,808
A Buckler	59,419,173	-	-	2,500,000	8,412,797	70,331,970
D O'Neill	4,276,973	-	-	625,000	1,488,058	6,390,031
B Kuan	6,542,846	-	-	750,000	1,372,321	8,665,167

a) Other share transactions comprise shares issued in lieu of salaries, director fees and interest on the funding facility.

REMUNERATION REPORT (Audited) (continued)

b) Share holdings (continued)

	Balance at start of the year	Purchased / (sold)	Consolidation 25:1	Placement & Securities Purchase Plan	Other (a)	Balance at the end of the year
2025						
J Brown	155,120,640	547,459	(148,915,813)	7,413,576	1,922,688	16,088,550
A Buckler	786,106,621	2,929,360	(754,662,354)	24,061,570	983,976	59,419,173
D O'Neill	51,008,181	-	(48,967,853)	1,252,669	983,976	4,276,973
B Kuan	58,658,963	-	(56,312,603)	3,212,510	983,976	6,542,846

c) Option holdings

Number of listed options held by key management personnel
The number of unquoted options in the Company held during the financial year by each director of Morella Corporation Limited and other key management personnel (KMP) of the Group, including their personally related parties, are set out below.

	Balance at start of the year	Purchased / (sold)	Placement & Securities Purchase Plan	Other	Balance at the end of the year
2026					
J Brown	1,551,205	-	1,352,950	-	2,904,155
A Buckler	1,388,889	-	2,500,000	-	3,888,889
D O'Neill	510,082	-	625,000	-	1,135,082
B Kuan	586,590	-	750,000	-	1,336,590
2025					
J Brown	-	-	1,551,205	-	1,551,205
A Buckler	-	-	1,388,889	-	1,388,889
D O'Neill	-	-	510,082	-	510,082
B Kuan	-	-	586,590	-	586,590

REMUNERATION REPORT (Audited) (continued)

Performance Rights

In 2021 the Company established a new Long-Term Incentive Plan (LTIP) to assist in the reward and retention of directors and employees. There were no performance rights on issue as at 30 June 2026.

No performance rights were granted during the year to key management personnel and other senior staff.

Loan from Directors

The company has a total balance of loans from various directors totalling $3,261,633 (2025: $3,403,435) as at reporting date. Details relating to these loans are in Note 17 to the financial report.

End of remuneration report.

MEETINGS OF DIRECTORS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year there were 2 Directors' meetings, 2 Audit & Risk Committee meetings and no Remuneration & Nomination Committee meetings held.

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Brown	2	2	2	2	-	-
A Buckler	2	2	2	2	-	-
D O'Neill	2	2	2	2	-	-
B Kuan	2	2	2	2	-	-

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Indemnity with all of its directors in accordance with the Company's Constitution. During the financial year the Company paid a premium to insure the directors, officers and managers of the Company and its controlled entities. The insurance contract requires that the amount of the premium paid is kept confidential.

OPTIONS

At 30 June 2026, there were no listed options over ordinary shares of Morella Corporation Limited outstanding.

WARRANTS

As at 30 June 2026, no warrants were outstanding.

NON-AUDIT SERVICES

The Company's auditor PKF Perth, did not provide any non-audit services to the Company during the year ended 30 June 2026.

Details of the amounts paid or payable to the auditor for services provided during the financial year by the auditor are outlined in Note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and reward.

ROUNDING OF AMOUNTS

The company is of a kind referred in Legislative Instrument 2026/183, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest dollar, unless otherwise stated.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2026 has been received and is included on page 72 of the annual report.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors,

James Brown
Director
Singapore, 22 September 2026

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF MORELLA CORPORATION LIMITED

In relation to our audit of the financial report of Morella Corporation Limited for the year ended 30 June 2026, 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.

PKF PERTH

ALEXANDRA SOFIA
BALDEIRA PEREIRA CARVALHO
PARTNER

22 September 2026
PERTH, WESTERN AUSTRALIA

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 $	2025 $
Continuing operations			
Revenue	5(a)	593,560	636,006
Cost of sales	5(c)	(525,011)	(521,505)
Gross profit / (loss)		68,549	114,501
Other income			
Sundry income	5(b)	2,772	1,290
Expenses			
Administration costs		(363,362)	(723,355)
Employee benefits expense	5(f)	(1,652,734)	(1,732,731)
Exploration expenditure written off		(464,093)	(64,380)
Exploration expenditure		(11,752)	-
Depreciation expenses	5(d)	(69,342)	(89,173)
Profit / (loss) before foreign exchange and finance costs		(2,489,962)	(2,493,848)
Net foreign exchange gain/(loss)	5(e)	(3,580,704)	858,646
Profit / (loss) before finance costs		(6,070,666)	(1,635,202)
Finance costs			
Interest expense		(530,826)	(249,029)
Profit / (loss) before income tax		(6,601,492)	(1,884,231)
Income tax (expense) / benefit	7(a)	-	-
Profit / (loss) after income tax from continuing operations		**(6,601,492)**	**(1,884,231)**
Discontinued operations			
Profit / (Loss) from discontinued operations after tax	3	371,520	651,083
Net profit / (loss) for the year		**(6,229,972)**	**(1,233,148)**
Profit / (loss) attributable to:			
Owners of Morella Corporation Limited – Continuing Operations		(6,590,010)	(1,965,977)
Owners of Morella Corporation Limited – Discontinued Operations		371,520	651,083
Non-controlling interest		(11,482)	81,746
		(6,229,972)	**(1,233,148)**

	Note	2026	2025
(Loss) per share from continuing and discontinued operations attributable to the ordinary equity holders of the Company:			
Basic and diluted (loss) per share from continuing and discontinuing operations	6	(1.61)	(0.40)
Basic and diluted (loss) per share from continuing operations	6	(1.71)	(0.61)
Basic and diluted (loss) per share from discontinued operations	6	0.10	0.21

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 YEAR ENDED 30 JUNE 2026

	Note	2026 $	2025 $
Profit / (loss) for the year		**(6,229,972)**	**(1,233,148)**
Other comprehensive income / (loss) for the year			
Items that may not be reclassified to profit and loss			
Changes in the fair value of financial assets	12	(108,123)	144,239
Exchange differences on translation of foreign controlled entities		2,803,885	(639,603)
Other comprehensive income / (loss) for the year, net of tax		2,695,761	(495,364)
Total comprehensive income / (loss) for the year		(3,534,211)	(1,728,512)
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(3,500,762)	(1,827,836)
Non-controlling interest		(33,449)	99,324
		(3,534,211)	(1,728,512)
Total comprehensive income / (loss) attributable to members of the parent entity arises from:			
Continuing operations		(3,820,218)	(3,209,884)
Discontinued operations		286,007	1,481,372
		(3,534,211)	(1,728,512)

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

Consolidated Balance Sheet

AS AT 30 JUNE 2026

	Note	2026 $	2025 $
Current assets			
Cash and cash equivalents	8	1,367,086	795,508
Trade and other receivables	9	243,005	219,730
Held to maturity investments	10	55,082	53,527
Current tax prepaid		118,457	110,950
Other current assets	11	159,802	167,546
Financial assets	12	654,402	762,524
Total current assets		2,597,834	2,109,785
Non-current assets			
Derivative financial instruments	13	338,242	480,045
Property, plant, equipment and mine properties	14	51,908	85,621
Exploration and evaluation	15	12,168,271	12,187,420
Right-of-use assets	20	24,542	72,818
Total non-current assets		12,582,963	12,825,904
Total assets		**15,180,797**	**14,935,689**
Current liabilities			
Trade and other payables	16	383,896	687,549
Borrowings	17	69,934	71,007
Provisions	18	398,628	429,103
Lease liabilities	20	25,513	41,145
Total current liabilities		877,971	1,228,804
Non-current liabilities			
Borrowings	17	4,857,813	3,403,435
Lease liabilities	20	-	32,069
Provisions	18	198,763	212,739
Total non-current liabilities		5,056,576	3,648,243
Total liabilities		**5,934,547**	**4,877,047**
Net assets		**9,246,250**	**10,058,642**
Equity			
Contributed equity	21	322,545,986	319,802,201
Reserves	21	(4,664,556)	(7,360,318)
Accumulated losses		(309,125,201)	(302,906,711)
Capital and reserves attributable to owners of Morella Corporation Limited		8,756,229	9,535,172
Non-controlling interest	25	490,021	523,470
Total equity		**9,246,250**	**10,058,642**

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

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Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2026

	Contributed equity	Accumulated losses	Option & performance rights reserve	Change in fair value - market valuation	Foreign currency translation reserve	Non-controlling interests	Total
	$	$	$	$	$	$	$
Balance as at 30 June 2024	**316,267,317**	**(301,591,817)**	**-**	**525,126**	**(7,390,080)**	**424,146**	**8,234,692**
Net Loss	-	(1,314,894)	-	-	-	81,746	(1,233,148)
Other Comprehensive income Fair Value	-	-	-	144,239	-	-	(144,239)
Other Comprehensive income Foreign Exchange	-	-	-	-	(639,603)	17,578	(622,025)
Total comprehensive income for the year	**-**	**(1,314,894)**	**-**	**144,239**	**(639,603)**	**99,324**	**(1,710,934)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	3,115,780	-	-	-	-	-	3,115,780
Share based payments transactions	419,104	-	-	-	-	-	419,104
Sub-total	3,534,884	-	-	-	-	-	3,534,884
Balance as at 30 June 2025	**319,802,201**	**(302,906,711)**	**-**	**669,365**	**(8,029,683)**	**523,470**	**10,058,642**
Balance as at 30 June 2025	**319,802,201**	**(302,906,711)**	**-**	**669,365**	**(8,029,683)**	**523,470**	**10,058,642**
Net Loss	-	(6,218,490)	-	-	-	(11,482)	(6,229,972)
Other Comprehensive income Fair Value	-	-	-	(108,123)	-	-	(108,123)
Other Comprehensive income Foreign Exchange	-	-	-	-	2,803,885	(21,967)	2,781,918
Total comprehensive income for the year	**-**	**(6,218,490)**	**-**	**(108,123)**	**2,803,885**	**(33,449)**	**(3,556,177)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	2,008,499	-	-	-	-	-	2,008,499
Share based payments transactions	735,286	-	-	-	-	-	735,286
Sub-total	2,743,785	-	-	-	-	-	2,743,785
Balance as at 30 June 2026	**322,545,986**	**(309,125,201)**	**-**	**561,242**	**(5,225,798)**	**490,021**	**9,246,250**

