



**Unaudited Condensed Consolidated Interim Financial Statements
For the three-month period ended May 31, 2023**

Notice of No Auditor Review

These unaudited condensed consolidated interim financial statements of Bradda Head Lithium Limited (the "Company") have not been reviewed by the auditors of the Company.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023

Condensed Interim Consolidated Statement of Comprehensive Income

for the period ended May 31, 2023

		Three-month period ended May 31, 2023 (unaudited)	Three-month period ended May 31, 2022 (unaudited)
	Notes	US\$	US\$
Expenses			
General and administrative	2	(1,258,841)	(1,205,529)
Share based payment and warrant expense	10	(180,622)	(1,194,204)
Foreign exchange gain/(loss)		136,475	(310,522)
Operating loss		(1,302,988)	(2,710,255)
Other income			
Warrant fair value re-measurement	11	146,585	2,830,344
Unrealised gain on Investment at fair value through profit or loss		13,109	-
(Loss)/profit before finance income		(1,143,294)	120,089
Finance income		59,102	-
(Loss)/profit before income tax		(1,084,192)	120,089
Income tax expense		-	-
Total comprehensive (loss)/profit for the period		(1,084,192)	120,089
Basic and diluted (loss)/profit per share (US cents)	12	(0.278)	0.04

The accompanying notes are an integral part of these consolidated interim financial statements.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023

Condensed Interim Consolidated Statement of Financial Position

as at May 31, 2023

	Notes	May 31, 2023 (unaudited) US\$	February 28, 2023 (audited) US\$
Non-Current assets			
Deferred mining and exploration costs	3	8,410,296	7,461,851
Exploration permits and licences	4	2,392,709	2,112,415
Plant and equipment	8	118,681	79,602
Advances and deposits	6	50,941	104,192
Investment at fair value through profit or loss		104,869	91,761
Total non-current assets		11,077,496	9,849,821
Current assets			
Cash and cash equivalents		3,905,582	7,746,519
Cash deposits		1,092,858	-
Advances and deposits	6	385,624	385,624
Trade and other receivables	6	168,869	216,595
Total current assets		5,552,933	8,348,738
Total assets		16,630,429	18,198,559
Equity			
Share premium	9	30,616,373	30,616,373
Retained deficit		(14,535,003)	(13,631,433)
Total equity		16,081,370	16,984,940
Current liabilities			
Trade and other payables	7	465,443	983,418
Warrant liability	11	83,616	230,201
Total current liabilities		549,059	1,213,619
Total equity and liabilities		16,630,429	18,198,559

The accompanying notes are an integral part of these consolidated interim financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on August 30, 2023 and were signed on their behalf by:

Denham Eke
Director

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023

Condensed Interim Consolidated Statement of Changes in Equity

for the period ended May 31, 2023

	Share premium US\$	Retained deficit US\$	Total US\$
Balance at March 1, 2023 (audited)	30,616,373	(13,631,433)	16,984,940
Total comprehensive loss for the period			
Loss for the period	-	(1,084,192)	(1,084,192)
Total comprehensive loss for the period	-	(1,084,192)	(1,084,192)
Transactions with owners of the Company			
Equity settled share-based payments (note 10)	-	180,622	180,622
Total transactions with owners of the Company	-	180,622	180,622
Quarter ended May 31, 2023 (unaudited)	30,616,373	(14,535,003)	16,081,370

The accompanying notes are an integral part of these consolidated interim financial statements.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023

Condensed Interim Consolidated Statement of Changes in Equity

for the period ended May 31, 2023 (continued)

	Share premium US\$	Retained deficit US\$	Total US\$
Balance at 1 March 2022 (audited)	23,434,385	(11,177,220)	12,257,165
Total comprehensive profit for the period			
Profit for the period	-	120,089	120,089
Total comprehensive income for the period	-	120,089	120,089
Transactions with owners of the Company			
Issue of ordinary shares (note 9 and note 11)	7,581,351	-	7,581,351
Share issue costs capitalised (note 9)	(547,916)	-	(547,916)
Equity settled share-based payments (note 10)	-	1,194,204	1,194,204
Total transactions with owners of the Company	7,033,435	1,194,204	8,227,639
Quarter ended 31 May 2022 (unaudited)	<u>30,467,820</u>	<u>(9,862,927)</u>	<u>20,604,893</u>

