



Bradda Head Lithium Limited

Management discussion and analysis for the three and nine-month periods
ended November 30, 2022

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Date: January 27, 2023

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the three and nine months ended November 30, 2022, and is prepared as of January 27, 2023. The MD&A should be read in conjunction with Bradda Head Lithium Limited's (the "Company" or "Bradda Head") unaudited consolidated financial statements for the three and nine months ended November 30, 2022, and the audited annual consolidated financial statement for the years ended February 28, 2022, and February 28, 2021, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this MD&A are expressed in United States dollars except where indicated otherwise.

Overview

Bradda Head Lithium Limited was incorporated on October 28, 2009, in the British Virgin Islands under the British Virgin Islands Companies Act with registered number 1553975 with the name Copper Development Corporation. On October 5, 2015, the Company changed its name from Copper Development Corporation to Life Science Developments Limited, and on April 18, 2018, the Company changed its name to Bradda Head Holdings Limited. On September 15, 2021, the Company changed its name to Bradda Head Lithium Limited.

The Company has one business segment, being mineral exploration. The Company is focused on appraising and developing lithium mining projects within North America and currently has interests in a variety of projects in the United States.

Corporate and Exploration Highlights

Exploration Highlights

Set forth in this section is a description of the Company's material mineral projects. All scientific and technical data contained in this MD&A has been reviewed and approved by Joey Wilkins, B.Sc., P.Geo., who is Head of North American Operations at Bradda Head and a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

Arizona Sedimentary Hosted Lithium Projects

Basin Project

Geological consultants, SRK Consulting (UK) ("SRK"), commenced an updated Mineral Resource Estimate based on a 1,200m sonic drill programme at Basin East ("BE"). This is planned as an interim update whilst we prepare to drill at Basin East Extension ("BEE") and Basin North ("BN"). The programme consisted of infill and expansion drilling (14 holes total, 8 infill and 6 expansion). The initial results from the programme showed that mineralization is open to the north at BE, as well as the west and northwest as previously identified.

Permitting efforts continued at Basin for permission to drill at BEE and BN. Permission was awarded on May 2, 2022 to drill at BN, with final permitting at BEE still in progress. Efforts now are focused on ensuring that we access the areas with as little disturbance as possible, with an expected drilling start date at BN during Q1 2023.

Permitting is ongoing for the Plan of Operations permit at Basin West ("BW") and Basin West Extension ("BWE"), and we expect a decision on this in the second half of 2023. This is for an 80-hole drill programme to test the resource potential at the c.11km² area covered by BW and BWE.

Wikieup Project

Analysis is ongoing at Wikieup for a follow-up drill programme in 2023, building on the initial sonic drill programme which finished in early 2022.

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Arizona Pegmatite District

San Domingo Project

Progress at the first diamond core scout programme at San Domingo continued over the quarter, with good progress seen after an initially mixed start due to adverse weather conditions over the Arizona monsoon season. The Company has now moved assay labs to SGS Canada Inc, following excessive delays (up to 17 weeks) from the previous lab. As a result, assays are expected to be received in a more consistent manner from now.

Visible lithium-bearing minerals were identified in the first hole at this programme, including spodumene and lepidolite. To confirm mineralogy, X-ray Diffraction ("XRD") was carried out on 8 samples from the intersections, identifying spodumene and lepidolite in all holes.

The commencement of drilling followed positive results from a recent SRK 3D mapping exercise, increasing potential pegmatite outcrops by 190%. Following this, Bradda Head increased its staked claims at San Domingo by 75% (press release dated 08 August 2022). This first programme is expected to be finished in late January/early February 2023, with final assays expected back before the end of March 2023.

In late November, the Company released the results from a soil sampling programme, covering c.11% of the San Domingo pegmatite claims in Arizona. Results identified highly prospective follow-up lithium targets over a 3km²+ strike, with the same elemental signatures that have been seen at known lithium mineralisation locations globally. The soil geochemistry suggests that the pegmatite swarm is largely of the lithium-caesium-tantalum (LTC) mineralisation type, the most significant for lithium deposits and what is commonly associated with economic occurrences of lithium and tantalum. LCT-type pegmatites are found in the Western Australian pegmatite district, like Tianqi and Albemarle's joint-venture Greenbushes lithium mine.

Bradda Head carried out the soil sampling programme covering just under 3km² of the northern claim block at San Domingo to support future drill hole targeting and to better understand our 23km² pegmatite district in Arizona. Importantly, ratios present in the soils of elements associated with pegmatites and lithium mineralization highlight targets for potential follow-up. The maps below show the areas of interest and, crucially, demonstrate a 9km² NE-SW trend, which may continue through the remainder of the San Domingo 20km² of claims and state MEPS in Arizona, which have not had detailed soil sampling.

Alongside the current drill programme, a follow-up field observation, soil sampling, and channel sampling programme is now underway across the full 23km² San Domingo pegmatite district.