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026 $	2025 $
Cash flows from operating activities			
Receipts from customers		601,028	597,633
Payments to suppliers and employees		(2,084,086)	(2,803,204)
Sundry income		27,476	58,661
Interest received		1,339	1,427
Interest paid		(121,771)	-
Net cash provided by / (used in) in operating activities	27(b)	(1,576,014)	(2,145,483)
Cash flows from investing activities			
Expenditure on exploration and evaluation activities		(1,172,246)	(1,636,755)
Purchase of property, plant, equipment and mine properties		(20,416)	(32,363)
Proceeds - reimbursement from tenement partner		-	543,552
Proceeds - reimbursement from Tabalong project partner		-	755,094
Net cash (used in) / provided by investing activities		(1,192,662)	(370,472)
Cash flows from financing activities			
Proceeds from the issue of shares		2,099,891	3,166,428
Transaction costs on issue of shares		(100,650)	-
Proceeds from (repayment of) borrowings		1,400,000	(219,967)
Payment of lease liabilities		(46,417)	(47,018)
Net cash provided by / (used in) financing activities		3,352,824	2,899,443
Net increase / (decrease) in cash and cash equivalents held		584,148	383,488
Cash and cash equivalents at the beginning of year	27(a)	804,807	430,063
Effect of exchange rate changes on cash holdings in foreign currencies		(13,002)	(8,744)
Cash and cash equivalents at the end of year	27(a)	1,375,953	804,807
Non-cash investing and financing activities			
Share based payments	22	(735,286)	(419,104)

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

This financial report includes the consolidated financial statements and notes of Morella Corporation Limited (the Company) and controlled entities ('Consolidated Group' or 'Group'). Morella Corporation Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The separate financial statements of the parent entity, Morella Corporation Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements were authorised for issue on 22 September 2026 by the directors of the Company.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The following is a summary of the material accounting policies adopted by the Consolidated Group in the preparation of the financial report. The financial report has been prepared on an accrual basis. The accounting policies have been consistently applied, unless otherwise stated.

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 has incurred a loss of $6,229,972 (2025: $1,233,148), had cash outflows from operating activities of $1,576,014 (2025: 2,145,483), concluded the year with cash and cash equivalents of $1,367,086 (2025: $795,508) and loans outstanding at year-end of $4,927,747 (2025: $3,474,442).

The Group intends to raise additional funds to meet its planned and budgeted expenditure as well as regular corporate overheads.

The Group's ability to continue as a going concern is dependent on securing additional funding and managing expenditure to meet its obligations as they fall due. The Directors are considering available funding options and the timing and scale of discretionary expenditure.

Having considered the Group's cashflow forecasts and available funding and expenditure management options, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

However, additional funding is not assured. These circumstances give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Consequently, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

ii) New accounting standards for application in the current period

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2026. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

iii) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas including a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(l).

b) Carrying value of exploration and evaluation expenditure

The Group has capitalised exploration and evaluation expenditure of $12,168,271 as at 30 June 2026 (2025: $12,187,420). This amount includes additions of $830,522 (2025: $1,517,341) for administration and exploration costs, foreign exchange loss $385,578 (2025: $84,899 gain) and tenement costs written off of $464,093 (2025: $64,380) for the project areas during the year. Exploration and evaluation expenditure is capitalised until the Company has completed its assessment of the existence or otherwise of recoverable resources. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

Until exploration and evaluation activities have reached a stage where the assessment is complete, including the forecasting of cash flows to assess the fair value of the expenditure, there is an uncertainty as to the carrying value of the expenditure.

The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.

c) Principles of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Morella Corporation Limited ('Company' or 'Parent Entity') as at 30 June 2026 and the results of the subsidiaries for the year then ended. Morella Corporation Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in Note 25 to the financial statements. All Australian controlled entities have a June financial year-end, and all other controlled entities have a December financial year end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Group.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the Consolidated Balance Sheet and in the Consolidated Statement of Profit and Loss. Losses applicable to the non-controlling interest in a consolidated subsidiary are allocated against the controlling interest except to the extent that the non-controlling interest has a binding obligation and is able to make additional investment to cover the losses. If in future years the subsidiary reports profits, such profits are allocated to the controlling interest until the non-controlling interest's share of losses previously absorbed by the controlling interest have been recovered.

The acquisition method of accounting is used to account for business combinations by the Group.

ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investments in associates includes goodwill identified on acquisition.

The Group's share of its associates post-acquisition profit or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Morella Corporation Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

d) Income tax

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Morella Corporation Limited and some of its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the Group recognises its own current and deferred tax amounts, except for any deferred tax liabilities (or assets) resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each Group entity is then subsequently assumed by the parent entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement under which the wholly-owned entities fully compensate Morella Corporation Limited for any current tax payable assumed and are compensated by Morella Corporation Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Morella Corporation Limited under the tax consolidated legislation.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors.

f) Property, plant, equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property
Freehold land and buildings are measured on the cost basis.

The carrying amount of land and buildings is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment
Plant and equipment are measured on the cost basis. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

f) Property, plant, equipment and mine properties

Depreciation

The depreciable amount of all property plant and equipment assets excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Assets classified as Leased assets are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

g) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each separately identifiable area of interest. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through the successful development and commercial exploitation of the area, or alternatively sale of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Exploration and evaluation expenditure assets acquired in a business combination are recognised at their fair value at the acquisition date.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining development.

Accumulated costs in relation to an abandoned area are written off in full against the result in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

h) Leases

The Group lease various offices and a warehouse. Rental contracts are typically made for fixed terms but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentive received from the lessor) were charged to the profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments.

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessees would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

i) Financial assets Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets and amortised over the life of the asset, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

k) Employee benefits

i) Wages and salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and accumulating sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as superannuation, workers compensation, insurance and payroll tax and are included in trade and other payables. Non-accumulating, non-monetary benefits such as housing and cars are expensed by the Group as the benefits are used by the employee.

Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee salary and wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

ii) Long service leave

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service to the reporting date. The obligation is calculated using expected future increases in wages and salary rates including related on costs and expected settlement dates and is discounted using an appropriate discount rate.

The current liability for long service leave represents all unconditional obligations where employees have fulfilled the required criteria and also those where employees are entitled to a pro rata payment in certain circumstances and is included in the current provisions. The non-current provision for long service leave includes the remaining long service leave obligations.

iii) Superannuation

Contributions made by the Group to defined contribution superannuation funds are recognised as an expense in the period in which they are incurred.

iv) Equity-settled compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

l) Significant accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The resulting accounting estimates, will, by definition, seldom equal the related actual results. Management has identified the following significant accounting policies for which significant judgements, estimates and assumptions are made.

i) Significant accounting estimates and assumptions

Critical accounting estimates and judgements

Following is a summary of the key assumptions concerning the future, and other key sources of estimation and accounting judgements at reporting date that have not be disclosed elsewhere in these financial statements.

a. Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely in that area of interest, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If after expenditure is capitalised information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the Consolidated Statement of Profit and Loss in the period when the new information becomes available.

b. Impairment of non-financial assets

The Group assesses at each reporting date, whether there are indications that an asset may be impaired. If impairment indicators or triggers exist, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. It is not always necessary to determine both an asset's fair value less costs to sell and its value in use. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired, and it is not necessary to estimate the other amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

n) Significant accounting estimates and judgements (continued)

c. Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and unused tax losses can be utilised.

d. Share-based payment transactions

From time to time the Company has issued options to directors and employees. The Company measures fair value of share-based payments using the Black-Scholes Pricing Model, using the assumptions detailed in Note 22. This formula considers the terms and conditions under which the instruments were granted.

e. Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

f. Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

m) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

p) Revenue

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

The following is a summary of the revenue recognition for each revenue stream:

(a) Mining services revenue – revenue from mining services provided by the Group is recognised at a point in time upon delivery of the service to the customer, in accordance with the terms of the contract to provide services.

(b) Royalty revenue – revenue from royalties is recognised at a point in time when entitlement to a royalty is established in accordance with the terms of the agreement.

q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authorities. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

r) Foreign operations

The financial performance and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at balance sheet date; and
- income and expenses are translated at monthly average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity. These differences are recognised in the income statement upon disposal of the foreign operation.

s) Foreign currency transactions and balances

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except were deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

t) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

v) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

w) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

x) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

y) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

z) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, loans, finance leases, financial asset at fair value through other comprehensive income, cash and short-term deposits. These activities expose the Group to a variety of financial risks: market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group manages these risks in accordance with the Group's financial risk management policy. The Group uses different methods and assumptions to measure and manage different types of risks to which it is exposed at each balance date.