The accompanying notes are an integral part of these consolidated interim financial statements.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023

Condensed Interim Consolidated Statement of Cash Flows

for the period ended May 31, 2023

	Notes	Three-month period ended May 31, 2023 (unaudited) US\$	Three-month period ended May 31, 2022 (unaudited) US\$
Cash flows from operating activities			
(Loss)/profit before income tax		(1,084,192)	120,089
<i>Adjusted for non-cash and non-operating items:</i>			
Depreciation	8	10,921	4,643
Unrealised (gain)/loss on investment		(13,109)	-
Interest income		(59,102)	-
Equity settled share based payments expense	10, 11	180,622	1,194,204
Warrant fair value re-measurement	11	(146,585)	(2,830,344)
Unrealised FX gain on cash balances		-	316,171
		<u>(1,111,445)</u>	<u>(1,195,237)</u>
Change in trade and other receivables		47,727	10,996
Change in trade and other payables		(517,974)	(751,625)
Net cash flows used by operating activities		<u>(1,581,692)</u>	<u>(1,935,866)</u>
Cash flows from investing activities			
Amounts paid for deferred mining and exploration costs	3	(948,445)	(312,761)
Amounts paid for licences and permits	4	(280,294)	(294,424)
Equipment purchased	8	(50,000)	(58,671)
Advances and deposits – cash returned		53,250	-
Net cash flows used by investing activities		<u>(1,225,489)</u>	<u>(665,856)</u>
Cash flows from financing activities			
Cash received from shares and warrants issued	9, 11	-	12,304,100
Share issue costs paid	9	-	(547,916)
Interest income received		59,102	-
Bank deposits not considered cash and cash equivalents (net)		(3,905,582)	-
Net cash flows from financing activities		<u>(3,846,480)</u>	<u>11,756,184</u>
Increase / (decrease) in cash and cash equivalents		<u>(6,653,661)</u>	<u>9,154,462</u>
Cash and cash equivalents at beginning of period		7,746,519	7,327,303
Effect of foreign exchange on cash balances		-	(316,171)
Cash and cash equivalents at end of period		<u>1,092,858</u>	<u>16,165,594</u>

The accompanying notes are an integral part of these consolidated interim financial statements.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023

1 Reporting Entity and basis of preparation

Bradda Head Lithium Limited (the "Company") is a company domiciled in the British Virgin Islands. The address of the Company's registered office is Craigmuir Chambers, Road Town, Tortola, British Virgin Islands. The Company and its subsidiaries together are referred to as the "Group".

The Company is a lithium exploration Group focused on developing its projects in the USA.

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the last annual consolidated financial statements as at and for the year ended February 28, 2023 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The financial information in this report has been prepared in accordance with the Company's accounting policies and in consistency with the last annual financial statements. Full details of the accounting policies adopted by the Company are contained in the financial statements included in the Company's annual report for the year ended February 28, 2023, which is available on the Group's website: www.braddheadltd.com, and on SEDARplus (www.sedarplus.ca/landingpage). These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended February 28, 2023.

2 General and administrative

The Group's general and administrative expenses include the following:

	Three-month period ended May 31, 2023 (unaudited) US\$	Three-month period ended May 31, 2022 (unaudited) US\$
Auditors' fees	19,600	81,841
Directors and management fees and salaries	137,541	132,674
Legal and accounting	83,613	100,306
Contractor costs	551,868	565,826
Professional and marketing costs	204,203	307,328
Other administrative costs	262,016	17,554
Total	1,258,841	1,205,529

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023 (continued)

3 Deferred mine exploration costs

The schedule below details the exploration costs capitalised to date:

	Total US\$
Cost and net book value	
At February 28, 2022 (audited)	4,183,744
Capitalised during the year	3,278,107
At February 28, 2023 (audited)	<u>7,461,851</u>
Capitalised during the period	948,445
At May 31, 2023 (unaudited)	<u>8,410,296</u>
Cost and net book value	
At May 31, 2023 (unaudited)	8,410,296
At February 28, 2023 (audited)	<u>7,461,851</u>

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest, as well as maintaining the assets in good standing. The Group assessed the DMEC relating to areas for which licenses and permits are held, for impairment as at May 31, 2023. The Board concluded that no facts and circumstances have been identified which suggest the recoverable amount of these assets would not exceed the carrying amount and, as such, no impairment was recognised during the period.