Nevada Lithium Brine Projects

Wilson Project

Planning is in place for an initial drill programme during the first half of 2023, with the Company lining up a hydrogeological specialist to review the project before drilling commences.

Eureka Project

Planning is in place for an initial drill programme during 2023, and the Company lining up a hydrogeological specialist to review the project before drilling commences

Corporate Highlights

On 13 April 2022, the Company announced the completion of a successful fundraise. Aggregate gross proceeds of US\$ 12,304,100 was raised, issuing 73,195,560 new ordinary shares, at a price of £0.135 each. Investors who participated in the raised also received one warrant for each ordinary shares, with an exercise price of £0.21. The warrants expire two years after being issued.

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Issuance of Stock Options

On 20 April 2022, the Company announced that is awarded a total of 9,200,000 options to acquire ordinary shares (the "Options") at an exercise price of £0.18 to management and certain Board members. Options for management and directors, are subject to the following conditions:

- Options issued in three equal tranches, with the initial tranche vesting immediately;
- Are exercisable for a period of five years from date of issue; and
- The options issued to each participant should lapse upon any participant no longer being an employee or connected person remunerated by the Company.

Directors included in the award are detailed in the table below:

Director	Total options held at November 30, 2022	Total shares held at November 30, 2022	Total diluted percentage holding at November 30, 2022
Ian Stalker	17,250,000	3,870,140	5.40%
Charles FitzRoy	10,000,000	13,265	2.56%
Total	27,250,000	3,883,405	7.96%

Selected Financial Information

The following table sets forth selected financial information with respect to the Company for the years ended February 28, 2022, and February 28, 2021. The selected financial information has been derived from the audited financial statements for the periods indicated. The following should be read in conjunction with the said financial statements and related notes that are available on the Company's website – www.braddaheadltd.com.

The annual financial statements and interim financial statements are presented in US dollars and are prepared in accordance with IFRS, See "Summary Financial Data" and "Currency Information".

	Year ended February 28, 2022	Year ended February 28, 2021
	(Audited) (US\$)	(Audited) (US\$)
Statement of Operations:		
Total Revenue	2,413,228	-
Total Operating Expenses	(3,521,636)	(633,188)
Net Finance costs	(32,832)	(88,761)
Net Loss	(3,554,468)	(721,949)
Loss per Share (cents)	(2.855)	(0.011)
Balance Sheet Data:		
Cash & cash equivalents	7,327,303	86,972
Total Assets	13,354,840	2,649,118
Total long-term Liabilities	1,097,675	1,547,208
Total Liabilities	1,097,675	2,261,943
Accumulated Deficit	11,177,220	9,056,687
Total Shareholder's Equity	12,257,165	87,175

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MANAGEMENT DISCUSSION AND ANALYSIS: Q3 2022

Introduction

This interim Management Discussion and Analysis (the “interim MD&A”) should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three and nine months ended November 30, 2022, and the audited financial statements for the year ended February 28, 2022 and related notes. This MD&A is made as of January 27, 2023.

Results of Operations for the nine-months ended November 30, 2022

The Company’s net loss after tax for the nine-month period to November 30, 2022 was US\$ 3,074,862, compared to US\$ 2,705,148 for the comparative period ended November 30, 2021. The major expenses for the three and nine-months ended November 30, 2022 were operational expenses incurred on the Company’s exploration projects, and are broken down in the respective projects as follows:

Project	Expensed Exploration Expenditure	
	Nine-Month Period ended November 30, 2022 (Unaudited) US\$	Three-Month Period ended November 30, 2022 (Unaudited) US\$
Basin Project	990,246	305,955
Wikieup Project	84,905	10,633
San Domingo Project	762,149	353,498
Other projects	142,319	49,011
TOTAL	1,979,620	719,097

During this time period, the Company incurred and capitalised exploration expenditures of US\$1,728,158, compared to US\$ 719,097 for the comparative nine-month period to November 30, 2021.

The capitalised exploration costs for the three and nine-months ended November 30, 2022 have been allocated amongst the Company’s exploration projects in approximately the following amounts:

Project	Capitalised exploration costs		Capitalised expenditures for licences and permits	
	Nine-Month Period ended November 30, 2022 (Unaudited) US\$	Three-Month Period ended November 30, 2022 (Unaudited) US\$	Nine-Month Period ended November 30, 2022 (Unaudited) US\$	Three-Month Period ended November 30, 2022 (Unaudited) US\$
Basin Project	230,659	19,200	70,365	6,834
Wikieup Project *	(207,387)	22,890	101,640	-
San Domingo Project	1,574,278	1,410,725	81,165	9,660
Other Project	130,609	-	453,122	-
TOTAL	1,728,158	1,452,815	706,292	16,494

* Note the negative amount for Wikieup is due to the transfer of the drilling contractor deposit from deferred mining and exploration costs to the Deposits Receivable balance sheet account.