The Board reviews and approves policies for managing each of the Group's financial risk areas. The Group holds the following financial instruments:

	2026 $	2025 $
FINANCIAL ASSETS		
Cash and cash equivalents	1,367,086	795,508
Trade and other receivables	243,005	219,730
Held to maturity investments	55,082	53,527
Derivative financial instruments	338,242	480,045
Other financial assets	654,402	762,524
	2,657,817	2,311,334
FINANCIAL LIABILITIES		
Trade and other payables (Note 16)	383,896	687,549
Lease liabilities	25,513	73,214
Borrowings	4,927,747	3,474,442
	5,337,156	4,235,205

a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, securities prices and coal prices will affect the Group's income or the value of its holdings of financial investments.

i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect to the US dollar. The Group has several US dollar denominated bank accounts. Liabilities for some loans are denominated in currencies other than the Australian dollar and a weakening of the Australian dollar against other currencies has an adverse impact on earnings and cash flow settlement.

The Group's overseas subsidiaries have a US dollar functional currency. This exposes the Group to foreign exchange fluctuations upon conversion to AUD which is reflected within the foreign currency translation reserve.

At 30 June 2026, the Group held funds in foreign currency amounting to US$252,286 (2025: US$336,241).

The Group does not currently enter into any hedging arrangements.

2. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk sensitivity analysis

At 30 June 2026, the effect on profit and equity as a result of changes in the value of the Australian dollar to the US dollar that management considers to be reasonably possible, with all other variables remaining constant is as follows:

	2026 $	2025 $
Change in profit		
— Improvement in AUD to USD by 11%	139,859	66,092
— Decline in AUD to USD by 11%	(139,859)	(66,092)
Change in equity		
— Improvement in AUD to USD by 11%	139,859	66,092
— Decline in AUD to USD by 11%	(139,859)	(66,092)

ii) Price risk

The Group is exposed to equity securities price risk. The Group currently does not have any hedges in place against the movements in the spot price.

The Group's equity investments of $654,402 (2025: $762,524) are publicly traded on the United States of America OTCBB and are not quoted on any market Index. The table below summarises the impact of increases/decreases in the value on the Group's equity investments as at balance date. The analysis assumes that the equity pricing had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	2026 $	2025 $
Change in profit		
— Increase in equity value by 10%	-	-
— Decrease in equity value by 10%	-	-
Change in equity		
— Increase in equity value by 10%	65,440	76,252
— Decrease in equity value by 10%	(65,440)	(76,252)

iii) Interest rate risk

At balance date the Group’s debt was held at a fixed rate. For further details on interest rate risk refer to Note 17.

Interest rate sensitivity analysis

At 30 June 2026, the effect on profit and equity as a result of changes in the interest rate that management considers to be reasonably possible, with all other variables remaining constant would be as follows:

	2026 $	2025 $
Change in profit		
— Increase in interest rate by 1%	(49,962)	(35,227)
— Decrease in interest rate by 1%	49,962	35,227
Change in equity		
— Increase in interest rate by 1%	(49,962)	(35,227)
— Decrease in interest rate by 1%	49,962	35,227

Term deposits have been treated as a floating rate due to the short-term nature of the deposits.

2. FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

c) Liquidity risk

Liquidity risk includes the risk that the Group will not be able to meet its financial obligations as they fall due. The Group will be impacted in the following ways:

i) Will not have sufficient funds to settle transactions on the due date;
ii) Will be forced to sell financial assets at a value which is less than what they are worth; or
iii) May be unable to settle or recover a financial asset at all.

The Group manages liquidity risk by monitoring forecast cash flows.

d) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations for the settlement period for all other financial instruments. As such the amounts may not reconcile to the balance sheet.

The Group

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing: Within 1 year		Fixed interest rate maturing: 1 to 5 years		Fixed interest rate maturing: Over 5 years		Non-interest bearing		Total	
	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $
Financial assets:														
Cash & cash equivalents	-	-	1,367,086	795,508	-	-	-	-	-	-	-	-	1,367,086	795,508
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	243,005	219,730	243,005	219,730
Financial assets	-	-	-	-	-	-	-	-	-	-	654,402	762,524	654,402	762,524
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	338,242	480,045	338,242	480,045
Term deposit	3.55%	4.00%	-	-	55,082	53,527	-	-	-	-	-	-	55,082	53,527
Total financial assets			1,367,086	795,508	55,082	53,527	-	-	-	-	1,235,649	1,462,299	2,657,817	2,311,334
Financial liabilities:														
Trade & other payables	-	-	-	-	-	-	-	-	-	-	383,896	687,549	383,896	687,549
Lease liabilities	-	-	-	-	25,513	41,145	-	32,069	-	-	-	-	25,513	73,214
Borrowings	8%	8%	-	-	424,992	71,007	5,177,428	3,825,280	-	-	-	-	5,602,420	3,896,287
Total financial liabilities			-	-	450,505	112,152	5,177,428	3,857,349	-	-	383,896	687,549	6,011,829	4,657,050

2. FINANCIAL RISK MANAGEMENT (continued)

	2026 $	2025 $
Trade and other payables are expected to be paid as follows:		
Less than 6 months (Note 16)	383,896	687,549
More than 6 months (Note 16)	-	-
	383,896	687,549

e) Fair value measurements

i) Fair value hierarchy

The Group uses various methods in estimating the fair value of financial instruments. AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in accordance with the following fair value measurement hierarchy:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2026 and 30 June 2025.

2026	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Listed investments	654,402	-	-	654,402
Derivative financial instrument	-	338,242	-	338,242
Total assets	654,402	338,242	-	983,644
Liabilities				
Convertible notes	-	-	1,596,180	1,596,180
Total Liabilities	-	-	1,596,180	1,596,180
2025				
Assets				
Listed investments	762,524	-		762,524
Derivative financial instrument	-	480,045		480,045
Total assets	762,524	480,045		1,242,569
Liabilities				
Convertible notes	-	-		-
Total Liabilities	-	-		-

2. FINANCIAL RISK MANAGEMENT (continued)

ii) Valuation techniques

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and liabilities held by the Group is the closing price. These instruments are included in level 1.

The fair value of Derivative financial instruments is foreign exchange related as the facility is partially denominated in US dollars. The Australian Reserve Bank rate is used to value the closing value of the facility. These instruments are included in level 2.

The fair value of Convertible note facility is linked to the company's Australian share-market value at period end. The conversion of the facility uses a volume weighted average price (VWAP) at period end. The convertible facility is included in level 3.

3. DISCONTINUED OPERATIONS

a) Description

During the reporting period 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.

3. DISCONTINUED OPERATIONS (continued)

b) Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information presented are for the year ending 30 June 2026.

	2026 $ Tabalong	2025 $ Tabalong
Revenue		
Sale of Product	-	-
Cost of sales	-	-
Impairment (Expense) / benefit	315,951	662,707
Product inventory movement	-	-
Total cost of sales	315,951	662,707
Profit / (Loss)	-	-
Other Income	-	-
Expenses		
Administration	-	-
Expenses	-	(6,824)
Profit / (Loss) before foreign exchange and finance costs	315,951	655,883
Foreign exchange gain / (loss)	55,569	(4,800)
Profit / (Loss) before Finance costs	371,520	651,083
Income Tax expense	-	-
(Loss) from discontinued operations after income tax	371,520	651,083
Net cash (outflow) from financing activities	(432)	56
Net decrease in cash generated by the division	(432)	56

c) Carrying amounts of assets and liabilities

Cash and cash equivalents	8,867	9,299
Exploration and evaluation	4,180,465	4,384,063
Total assets of disposal group held for sale	4,189,332	4,393,362
Trade and other payables	2,455,109	2,574,678
Borrowings	1,734,223	1,818,684
Total liabilities	4,189,332	4,393,362
Net Assets	-	-

4. SEGMENT INFORMATION

The Group reports the following operating segments to the chief operating decision maker, being the Board of Directors of Morella Corporation Limited, in assessing performance and determining the allocation of resources. Unless otherwise stated, all amounts reported to the Board are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

The exploration services segment provides a range of drilling services to its customers, predominately mining and exploration companies. The mineral exploration segment revenue comprises royalties received, and interest earned on funds raised to carry out the exploration activities.

An internally determined service rate is set for all intersegment transactions. All such transactions are eliminated on consolidation of the Group's financial statements.

	Exploration services $	Mineral exploration $	Eliminations $	Total $
2026				
Revenue				
External sales	593,560	-	-	593,560
Other income	-	2,772	-	2,772
Other segments	-	-	-	-
Total segment revenue	593,560	2,772	-	596,332
Unallocated revenue				-
Total consolidated revenue				596,332
Segment result	(532,981)	(1,956,981)	-	(2,489,962)
Other segments				
Unallocated expenses net of unallocated revenue				-
Profit / (loss) before income tax and finance costs				(2,489,962)
Finance costs				
Finance costs				(530,826)
Net foreign exchange gain/(loss)				(3,580,704)
Income tax revenue/(expense)				-
Profit / (loss) after income tax				(6,601,492)
Profit / (loss) from discontinued operations				371,520
Net profit / (loss) for the year				(6,229,972)
Assets and liabilities				
Segment assets	653,173	14,527,624	-	15,180,797
Unallocated assets				-
Total assets				15,180,797
Segment liabilities	559,471	5,375,076	-	5,934,547
Unallocated liabilities				-
Total liabilities				5,934,547
Other segment information				
Capital Expenditure	20,416	-	-	20,416
Exploration expenditure	-	444,944	-	444,944
Exploration expenditure expensed	-	(464,093)	-	(464,093)
Depreciation and amortisation	15,379	68,282	-	83,661

	Exploration services $	Mineral exploration $	Eliminations $	Total $
2025				
Revenue				
External sales	636,006	-	-	636,006
Other income	-	1,290	-	1,290
Other segments	-	-	-	-
Total segment revenue	636,006	1,290	-	637,296
Unallocated revenue				-
Total consolidated revenue				637,296
Segment result	(47,368)	(2,446,480)	-	(2,493,848)
Other segments				
Unallocated expenses net of unallocated revenue				-
Profit / (loss) before income tax and finance costs				(2,493,848)
Finance costs				
Finance costs				(249,029)
Net foreign exchange gain/(loss)				858,646
Income tax revenue/(expense)				-
Profit / (loss) after income tax				(1,884,231)
Profit / (loss) from discontinued operations				651,083
Net profit / (loss) for the year				(1,233,148)
Assets and liabilities				
Segment assets	686,344	14,249,345	-	14,935,689
Unallocated assets				-
Total assets				14,935,689
Segment liabilities	596,870	4,280,177	-	4,877,047
Unallocated liabilities				-
Total liabilities				4,877,047
Other segment information				
Capital Expenditure	-	31,918	-	31,918
Exploration expenditure	-	1,537,859	-	1,537,859
Depreciation and amortisation	8,301	88,248	-	96,549

4. SEGMENT INFORMATION (continued)

Geographical segments

The Group's geographical segments are determined based on the location of the Group's assets.