During the year ended February 28, 2023, an impairment charge of US\$ Nil was recognised.

4 Exploration permits and licences

The schedule below details the exploration permit and licence costs capitalised to date:

	Total US\$
Cost and net book value	
At February 28, 2022 (audited)	1,549,076
Capitalised during the year	582,809
Impairment	(19,470)
At February 28, 2023 (audited)	<u>2,112,415</u>
Capitalised during the period	280,294
At May 31, 2023 (unaudited)	<u>2,392,709</u>
Cost and net book value	
At May 31, 2023 (unaudited)	2,392,709
At February 28, 2023 (audited)	<u>2,112,415</u>

The Group assessed the carrying amount of the licences and permits held for impairment as at May 31, 2023. The Board concluded that no facts and circumstances have been identified which suggest the recoverable amount of these assets would not exceed the carrying amount and, as such, no impairment was recognised during the period.

During the year ended February 28, 2023, an impairment charge of US\$ 19,470 was recognised as a result of project licences and permits that were not renewed.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023 (continued)

5 Investment in subsidiary undertakings

As at May 31, 2023, the Group had the following subsidiaries:

Name of company	Place of incorporation	Ownership interest	Principal activity
Bradda Head Limited*	BVI	100%	Holding company of entities below
Zenolith (USA) LLC	USA	100%	Holds USA lithium licences and permits
Verde Grande LLC	USA	100%	Holds USA lithium licences and permits
Gray Wash LLC	USA	100%	Holds USA lithium licences and permits
San Domingo LLC	USA	100%	Holds USA lithium licences and permits

* Held directly by the Company. All other holdings are indirectly held through Bradda Head Limited

The condensed interim consolidated financial statements include the results of the subsidiaries for the full interim period from March 1, 2023 to May 31, 2023, and up to the date that control ceases.

6 Trade and other receivables and advances and deposits

Non-current

	May 31, 2023 (unaudited) US\$	February 28, 2023 (audited) US\$
Advances and deposits	50,941	104,192

Current

	May 31, 2023 (unaudited) US\$	February 28, 2023 (audited) US\$
Prepayments and other debtors	168,869	216,595
Advances and deposits	385,624	385,624

7 Trade and other payables

	May 31, 2023 (unaudited) US\$	February 28, 2023 (audited) US\$
Trade payables	367,370	904,944
Accrued expenses and other payables	98,073	78,474
	465,443	983,418

8 Plant and equipment

<i>Cost</i>	Motor vehicle US\$	Total US\$
As at March 1, 2022 (audited)	55,718	55,718
Additions during the year	58,672	58,672
As at February 28, 2023 (audited)	114,390	114,390
Additions during the period	50,000	50,000
As at May 31, 2023 (unaudited)	164,390	164,390

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023 (continued)

8 Plant and equipment (continued)

	Motor vehicle US\$	Total US\$
<i>Accumulated depreciation</i>		
As at March 1, 2022 (audited)	(1,548)	(1,548)
Depreciation charge for the year	(33,240)	(33,240)
	<hr/>	<hr/>
As at February 28, 2023 (audited)	(34,788)	(34,788)
Depreciation charge for the period	(10,921)	(10,921)
	<hr/>	<hr/>
As at May 31, 2023 (unaudited)	(45,709)	(45,709)
	<hr/> <hr/>	<hr/> <hr/>
Carrying amount		
As at May 31, 2023 (unaudited)	118,681	118,681
As at February 28, 2023 (audited)	79,602	79,602
	<hr/> <hr/>	<hr/> <hr/>

9 Share premium

Authorised

The Company is authorised to issue an unlimited number of nil par value shares of a single class.