The exploration expenditures have been primarily costs associated with drilling, assaying, resource and mining consultants, metallurgical testing, environmental studies, project team fees, acquisition of new leases, and annual renewal of existing leases.

General and administrative expenses for the nine-month period to November 30, 2022 totalled US\$ 4,242,520 ,

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compared to US\$ 1,690,543 for the comparative period to November 30, 2021. General and administrative expenses are broken down as follows:

Project	General and administrative expenditures	
	Nine-Month Period ended November 30, 2022 (Unaudited) US\$	Three-Month Period ended November 30, 2022 (Unaudited) US\$
Auditors' fees	114,508	13,067
Directors and management fees and salaries	402,231	132,955
Legal and accounting	422,228	247,291
Contractor costs	1,979,619	719,097
Professional and marketing costs	942,495	332,928
Other administrative costs	381,439	245,205
TOTAL	4,242,520	1,690,543

During the nine-month periods to November 30, 2022 and November 30, 2021, there have been no changes in financial performance or other elements that relate to non-core business activities and operations.

Cash flows

During the nine-month period ended November 30, 2022, the Company had net cash inflows of US\$ 4,531,077, compared to inflows of US\$ 5,536,420 during the comparative nine-month period to November 30, 2021. The cashflows for the two periods are shown below:

	Nine-Month Period ended November 30, 2022 (Unaudited) US\$	Three-Month Period ended November 30, 2022 (Unaudited) US\$
Statement of cashflows		
Cash flows from operating activities	(4,731,985)	(989,785)
Cash flows from investing activities	(2,493,122)	(1,469,310)
Cash flows from financing activities	11,756,184	-
Net cash flows during the period	4,531,077	(2,459,095)
Cash balances at beginning of the period	7,327,303	14,006,137
Effect of foreign exchange on cash balances	(1,255,343)	(944,005)
Cash balances at the end of the period	10,603,037	10,603,037

Liquidity and Capital Resources

As at November 30, 2022 the Company had cash and cash equivalents of US\$ 10,603,037, and a working capital surplus of US\$ 9,697,220. As of February 28, 2022, the Company had cash and cash equivalents of US\$ 7,327,303, and a working capital surplus of US\$ 6,327,624.

Outstanding Share Data

As of November 30, 2022, the following securities were outstanding:

Shares	390,609,439
Warrants	81,698,305
Stock options	32,360,304
Fully diluted shares outstanding	504,668,048

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The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company includes cash and cash equivalents, equity attributable to equity holders comprised of contributed equity, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Company.

The Company monitors capital based on cash flow requirements for operational, exploration and evaluation expenditures. The Company has no debt or other borrowings as at the date of this Application. The Company will continue to use capital market issuances to satisfy anticipated funding requirements.

The availability of equity capital, and the price at which additional equity could be issued, is dependent upon the success of the Company's exploration activities, and upon the state of the capital markets generally. Additional financing may not be available on terms favourable to the Company or at all. If the Company does not receive future financing, it may not be possible for the Company to advance the exploration and development of its mineral exploration properties. If the Company is not able to fund these minimum expenditures, it may not be able to maintain part or all of its mineral exploration property interests. See "Risk Factors".

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Company has conducted transactions with officers, directors and persons or companies related to directors or officers and paid or accrued amounts as follows:

Edgewater Associates Limited ("Edgewater")

During the nine-month period ended November 30, 2022, Directors and Officers insurance was obtained on an arms-length basis from 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\$ 49,318 (year ended February 28, 2022: US\$ 44,303), of which US\$ 32,122 was prepaid as at the period end (February 28, 2022: US\$ 11,076).

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, and impact decisions as to when exploration and development costs should be capitalized or expensed.

As at November 30, 2022, the Company had incurred capitalised exploration expenditures, including capitalised licence and permit costs, of US\$ 8,167,270. Changes in management's judgment as to the prospective nature, assessment of the existence or otherwise of economically recoverable reserves, technical feasibility and/or commercial viability of the relevant tenements and the Company's intentions with respect to the relevant tenements, could affect the assessment of the recoverable amount.

The Company regularly reviews its estimates and assumptions: however, actual results could differ from these estimates and these differences could be material.

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Forward-Looking Statements

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. This News Release includes certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, following: The Company's objectives, goals or future plans. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to: failure to identify mineral resources; failure to convert estimated mineral resources to reserves; delays in obtaining or failures to obtain required regulatory, governmental, environmental or other project approvals; political risks; future operating and capital costs, timelines, permit timelines, the market and future price of and demand for lithium, and the ongoing ability to work cooperatively with stakeholders, including the local levels of government; uncertainties relating to the availability and costs of financing needed in the future; changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices; delays in the development of projects, capital and operating costs varying significantly from estimates; an inability to predict and counteract the effects of COVID-19 on the business of the Company, including but not limited to the effects of COVID-19 on the price of commodities, capital market conditions, restriction on labour and international travel and supply chains; and the other risks involved in the mineral exploration and development industry, and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.