2026	**Australia $**	**Indonesia $**	**USA $**	**Other $**	**Eliminations $**	**Total $**
Revenue						
External sales	-	593,560	-	-	-	593,560
Other income	2,772	-	-	-	-	2,772
Other segments	-	-	-	-	-	-
Total segment revenue	2,772	593,560	-	-	-	596,332
Unallocated revenue						-
Total revenue						596,332
Segment assets	6,383,168	661,552	8,077,730	58,347	-	15,180,797
Unallocated assets						-
Total assets						15,180,797
Segment liabilities	5,252,727	638,895	-	42,925	-	5,934,547
Unallocated liabilities						-
Total liabilities						5,934,547
Capital Expenditure	-	20,416	-	-	-	20,416
Exploration expenditure	581,509	-	(136,566)	-	-	444,943
Exploration expenditure expensed	-	-	(464,093)	-	-	(464,093)
Depreciation and amortisation	37,924	15,379	30,358	-	-	83,661

2025	**Australia $**	**Indonesia $**	**USA $**	**Other $**	**Eliminations $**	**Total $**
Revenue						
External sales	-	636,006	-	-	-	636,006
Other income	1,290	-	-	-	-	1,290
Other segments	-	-	-	-	-	-
Total segment revenue	1,290	636,006	-	-	-	637,296
Unallocated revenue						-
Total revenue						637,296
Segment assets	5,458,626	699,584	8,711,647	65,832	-	14,935,689
Unallocated assets						-
Total assets						14,935,689
Segment liabilities	3,858,438	710,846	229,008	78,755	-	4,877,047
Unallocated liabilities						-
Total liabilities						4,877,047
Capital Expenditure	-	31,918	-	-	-	31,918
Exploration expenditure	412,457	-	1,125,402	-	-	1,537,859
Depreciation and amortisation	54,379	8,301	33,869	-	-	96,549

The Group has a number of customers to whom it provides exploration services. The exploration services group supplies one external customer who accounts for 100% (US$401,588) of external revenue (2025: 92%).

5. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES

	2026 $	2025 $
(a) Revenue		
Revenue from exploration services	593,560	636,006
Total revenue from ordinary activities	593,560	636,006
(b) Other income		
Other income	2,772	1,290
Total other income from ordinary activities	2,772	1,290
(c) Cost of sales		
Depreciation and amortisation	14,318	7,376
Mining services drilling costs	510,693	514,129
Total cost of sales	525,011	521,505
(d) Depreciation expenses		
Depreciation of plant & equipment	36,620	47,236
Depreciation Right of use assets	32,723	41,937
Total depreciation expenses	69,343	89,173
(e) Net foreign exchange gain/(loss)		
Net foreign exchange gain/(loss) *	(3,580,704)	858,646
Total net foreign exchange gain/(loss)	(3,580,704)	858,646
(f) Employee benefits expense		
Salaries and on-costs expense	1,652,734	1,732,731
Total employee benefits expense	1,652,734	1,732,731

*The net foreign exchange loss is unrealised and relates to the revaluation of the US$ funding facility and other US$ denominated funds held by the Group.

6. EARNINGS / (LOSS) PER SHARE

	2026 cents per share	2025 cents per share
(a) Basic earnings / (loss) per share		
From continuing operations, attributable to the ordinary equity holders of the Company	(1.71)	(0.61)
From discontinued operations	0.10	0.21
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.61)	(0.40)
(b) Diluted earnings / (loss) per share		
From continuing operations, attributable to the ordinary equity holders of the Company	(1.71)	(0.61)
From discontinued operations	0.10	0.21
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.61)	(0.40)

	2026 Number	2025 Number
(c) Weighted average number of ordinary shares used as the denominator in calculating the basic and diluted earnings per share.	386,137,347	308,776,951

	2026 $	2025 $
(d) Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statement as follows:		
Net profit / (loss)	(6,601,492)	(1,884,231)
Less - profit /(loss) from discontinued operations	371,520	651,083
Earnings / (loss) used in the calculation of basic EPS	(6,229,972)	(1,233,148)

	2026 $	2025 $
7. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
Current Tax		
Current year	-	-
Adjustments in respect of prior periods	-	-
Deferred Tax		
Current year deferred tax	-	-
Total income tax expense / (benefit) per income statement	-	-
(b) Income tax expense / (benefit) is attributable to:		
Profit / (loss) from continuing operations	-	-
Profit / (loss) from discontinued operations	-	-
	-	-
(c) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:		
Profit / (loss) from continuing operations	(6,601,492)	(1,884,231)
Profit / (loss) from discontinued operations	371,520	651,083
Profit / (loss) before tax	(6,229,972)	(1,233,148)
Income tax calculated at the Australian rate of 25% (2025: - 25%)	(1,557,493)	(308,287)

The applicable Australian tax rate has reduced to 25% on account of the Company being considered a base rate entity for the current year for Australian income tax purposes.

	2026 $	2025 $
Increase in income tax due to:		
Non-deductible expenses	229,686	(14,073)
Share compensation costs	-	-
Movement in deferred tax balances not recognised	1,327,807	322,360
Difference in foreign tax rates	-	-
Under / (over) provision in prior year	-	-
Income tax expense / (benefit)	-	-

Deferred tax assets arising from tax losses are only recognised to the extent that there are equivalent deferred tax liabilities. The remaining tax losses have not been recognised as an asset because recovery of the losses is not regarded as probable:

	2026 $	2025 $
Tax losses not recognised - at 25% (2025: - 25%)	46,793,811	45,371,250

7. INCOME TAX EXPENSE (continued)

(d) Tax consolidation system

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

Morella Corporation Limited and certain of its wholly-owned Australian subsidiaries are eligible to consolidate for tax purposes and have elected to form an income tax group under the Tax Consolidation Regime effective 1 July 2005. The implementation of the tax consolidation group was formally recognised by the ATO on 22 July 2005 with start date for income tax consolidation 1 July 2005 and Morella Corporation Limited as the head entity of the group.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Morella Corporation Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on standalone taxpayer basis. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

8. CASH AND CASH EQUIVALENTS

	2026 $	2025 $
Cash at bank and on hand - AUD	1,009,027	291,508
Cash at bank and on hand - USD	358,059	504,000
Cash at bank and on hand	1,367,086	795,508

9. TRADE AND OTHER RECEIVABLES

	2026 $	2025 $
Current		
Trade and other receivables	783,834	807,174
Provision for expected credit losses	(540,829)	(587,444)
	243,005	219,730

Refer to Note 2 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

	0-30 days $	31-60 days $	61-90 days $	90+ days $	Total$
Trade and other receivables	115,701	-	88,806	579,327	783,834
Provision for expected credit loss	-	-	-	(540,829)	(540,829)
2026 Consolidated	115,701	-	88,806	38,498	243,005
Trade and other receivables	120,058	-	75,846	611,270	807,174
Provision for expected credit loss	-	-	-	(587,444)	(587,444)
2025 Consolidated	120,058	-	75,846	23,826	219,730

As at 30 June 2026, $127,304 (2025: $99,627) trade receivables were past due but not impaired.
The carrying value of receivables $243,005 (2025: $219,730) are interest free and considered recoverable. All of the Group’s trade and other receivables have been assessed for expected credit loss. Specific balances of $540,829 (2025: $587,444) have been identified as passed due and impaired.

	2026 $	2025 $
10. HELD TO MATURITY INVESTMENTS		
Term deposits	55,082	53,527
	55,082	53,527

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 3.55% (2025: 4.00%). Due to their short-term nature their carrying value is assumed to approximate their fair value. Information about the Group's exposure to credit risk is disclosed in Note 2.

11. OTHER CURRENT ASSETS

	2026 $	2025 $
Financial assets (security deposits)	25,935	27,198
Prepayments	133,867	140,348
	159,802	167,546

Security deposits consist of deposits for access to exploration tenure and contractual deposits. No losses are expected.

12. FINANCIAL ASSETS

	2026 $	2025 $
Listed investments at fair value		
Carried forward from previous year	762,524	618,285
Changes in fair value (Note 21)	(108,122)	144,239
Total listed investments at fair value	654,402	762,524

In November 2012 the Group acquired a 14.7% 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).