	Shares	Share capital US\$	Share premium US\$
Issued ordinary shares of US\$0.00 each			
At February 28, 2022 (audited)	317,413,879	-	23,434,385
	<hr/>	<hr/>	<hr/>
Shares issued for cash	73,195,560	-	7,729,904
Share issue costs capitalised	-	-	(547,916)
	<hr/>	<hr/>	<hr/>
At February 28, 2023 (audited)	390,609,439	-	30,616,373
	<hr/>	<hr/>	<hr/>
At May 31, 2023 (unaudited)	390,609,439	-	30,616,373
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

On 13 April 2022, the Company completed a fundraise, issuing 73,195,560 ordinary shares for gross proceeds of US\$ 12.9 million and issued 73,195,560 warrants for ordinary shares to participating shareholders. Refer to note 11.

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Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023 (continued)

10 Equity settled share based payments

The cost of equity settled transactions with certain Directors of the Company and other participants (“Participants”) is measured by reference to the fair value at the date on which they are granted. The fair value is determined based on the Black-Scholes option pricing model.

Options and warrants

The total number of share options and warrants in issue as at the period end is set out below.

<i>Recipient</i>	<i>Grant Date</i>	<i>Term in years</i>	<i>Exercise Price</i>	<i>Number at March 1, 2023 (audited)</i>	<i>Number Issued</i>	<i>Number Lapsed/ cancelled/expired</i>	<i>Number Exercised</i>	<i>May 31, 2023 (unaudited)</i>	<i>Fair value</i>
<i>Options</i>									
Directors and Participants	April 2018	5	US\$ 0.15668	1,606,304	-	-	-	1,606,304	US\$ 24,028
Directors and Participants	June 2021	5	US\$ 0.048	18,000,000	-	-	-	18,000,000	1,110,556
Directors and Participants	September 2021	5	£0.09	3,500,000	-	-	-	3,500,000	314,962
Directors and Participants	April 2022	5	£0.18	8,925,000	-	-	-	8,925,000	1,089,312
Directors and Participants	December 2022	5	£0.105	1,000,000	-	-	-	1,000,000	273,727
Directors and Participants	April 2023	5	£0.060	-	4,800,000	-	-	4,800,000	180,622
<i>Warrants</i>									
Supplier warrants	July 2021	5	£0.0550	1,818,182	-	-	-	1,818,182	124,482
Supplier warrants	July 2021	3	£0.0825	2,254,545	-	-	-	2,254,545	8,275
Shareholder warrants	December 2021	2	£0.0885	1,185,687	-	-	-	1,185,687	44,858
Supplier warrants	April 2022	2	£0.1350	3,244,331	-	-	-	3,244,331	284,918
				41,534,049	4,800,000	-	-	46,334,049	3,455,740

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended May 31, 2023 (continued)

10 Equity settled share based payments (continued)

The amount expensed in the income statement has been calculated by reference to the fair value at the grant date of the equity instrument and the estimated number of equity instruments to vest after the vesting period.

	Three-month period ended May 31, 2023 (unaudited) US\$	Three-month period ended May 31, 2022 (unaudited) US\$
Share based payments charge	180,622	1,194,204

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans issued during the period are as follows:

April 2023 options

	<i>Award date and exercise price</i>
Fair value at grant date	£0.030
Exercise price	£0.060
Weight average expected volatility	78.50%
Weighted average expected life (years)	5
Risk-free interest rate (based on comparable companies)	3.82%

Terms of the issued options are as follows:

- 4,800,000 options have been granted that vest fully on grant date. All un-exercised options expire after a period of 5 years from admission date. It is assumed that options are exercised within 5 years from date of grant. The applied volatility is based on historical volatility.

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements for the period ended May 31, 2023 (continued)

11 Warrants

The cost of equity warrants granted during the period are measured by reference to the fair value at the date on which they are granted. The fair value is determined based on the Black-Scholes option pricing model.

During the three-month period ended May 31, 2023, no new warrants were issued.

The total number of warrants in issue as at the period end is set out below.