13. DERIVATIVE FINANCIAL INSTRUMENTS

Financial risk management objectives
The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e., not as trading or other speculative instruments.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities (Note 17). The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2026	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Liabilities						
Interest-bearing - fixed rate						
Director related facility	8.00%	-	3,261,633	-	-	3,261,633
Convertible notes payable	8.00%	-	1,596,180	-	-	1,596,180
Total non-derivatives		-	4,857,813	-	-	4,857,813
Assets						
Derivatives						
Forward foreign exchange contracts net settled	-	-	338,242	-	-	338,242
Total derivatives		-	338,242	-	-	338,242

Consolidated - 2025	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Liabilities						
Interest-bearing - fixed rate						
Director related facility	8.00%	-	3,403,435	-	-	3,403,435
Total non-derivatives		-	3,403,435	-	-	3,403,435
Assets						
Derivatives						
Forward foreign exchange contracts net settled	-	-	480,045	-	-	480,045
Total derivatives		-	480,045	-	-	480,045

14. PROPERTY, PLANT, EQUIPMENT

	Property plant and equipment $	Property plant and equipment $
2026	**2026**	**2025**
Gross carrying amount		
Balance at 30 June 2025	1,052,716	1,009,942
Additions	20,416	31,918
Exchange difference	(46,590)	10,856
Disposals	-	-
Balance at 30 June 2026	1,026,542	1,052,716
Accumulated depreciation		
Balance at 30 June 2025	967,095	903,188
Depreciation expense	50,946	54,612
Exchange difference	(43,407)	9,295
Disposals	-	-
Balance at 30 June 2026	974,634	967,095
Net book value as at 30 June 2026	51,908	85,621

15. EXPLORATION AND EVALUATION

	2026 $	2025 $
Exploration and evaluation expenditure at cost:		
Carried forward from previous year	12,187,420	10,649,560
Incurred during the year – share based payment (Note 22)	279,252	290,015
Incurred during the year	551,270	1,227,326
Foreign exchange	(385,578)	84,899
	12,632,364	12,251,800
Less: Written off during the year	464,093	64,380
Total exploration and evaluation expenditure	12,168,271	12,187,420

The recovery of expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploitation, or alternatively their sale.

16. TRADE AND OTHER PAYABLES

Trade payables and accruals	306,284	687,549
Accrued interest on loan and convertible note facilities	77,612	-
	383,896	687,549

17. BORROWINGS

	2026 $	2025 $
Current borrowings		
Other	69,934	71,007
Total current borrowings	69,934	71,007
Non-current borrowings		
Director related facility	3,261,633	3,403,435
Convertible Note facility	1,596,180	-
Total non-current borrowings	4,857,813	3,403,435
Total borrowings	4,927,747	3,474,442
Reconciliation borrowings – Director related facility		
Opening balance	3,403,435	3,420,928
Interest Accrued/(reversed)	-	(51,603)
Exchange rate differences	(141,802)	34,110
Total borrowings – Director related facility	3,261,633	3,403,435
Reconciliation borrowings – Convertible note facility		
Opening balance	-	-
Loan funds received	1,400,000	-
Fair value movement	196,180	-
Total borrowings – Convertible note facility	1,596,180	-

In February 2021 the Directors via ACN 647 358 987 Pty Ltd, a Director related entity, provided the funds for a deed of company arrangements to be entered into with the Group's external manager. The facility comprises a US$2,000,000 component and the balance is denominated in Australian dollars. The facility attracts interest @ 8% pa and is due for repayment in March 2028. The parties entered into a sub loan agreement giving the facility's term an effective fixed conversion rate from US dollars to Australian dollars of $0.777185. This resulted in an embedded derivative asset as of 30 June 2026 of $338,242 (2025: $480,045). Refer to Note 13 for further details.

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 Financial Instruments: Disclosure and Presentation and is therefore classified as an embedded derivative liability measured at fair value through profit or loss in accordance with AASB 9 Financial Instruments.

At 30 June 2026, the fair value of the embedded derivative was $196,180. 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 30 June 2026, the interest accrued in the period was $27,923.

18. PROVISIONS

	2026 $	2025 $
Employee benefit	145,107	429,103
Post- employee benefits	452,284	212,739
	597,391	641,842
Movements in provisions		
Employee benefits		
Opening balance	641,842	753,587
Provision increase / (decrease)	55,044	54,053
Expense incurred	(99,495)	(165,798)
Balance at year end	597,391	641,842

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

	2026 $	2025 $
Provision for employee entitlements:		
Current	398,628	429,103
Non-current	198,763	212,739
Total	597,391	641,842

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service. The current amount of the provision of $398,628 (2025: $429,103) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations.

The Group has a defined benefit post-employment plan for an Indonesian subsidiary, the Group provides certain post-employment benefits to employees (unfunded). The Group's defined benefit plan is a final salary plan for Indonesian employees providing for the liability estimation of severance pay, service pay, and compensation.

This plan is governed by the employment laws of Indonesia, it's a defined benefit arrangement providing retirement benefit, death, disability, voluntary resignation and other payments of severance due to change of ownership, redundancy and receivership, using lump sum formula expressed in terms of a multiple of final wages depending on the number years of service completed.

Annually the valuation is performed by an Indonesian independent registered Actuary valuing the benefits covering death, disability, voluntary resignation, and retirement benefit.

Post-employment benefits liabilities as at 30 June 2026 and 2025 are calculated by KKA Marcel Pryadarshi Soepeno, independent actuaries, in actuarial reports issued in December 2025. Employee remuneration has not increased from December 2025 to June 2026.

18. PROVISIONS (continued)

The principal assumptions used in determining the Group's post-employment benefits liabilities using the projected unit credit method are as follows:

	2026	2025
Discount rate	6.3%	7.10%
Salary growth rate	4%	4%
Normal retirement age	56	56
Mortality Table	Indonesian Mortality Table IV	Indonesian Mortality Table IV
Disability Rate	5% from Indonesian Mortality Table IV	5% from Indonesian Mortality Table IV
Voluntary resignation rate	*2.5% up to age 40, then linearly decrease down by 0.5% up to age 50, and assuming no voluntary resignation occur beyond age 51*	*2.5% up to age 40, then linearly decrease down by 0.5% upto age 50, and assuming no voluntary resignation occur beyond age 51*

Through its defined benefit pension plans, the Group is exposed to a number of significant risks which are detailed below:

1) Changes in discount rate
   A decrease in the discount rate will increase plan liabilities.

2) Salary growth rate
   The Group's pension obligations are linked to salary growth rate, and higher salary growth rate will lead to higher liabilities.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as at 30 June 2026 is as follows:

Impact on defined benefits obligation

	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	1%	4,746	(5,289)
Salary growth rate	1%	5,609	(4,672)

18. PROVISIONS (continued)

Post-employment benefits liabilities recognised in the consolidated balance sheet as at 30 June 2026 and 2025 are computed as follows:

	2026 $	2025 $
Present value of obligation	459,089	505,364
Actuarial Gains or Losses for the period	(6,805)	(26,757)
	452,284	478,607

The movement in the Group's post-employment benefits liabilities is as follows:

At the beginning of the year	478,607	494,988
Current service cost	18,005	20,151
Past service cost Remeasurements: Gain from change in – actuarial assumptions	(6,805)	(26,757)
Benefits paid	-	(9,824)
Foreign exchange difference	(37,523)	49
At the end of the year	452,284	478,607

19. CURRENT TAXATION & DEFERRED TAX LIABILITIES & ASSETS

(a) Liabilities		
Current		
Income tax paid / payable	-	-
Non-Current		
Deferred tax liability comprises:		
Lease ROU asset	6,136	13,845
Tax allowances relating to exploration	1,032,196	886,819
Prepayments	16,141	-
Unrealised foreign exchange gains	3,226,562	4,075,200
	4,281,035	4,975,864
(b) Assets		
Non-Current		
Deferred assets comprise:		
Provisions	185,739	182,980
Revenue losses	50,824,994	50,118,536
Revenue losses not recognised	(46,793,811)	(45,371,250)
Lease liabilities	6,378	14,020
Unrealised foreign exchange loss	20,383	-
Other	37,352	31,578
	4,281,035	4,975,864
Net deferred tax balance recognised in the Consolidated Balance Sheet	-	-

20. LEASES

Set out below is a summary of the amounts disclosed in the Consolidated Balance Sheet:

	2026 $	2025 $
Lease liability		
Current	25,513	41,145
Non-current	-	32,069
	25,513	73,214
Right of use assets		
Properties		
Opening Balance	72,818	14,096
Additions / (Disposal)	(15,553)	100,659
Depreciation	(32,723)	(41,937)
Closing Balance	24,542	72,818

21. CONTRIBUTED EQUITY

Issued capital

441,754,393 (2025: 364,506,909) ordinary shares issued and fully paid	322,545,986	319,802,201

	2026		2025	
	Number	**$**	**Number**	**$**
Fully paid ordinary shares				
Balance at the beginning of the financial year	364,506,909	319,802,201	6,178,799,426	316,267,317
Share consolidation 25:1	-	-	(5,931,646,323)	-
Share placement - Sophisticated Investors (c)	52,500,000	2,100,000	51,435,256	1,579,885
Share Issue – Rights Offer	-	-	51,487,968	1,535,895
Share Issue – EIO Consideration (b)	8,000,000	279,252	8,055,966	290,015
Share Issue – in Lieu of fees (a)	16,747,484	456,033	6,374,616	129,089
Share issue costs	-	(91,500)	-	-
Balance at the end of the financial year	441,754,393	322,545,986	364,506,909	319,802,201

(a) 11 July 2025 Director Fees - 3,922,076 shares issued @ 1.64 cents per share
(a) 12 May 2026 Director Fees and facility interest – 12,825,408 @ 3.05 cents per share
(b) 12 May 2026, 8,000,000 shares issued @ 3.5 cents per share as part of the Earn-In Option consideration (Note 15).
(c) 27 February 2026 Tranche 1 Placement - 39,375,000 Shares @ 4.0 cents per share
(c) 12 May 2026 Tranche 2 Placement – 13,125,000 Shares @ 4.0 cents per share.

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

21. CONTRIBUTED EQUITY (continued)

Option and performance rights reserve

Movements in option and performance rights reserve

	2026 $	2025 $
Opening balance	-	-
Share based options exercised	-	-
Performance rights issued	-	-
Performance rights converted to shares	-	-
Share based options lapsed	-	-
Balance at year end	-	-

Foreign currency translation reserve

Movements in foreign currency translation reserve

	2026	2025
Opening balance	(8,029,683)	(7,390,080)
Foreign currency translation differences	2,803,885	(639,603)
Balance at year end	(5,225,798)	(8,029,683)

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Fair value reserve

Movements in fair value reserve

	2026	2025
Opening balance	669,365	525,126
Change in fair value of financial assets (Note 12)	(108,123)	144,239
Balance at year end	561,242	669,365

The change in fair value reserve records valuation differences arising on the market valuation of financial assets at fair value through other comprehensive income.
Refer to Note 12 for reconciliation of movements in the year.

Capital management

Capital consists of ordinary share capital, retained earnings, reserves and net debt. The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and by share issues.

22. SHARE BASED PAYMENTS

During the year, the Company had the following share-based payments expenses:

	2026 $	2025 $
Payment in shares in lieu of director fees	456,034	90,089
Payment for lead manager fees	-	39,000
Shares issued in lieu of payment (refer Note 21)	279,252	290,015
	735,286	419,104

a) Performance Rights

In 2021 the Company approved a Long-Term Incentive Plan (LTIP) under which employees and directors of the Group may be issued on a discretionary basis with performance rights over ordinary shares of Morella Corporation Limited. The purpose of this plan is to:

- assist in the reward, retention and motivation of employees and directors;
- align the interests of employees and directors more closely with the interests of shareholders by providing an opportunity for employees and directors to receive an equity interest in the form of rewards; and
- provide employees and directors with the opportunity to share in any future growth in value of the Company.

The Performance Rights lapse when employment ceases with Morella Corporation Limited. The Performance Rights have been granted for no consideration, and no amount is payable on the vesting or exercising of the Performance Rights. All rights subject to the LTIP carry no rights to dividends and no voting rights, until converted into ordinary shares.

The following table shows performance rights issued during the year ended 30 June 2026 and the value attributed:

Number of performance rights	Expiry Date	Fair Value ($/right)	Total Value $
-	-	-	-

There are no Performance Rights granted or outstanding under the LTIP as at 30 June 2026.

22. SHARE BASED PAYMENTS (continued)

b) Share Options

Unlisted Options

Movements in Unlisted attaching Options	**Number 2026**	**Number 2025**
Opening balance	23,939,755	-
Options issued as part of share placement capital raise	57,500,000	23,939,755
Balance at year end	81,439,755	23,939,755

Free attaching unlisted options have been issued as part of the Group's capital raising, comprising: -

- 23,939,755 exercisable @ 7.2 cents per share expiring 31 August 2026
- 57,500,000 exercisable @ 6.0 cents per share expiring 11 May 2029

23. KEY MANAGEMENT PERSONNEL COMPENSATION

a) Names and positions held of key management personnel in office at any time during the financial year are:

Directors

James Brown	Managing Director
Allan Buckler	Non-Executive Director
Dan O'Neill	Non-Executive Director
BT Kuan	Non-Executive Director

b) Key management personnel remuneration

	2026 $	**2025 $**
Short-term employee benefits	806,752	742,243
Post-employment benefits	17,280	16,560
	824,032	758,803

24. INVESTMENTS IN OTHER ENTITIES

a) 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:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2026 %**	**2025 %**
Altura/Sayona UJV	Australia	51.00%	51.00%

25. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name of entity	Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %
Altura Minerals Pty Ltd	Australia	100	100
Morella Minerals (US) Corp	United States of America	100	100
Minvest International Corporation	Mauritius	100	100
Altura Asia Pte Ltd	Singapore	100	100
Altura Mining Philippines Inc. *	Philippines	40	40
PT Altura Indonesia	Indonesia	100	100
PT Minvest Mitra Pembangunan	Indonesia	100	100
PT Cakrawala Jasa Pratama	Indonesia	100	100
PT Minvest Jasatama Teknik	Indonesia	100	100
PT Cybertek Global Utama	Indonesia	100	100

* Morella Corporation Limited through its wholly owned subsidiary, Altura Asia Pte Ltd holds 40% direct equity in Altura Mining Philippines Inc. This entity is considered a subsidiary as the Group has full economic and management rights.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 1:

Name of entity	Country of incorporation	Principal activities	Parent ownership interest 2026 %	Parent ownership interest 2025 %	Non-controlling interest 2026 %	Non-controlling interest 2025 %
PT Velseis Indonesia *	Indonesia	Mining services	50	50	50	50
PT Jasa Tambang Pratama #	Indonesia	Mining and exploration	70	70	30	30
PT Cahaya Permata Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Permata Cemerlang #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Cahaya Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Cahaya Cemerlang #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Permata Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Pusaka #	Indonesia	Mining and exploration	70	70	30	30
PT Kodio Multicom #	Indonesia	Mining and exploration	56	56	44	44
PT Marangkayu Bara Makarti #	Indonesia	Mining and exploration	56	56	44	44

Morella Corporation Limited and Altura Minerals Pty Ltd are included within the tax consolidation group.

Morella Corporation Limited through its wholly owned subsidiary, Altura Asia Pte Ltd holds 70% direct equity in these nine entities, the principal non-controlling interest is held by PT Unitras Jaya Investama.
* Morella Corporation Limited through its wholly owned subsidiary, Minvest International Corporation holds 50% direct equity in PT Velseis Indonesia the principal non-controlling interest is held by Velseis Australia Pty Ltd. This entity is considered a subsidiary as the Group has full management rights.

25. INTERESTS IN SUBSIDIARIES (continued)

Summarised financial information

Summarised financial information of the subsidiaries with non-controlling interests that are material to the consolidated entity are set out below:

	PT Velseis Indonesia $ 2026	PT Velseis Indonesia $ 2025
Summarised statement of financial position		
Current assets	686,318	713,436
Non-current assets	498,441	534,806
Total assets	1,184,759	1,248,242
Current liabilities	203,160	199,747
Non-current liabilities	-	-
Total liabilities	203,160	199,747
Net assets	981,599	1,048,495
Summarised statement of profit or loss and other comprehensive income		
Revenue	593,560	636,006
Expenses	616,524	472,513
Profit / (loss) before income tax expense	(22,964)	163,493
Income tax expense / (benefit)	-	-
Profit / (loss) after income tax expense	(22,964)	163,493
Other comprehensive income	28,333	61,556
Total comprehensive income	5,369	225,049
Statement of cash flows		
Net cash from operating activities	210,485	236,649
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	210,485	236,649
Other financial information		
Profit attributable to non-controlling interests	2,685	112,525
Accumulated non-controlling interest at the end of reporting period	490,021	523,470

The subsidiaries summarised financial information (PT Suryaraya Pusaka, PT Kodio Multicom, & PT Marangkayu Bara Makarti) have not been disclosed for the current reporting period as these companies are part of the Tabalong Group. The Tabalong Group has been fully impaired as at 30 June 2026. Refer to Note 3 for details of discontinued operations.

26. RELATED PARTIES

Transactions within the wholly-owned Group

The wholly-owned Group includes the ultimate parent entity in the wholly-owned Group, and wholly-owned controlled entities. The ultimate parent entity in the wholly-owned Group is Morella Corporation Limited.

During the year the parent entity provided financial assistance to its wholly owned and controlled entities by way of intercompany loans. The loans are unsecured, interest free and have no fixed term of repayment. Sales and purchases between related parties within the Group have been eliminated upon consolidation. There were no further sales or purchases from wholly-owned related parties during the financial year.

Transactions other 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 $3,261,633 contains a US$2,000,000 component and is provided at 8%pa repayable in March 2028. Interest of $237,094 has been incurred during the period. The US$ component of the facility uses a fixed translation rate of $0.777185 this gives rise to a derivative asset of $338,242 when translated at period end.

b) 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.

27. NOTES TO STATEMENT OF CASH FLOWS

a) For the purpose of the statement of cash flows, cash includes cash on hand and in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

	2026 $	2025 $
Cash at bank and on hand (Note 8)	1,367,086	795,508
Cash in assets classified as held for sale (Note 3c))	8,867	9,299
Cash per statement of cash flows	1,375,953	804,807

Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June 2026:

	2026	2025
Cash at bank and on hand	1,375,953	804,807
Short-term deposits	-	-
Cash at bank and on hand	1,375,953	804,807

27. NOTES TO STATEMENT OF CASH FLOWS (continued)

b) Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities

	2026 $	2025 $
Operating loss after income tax	(6,229,972)	(1,233,148)
Adjustments for non-cash income and expense items:		
Share based payments (Note 22)	456,034	90,089
Depreciation of property, plant and equipment (Note 5)	83,661	89,173
Interest on funding facility	77,612	249,029
Foreign currency exchange rate movement	3,669,743	(600,899)
Transfer to exploration	530,928	(361,190)
Exploration expenditure written off (Note 15)	464,093	(64,380)
Impairment on assets held for sale (Note 3)	(315,951)	(662,707)
Changes in assets and liabilities:		
(Increase) / decrease in receivables	(23,275)	27,634
(Decrease) / increase in other creditors and accruals	(303,653)	339,252
(Increase) / decrease in deposits and prepayments	7,744	50,004
Increase / (decrease) in current lease liabilities	(15,632)	27,024
Increase / (decrease) in current provisions	22,654	(95,364)
Net cash used in operating activities	(1,576,014)	(2,145,483)

c) Net debt reconciliation

Net debt

	2026 $	2025 $
Cash and cash equivalents (Note 8)	1,375,953	804,807
Borrowings – repayable within one year (Note 17)	(69,934)	(71,007)
Borrowings – repayable after one year (Note 17)	(4,857,813)	(3,403,435)
Net debt	(3,551,794)	(2,669,635)
Cash and liquid investments (Note 8)	1,375,953	804,807
Gross debt - fixed interest rate (Note 17)	(4,927,747)	(3,474,442)
Gross debt - variable interest rate	-	-
Net debt	(3,551,794)	(2,669,635)

27. NOTES TO STATEMENT OF CASH FLOWS (continued)

	Cash and cash equivalents	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt as at 30 June 2025	804,807	(71,007)	(3,403,435)	(2,669,635)
Cash flows	571,146	-	-	571,146
Foreign exchange adjustments	-	-	141,082	141,802
Other non-cash movements	-	1,073	(1,596,180)	(1,595,107)
Net debt as at 30 June 2026	1,375,953	(69,934)	(4,857,813)	(3,551,794)

d) Acquisition of entities

The Group did not acquire any interest in entities during the year.