<i>Recipient</i>	<i>Grant Date</i>	<i>Term in years</i>	<i>Exercise Price</i>	<i>Warrants at March 1, 2023 (audited)</i>	<i>Number of Warrants Issued</i>	<i>Number of Warrants Lapsed/ cancelled/expired</i>	<i>Number of Warrants Exercised</i>	<i>Number of Warrants at May 31, 2023 (unaudited)</i>	<i>Fair value</i>
<i>Warrants</i>									US\$
Shareholder warrants	April 2022	2	£0.2100	73,195,560	-	-	-	73,195,560	83,616
				73,195,560	-	-	-	73,195,560	83,616

The fair value applied to the shareholder warrants has been classified as a financial liability. At the date of grant the fair value of shareholder warrants of US\$ 4,748,671 was deducted from the gross proceeds raised against share premium. At period end, the warrant liability has been re-measured to fair value, with a corresponding entry to profit and loss of US\$ 146,585 (31 May 2022: US\$ 2,830,344) within Warrant Fair Value Re-Measurement.

Reconciliation of warrant liability fair value:

Balance at March 1, 2023	Fair value US\$ 230,201
Fair value re-measurement	(146,585)
Balance at May 31, 2023	83,616

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements for the period ended May 31, 2023 (continued)

11 Warrants (continued)

April 2022 shareholder warrants

<i>Grant date fair value</i>	<i>Award date and exercise price</i>
Fair value at grant date	£0.0492
Exercise price	£0.21
Weight average expected volatility	81.90%
Weighted average expected life (years)	2
Risk-free interest rate (based on comparable companies)	0.80%

<i>May 31, 2023 fair value</i>	<i>Award date and exercise price</i>
Fair value	£0.00009
Exercise price	£0.21
Weighted average expected volatility	79.2%
Weighted average expected life remaining (years)	0.88
Risk-free interest rate (based on comparable companies)	4.40%

As part of the fundraise completed during April 2022, all participating shareholders received a warrant on 1:1 basis for shares acquired. As a result, 73,195,560 warrants have been issued. All un-exercised warrants expire after a period of 2 years from grant date. It is assumed that warrants are exercised within 2 years from date of grant. The applied volatility is based on historical volatility.

12 Basic and diluted loss per share

The calculation of the basic loss per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares, on the assumed conversion of all dilutive share options.

An adjustment for the dilutive effect of share options in the current year has not been reflected in the calculation of the diluted loss per share, as the effect would have been anti-dilutive, due the Company recognising a loss for the year.

	May 31, 2023 (unaudited) US\$	May 31, 2022 (unaudited) US\$
(Loss)/profit for the period	(1,084,192)	120,089
	No.	No.
Weighted average number of ordinary shares in issue	390,609,439	342,690,043
Dilutive element of share options if exercised (note 15)	37,831,304	32,031,304
Diluted number of ordinary shares	428,440,743	374,721,347
Basic (loss)/earnings per share (cents)	(0.278)	0.04
Diluted (loss)/earnings per share (cents)	(0.278)	0.04

For the period ended May 31, 2023, the earnings applied are the same for both basic and diluted earnings calculations per share as there are no dilutive effects to be applied.

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements for the period ended May 31, 2023 (continued)

13 Related party transactions and balances

Edgewater Associates Limited ("Edgewater")

During the three-month period ended May 31, 2023, Directors' and Officers' insurance was obtained on an arms-length basis through Edgewater, which is a 100% subsidiary of Manx Financial Group ("MFG"). James Mellon and Denham Eke are Directors of both the Company and MFG.

During the period, the premium payable on the policy was US\$ Nil (year ended February 28, 2023: US\$ 49,318). A total of US\$ 1,699 was prepaid as at the period end (February 28, 2023: US\$ 14,497).

14 Commitments and contingent liabilities

The Group has certain obligations to expend minimum amounts on exploration works on mining tenements in order to retain an interest in them, equating to approximately US\$ 432,029 during the next 12 months. This includes annual fees in respect of licence renewals. These obligations may be varied from time to time, subject to approval and are expected to be filled in the normal course of exploration and development activities of the Company.

15 Events after the reporting date

No post balance sheet events have occurred that required disclosure.