28. PARENT ENTITY DISCLOSURE

(a) Summary of financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2026 $ Parent	**2025 $ Parent**
Balance sheet		
Current assets	1,211,621	339,449
Total assets	23,518,427	22,249,908
Current liabilities	268,992	445,251
Total liabilities	9,285,200	7,930,543
Net assets	14,233,227	14,319,365
Equity		
Contributed equity	322,545,986	319,802,201
Reserves	-	-
Retained profits / (accumulated losses)	(308,312,759)	(305,482,836)
Total shareholder equity	14,233,227	14,319,365
Profit / (Loss) for the year	(2,829,923)	(1,931,938)
Total comprehensive loss for the year	(2,829,923)	(1,931,938)

(b) Contingent liabilities

Contingent liabilities are disclosed in Note 31.

	2026 $	2025 $
29. AUDITORS' REMUNERATION		
a) Auditors of the Group – PKF and related network firms		
Audit of financial report		
- Group (PKF Perth)	95,650	75,500
Total audit of financial reports	95,650	75,500
Total services provided by PKF	95,650	75,500
b) Other auditors and their related network firms		
Audit of financial report		
- Foreign Subsidiaries	11,600	9,459
Total audit of financial reports	11,600	9,459
Other non-audit services	-	-
Total services provided by other auditors	11,600	9,459

30. SUBSEQUENT EVENTS

Subsequent to the end of the financial year the following events occurred:

20 August 2026 the Company and Elevra Lithium Limited have entered into an indicative term sheet to expand their existing Western Australian exploration arrangements through the addition of four tenements, Deep Well, Mt Dove, Mount Satirist and Station Peak. The Company to earn a 51% interest in the four additional projects through incurring A$300,000 of exploration expenditure over two years, with Elevra retaining 49% following completion of the earn-in.
Upon meeting the earn requirements in the Company will become manager and operator of the additional projects, building on its existing role as manager of the Morella-Elevra Joint Venture.

4 September 2026 The Company issued 4,676 shares at 7.2 cents per share from the conversion of options expiring on 31 August 2026. The balance of 23,935,079 options at 7.2 cents per share has expired without conversion.

On 17 September 2026, Morella Corporation Limited announced a maiden Mineral Resource Estimate for the Mt Edon Critical Minerals Project in Western Australia.
The Inferred Mineral Resource, reported in accordance with the JORC Code (2012), comprises 5.44 million tonnes at 0.16% Rb_2O, containing approximately 8,300 tonnes of Rb_2O at a cut-off grade of 0.10% Rb_2O. The estimate covers the Sophie and Miles & June prospects.
The estimate provides a foundation for further technical evaluation of the project. Further exploration and metallurgical work will be prioritised having regard to available funding and joint venture approvals. Further studies are required to assess processing pathways and commercial viability.
Further details are provided in the Company's ASX announcement dated 17 September 2026.

31. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2026 or 30 June 2025.

32. COMMITMENTS

In order to maintain an interest in the mining and exploration tenements in which the Group is involved, the Group is committed to meeting the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required by the relevant State Departments of Minerals and Energy and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

Subsidiaries of the Group have contracted commitments to achieve minimum expenditure within the term of the tenement earn in option agreements.

One of the Group's subsidiaries has contracted to provide up to a US$4 million facility to a minority party in the Tabalong coal project. The provision of the facility is contingent on project milestones being achieved. The facility will be repaid in accordance with the loan agreement between the parties. The likelihood of this proceeding is low whilst the project outcome is undetermined.

a) Exploration work

The Company has certain obligations to perform minimum exploration work and expend minimum amounts on exploration tenements to meet minimum expenditure requirements. This expenditure will only be incurred should the Group retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted. These obligations will be fulfilled in the normal course of operations, which may include exploration and evaluation activities.

b) Exploration

The Group has the following estimated exploration expenditure commitments at 30 June 2026.

	2026 $	2025 $
No later than one year	532,326	721,432
Later than one year and not later than five years	231,988	237,800
Later than five years	-	-
	764,314	959,232

Consolidated Entity Disclosure Statement

FOR THE YEAR ENDED 30 JUNE 2026

		Body Corporate		Tax residency	
Entity name	**Entity type**	**Country of incorporation or formation**	**Ownership Interest %**	**Australian or foreign**	**Foreign jurisdiction**
Morella Corporation Limited	Body Corporate	Australia	N/A	Australian *	N/A
Controlled entities					
Altura Minerals Pty Ltd	Body Corporate	Australia	100%	Australian *	N/A
Morella Minerals (US) Corporation	Body Corporate	United States of America	100%	Foreign	United States of America
Altura Asia Pte Ltd	Body Corporate	Singapore	100%	Foreign	Singapore
Altura Mining Philippines Inc.	Body Corporate	Philippines	40%	Foreign	Philippines
Minvest International Corporation	Body Corporate	Mauritius	100%	Foreign	Mauritius
PT Altura Indonesia	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Minvest Mitra Pembangunan	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Minvest Jasatama Teknik	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Cakrawala Jasindo Pratama	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Cybertek Global Utama	Body Corporate	Indonesia	100%	Foreign	Indonesia
PT Velseis Indonesia	Body Corporate	Indonesia	50%	Foreign	Indonesia
PT Suryaraya Permata Cemerlang	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Suryaraya Cahaya Khatulistiwa	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Suryaraya Cahaya Cemerlang	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Suryaraya Permata Khatulistiwa	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Cahaya Permata Khatulistiwa	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Suryaraya Pusaka	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Jasa Tambang Pratama	Body Corporate	Indonesia	70%	Foreign	Indonesia
PT Marangkayu Bara Makarti	Body Corporate	Indonesia	56%	Foreign	Indonesia
PT Kodio Multicom	Body Corporate	Indonesia	56%	Foreign	Indonesia
Altura & Sayona UJV	Unincorporated Joint Venture	N/A	51%	Australian	N/A

Key assumptions and judgments

Determination of Tax Residency
Section 295(3A) of the *Corporations Act 2001* requires that the tax residency of each entity included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency
  "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5 and Practical Compliance Guideline PCG 2018/19.
- Foreign tax residency
  The consolidated entity has applied current legislation, double tax agreements, and where available judicial precedent in the determination of foreign tax residency. Where necessary, the Group has used independent tax advisers if foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Partnerships and Trusts

- Morella Corporation Limited and its subsidiaries are not the trustee of a trust, or partner in a partnership or joint venture

* Morella Corporation Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Australian tax consolidation regime.

Directors' Declaration

In the Directors' opinion:

(a) The financial statements and notes set out on pages 19 to 71 and the remunerations report designated as audited in the Directors Report are in accordance with the *Corporations Act 2001* and:

a. comply with Accounting Standards and the Corporations Regulations 2001; and
b. give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and its performance for the financial year ended on that date;

(b) The financial statements and notes also comply with International Financial Reporting Standards as set out in Note 1;

(c) There are reasonable grounds to believe that the Company will be able to pay its debt as and when they become due and payable.

(d) The Consolidated Entity Disclosure Statement as at 30 June 2026 required by Section 295(3A) of the Corporations Act 2001 is true and correct.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required under section 295A of the *Corporations Act 2001*.

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

____

James Brown
Director

Singapore, 22 September 2026

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MORELLA CORPORATION LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Morella Corporation Limited (the "Company"), which comprises the consolidated balance sheet as at 30 June 2026, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Morella Corporation Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to the financial report which indicates the consolidated entity has incurred a loss of $6,229,972, has operating cash outflows of $1,576,014 and has a cash and cash equivalents balance of $1,367,086 for the year ended 30 June 2026. These conditions along with other matters in note 1, indicate the existence of a material uncertainty that 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.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Independence

We are independent of the consolidated entity 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PKF

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter

As at 30 June 2026 the carrying value of exploration and evaluation assets was $12,168,271 (2025: $12,187,420), as disclosed in note 15.
 	
The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in notes 1(b) and 1(g).
 	
Significant judgement is required:
 	
• in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 - Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
• in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
    • whether the particular areas of interest meet the recognition conditions for an asset; and
    • which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.
	Our work included, but was not limited to, the following procedures:
	
	• Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
	    ○ assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for permits that will expire in the near future;
	    ○ holding discussions with the Directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
	    ○ obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes.
	• Considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
	• Testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
	• Assessing the appropriateness of the related disclosures in notes 1(b), 1(g) and 15.

Revenue recognition

Why significant	How our audit addressed the key audit matter
Revenue was identified as a key audit matter due to its significance to the consolidated entity's statement of profit or loss, as well as the level of judgement involved in applying AASB 15 Revenue from Contracts with Customers ("AASB 15"). In particular, significant judgement is required in identifying performance obligations, estimating variable consideration, and determining the timing of revenue recognition. In addition, the audit procedures performed over revenue required significant auditor attention. Disclosures related to revenue can be found in note 5(a) and the respective accounting policy is outlined in notes 1(p).	Our work included, but was not limited to, the following procedures: • Identified the various revenue streams; • Obtained an understanding and documented the design and implementation of internal controls in operation for the significant revenue streams; • Reviewed significant contracts with customers to ensure revenue was recognised in line with the revenue recognition policy; • Tested substantively the revenue recognised in the financial statements; • Reviewed post year end receipts and credit notes to ensure the revenue has been recorded in the correct accounting period; and • Assessed the appropriateness of the related disclosures in 5(a).

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of:-

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act2001; and

for such internal control as the Directors determine is necessary to enable the preparation of:-

i) the financial report (other than the consolidated entity disclosure statements) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Morella Corporation Limited for the year ended 30 June 2026, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Perth

PKF PERTH

ALEXANDRA CARVALHO
PARTNER

22 September 2026
PERTH,
WESTERN AUSTRALIA

ADDITIONAL ASX INFORMATION

CORPORATE GOVERNANCE

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: www.morellacorp.com .

SCHEDULE OF MINERAL PROPERTIES as at 15 September 2026

Location	Tenement Number	Interest
Dixon Well	E57/1226	100%
Mt Edon South	E59/2778	100%
Four Corners Well	E59/2904	100%
Tabba Tabba East	E45/4703	51%
West Wodgina	E45/4726	51%
Strelley	E45/5288	51%
Strelley West	E45/5289	51%
Mac Well	E45/5904	51%
Mallina	E47/2983	51%
Mt Edon	E59/2092	51%
Mt Edon West	E59/2055	51%
Tabalong, South Kalimantan	PT Suryaraya Permata Khatulistiwa	70%
	PT Suryaraya Cahaya Cemerlang	70%
	PT Suryaraya Pusaka	70%
	PT Kodio Multicom	56%
	PT Marangkayu Bara Makarti	56%
Catanduanes, Philippines	COC 182 (Area 3) – Catanduanes	100%
Albay Region, Philippines	COC 200 (Area 4) – Rapu-Rapu	100%
Bislig Region, Philippines	COC 202 (Area 17) – Surigao del Sur	100%

ISSUED CAPITAL

The issued capital of the company as at 15 September 2026 consists of the following:

441,759,069 fully paid ordinary shares,

57,500,000 Options exercisable at $0.06 before 11 May 2029

1,400,000 Convertible Notes

FULLY PAID ORDINARY SHARES

Substantial Shareholders

The names of substantial shareholders and the number of equity securities as disclosed in their most recent substantial shareholder notices received by the Company are:

Holder name	Shares
AC Buckler (Calida Holdings Pty Ltd and Shazo Pty Ltd)	70,331,970
BNP Paribas Nominees Pty Ltd	63,316,180
James Brown	22,122,986

ADDITIONAL ASX INFORMATION continued

Distribution Of Shareholders as at 15 September 2026

Number of shareholders in the following distribution categories:

Fully paid ordinary shares	Holders	Shares	% of issued
1–1,000	808	289,865	0.07
1,001–5,000	727	1,921,670	0.44
5,001–10,000	681	5,412,708	1.23
10,001–100,000	1,593	49,153,408	11.13
100,001 and over	313	384,981,418	87.15
Total	**4,122**	**441,759,069**	**100.00**
Holders of less than a marketable parcel	2,737	14,334,183	

20 Largest Shareholders – Fully Paid Ordinary Shares at 15 September 2026

Rank	Holder name	Units	% of issued
1	BNP PARIBAS NOMINEES PTY LTD	74,260,466	16.81
2	SHAZO HOLDINGS PTY LTD	36,450,628	8.25
3	CALIDA HOLDING PTY LTD	32,474,600	7.35
4	MR JAMES STUART BROWN & MRS MICHELE LILLIAN BROWN	22,122,986	5.01
5	LITHIUM CORPORATION	19,350,055	4.38
6	SHANSHAN FOREVER INTERNATIONAL CO LIMITED	18,054,450	4.09
7	MR MAXWELL TERRY SMITH	12,529,597	2.84
8	MR BENG TEIK KUAN	7,953,311	1.80
9	BNP PARIBAS NOMINEES PTY LTD	7,114,514	1.61
10	TERRYJOY PTY LTD	5,866,667	1.33
11	E M ENTERPRISES (QLD) PTY LTD	5,002,151	1.13
12	EVOLUTION CAPITAL PTY LTD	5,000,000	1.13
13	CITICORP NOMINEES PTY LIMITED	4,858,352	1.10
14	CG NOMINEES (AUSTRALIA) PTY LTD	4,655,600	1.05
15	MR JAMES LYLE TAPLIN	4,125,330	0.93
16	NEWBERRY MANOR PTY LTD	3,715,323	0.84
17	DR YOON MEI HO	3,279,908	0.74
18	FINCLEAR SERVICES PTY LTD	2,724,108	0.62
19	MRS LATHA SRI RAMA GOTTUMUKKALA	2,541,733	0.58
20	N YOUNG INVESTMENTS PTY LTD	2,377,826	0.54
Total		**274,457,605**	**62.13**

VOTING RIGHTS

On a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote. On a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote for each fully paid share held.

ON MARKET BUY BACK

There is no current on market buy back offer for Morella shares.

UNQUOTED OPTIONS.

As at 15 September 2026 the Company has 57,500,000 Unquoted Options to subscribe for 1 fully paid ordinary share in the company for $0.06 expiring on 11 May 2029. These Options have no voting rights prior to being converted to Shares.

As at 30 June 2026 the Company had on issue 23,935,079 further Options exercisable at a price of $0.072 on or before 31 August 2026. These Options were either converted to Shares (4,676) or expired and were cancelled on 3 September 2026.

ADDITIONAL ASX INFORMATION continued

Substantial Option-holders

As at 15 September 2026 no holder held equal to or greater than 20% of the Unlisted Option on issue.

Distribution Of Option Holders as at 15 September 2026

Unlisted Options exercisable at $0.076 on or before 31 August 2026	Holders	Options	% of issued
1–1,000	-	-	0.00
1,001–5,000	-	-	0.00
5,001–10,000	-	-	0.00
10,001–100,000	13	1,125,000	1.96
100,001 and over	35	56,375,000	98.04
Total	**48**	**57,500,000**	**100.00**

CONVERTIBLE NOTES

The total number of Convertible Notes on issue is 1,400,000. These Convertible Notes have no voting rights prior to being converted to Shares.

	Holders	Convertible Notes	% of issued
1–1,000	-	-	0.00
1,001–5,000	-	-	0.00
5,001–10,000	-	-	0.00
10,001–100,000	-	-	0.00
100,001 and over	4	1,400,000	**100.00**
Total	**4**	**1,400,000**	**100.00**

Shazo Holdings Limited and Interra Resources Limited each hold 35% of the Convertible Notes.

ANNUAL RESOURCE STATEMENT

Mineral Resource Summary

A Mineral Resource of 5.44 Mt @ 0.16% Rb_2O and 0.07% Li_2O, containing approximately 8,300 tonnes Rb_2O and 3,600 tonnes Li_2O, reported at a 0.10% Rb_2O cut-off. The Resource was prepared by Snowden Optiro.

The Mineral Resource Estimate for the Mt Edon Project has been classified and reported in accordance with the JORC Code (2012). The Mineral Resource Estimate has been classified as Inferred, at a 0.10% Rb_2O cut-off and is summarised in the table below.

Prospect	Category	Tonnes (Mt)	Rb_2O (%)	Contained Rb_2O (t)	Li_2O (%)	Contained Li_2O (t)
Sophie	Inferred	4.50	0.16	7,100	0.07	3,100
Miles & June	Inferred	0.94	0.13	1,200	0.05	470
Total	**Inferred**	**5.44**	**0.16**	**8,300**	**0.07**	**3,600**

Notes

- MREs are reported above a Rb cut-off grade of 0.10 % Rb_2O within optimised open-pit shells based on an assumed Rb_2CO_3 price of US$400/kg.
- Tonnages and grades have been rounded to reflect the relative uncertainty of the estimate. Inconsistencies in the totals are due to rounding.
- The Mineral Resource was estimated in accordance with the JORC Code.

Review of material changes

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements and, in the case of reporting Ore Reserves and Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcement.

Governance controls

All Mineral Resource estimates are prepared by qualified professionals following JORC Code compliant procedures and follow standard industry methodology for drilling, sampling, assaying, geological interpretation, 3-dimensional modelling and grade interpolation techniques. The Mineral Resource estimates were calculated by a suitably qualified consultant and overseen by a suitably qualified Morella Corporation Limited employee and/or consultant.

COMPETENT PERSONS STATEMENTS

The information in this report is based on, and fairly represents, information and supporting documentation prepared by the competent persons listed below.

The information in this report 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 MREs'. 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 report that relates to the MREs for Sophie and Miles & June deposit was prepared by Mr Julian Aldridge and reviewed by Ms Susan Havlin, both employees of Snowden Optiro. Mr Aldridge is a Member of the Australian Institute of Mining and Metallurgy and Ms Havlin is a Member and Chartered Professional of the Australian Institute of Mining and Metallurgy and they have sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity undertaken to qualify as Competent Persons as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, MREs and Ore Reserves'. Mr Aldridge and Ms Havlin consent to the inclusion of the information in the form and context in which it appears.

The information in this report that relates to Hydro Geological Exploration Results at the Company's Fish Lake Valley and North Big Smoky Projects is based on information compiled by Mr Duncan Storey, who is a Chartered Geologist with the Geological Society of London (an RPO defined by JORC 2012). Mr Storey is an independent consultant engaged by Morella Corporation and has sufficient experience with the exploration and development of mineralised brine deposits qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Storey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Geophysical Exploration results 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 Corporation 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.