



**Unaudited Condensed Consolidated Interim Financial Statements
For the nine-month period ended November 30, 2022**

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 30 November 2022

Condensed Interim Consolidated Statement of Comprehensive Income

for the period ended November 30, 2022

		Nine-month period ended November 30, 2022 (unaudited) US\$	Nine-month period ended November 30, 2021 (unaudited) US\$	Three-month period ended November 30, 2022 (unaudited) US\$	Three-month period ended November 30, 2021 (unaudited) US\$
Expenses	<i>Notes</i>				
General and administrative	2	(4,242,520)	(2,391,522)	(1,690,543)	(764,201)
Share based payment and warrant expense	10	(1,285,743)	(259,816)	(91,539)	(119,726)
Foreign exchange loss		(1,255,343)	(34,338)	(944,005)	(4,197)
Operating loss		(6,783,606)	(2,685,676)	(2,726,087)	(888,124)
Other income					
Warrant fair value re-measurement	11	3,711,264	-	880,920	-
Unrealised (loss) / gain on investment		(2,520)	13,360	-	5,461
Loss before finance costs		(3,074,862)	(2,672,316)	(1,845,167)	(882,663)
Finance costs		-	(32,832)	-	-
Loss before income tax		(3,074,862)	(2,705,148)	(1,845,167)	(882,663)
Income tax expense		-	-	-	-
Loss for the period		(3,074,862)	(2,705,148)	(1,845,167)	(882,663)
Other comprehensive income - foreign currency translation reserve		-	186	-	-
Total comprehensive loss for the period		(3,074,862)	(2,704,962)	(1,845,167)	(882,663)
Basic and diluted loss per share (US cents)	12	(0.81)	(1.50)	(0.49)	(0.49)

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 30 November 2022

Condensed Interim Consolidated Statement of Financial Position

as at November 30, 2022

	Notes	November 30, 2022 (unaudited) US\$	February 28, 2022 (audited) US\$
Non-Current assets			
Deferred mining and exploration costs	3	5,911,902	4,183,744
Exploration permits and licences	4	2,255,368	1,549,076
Plant and equipment	8	89,134	54,170
Advances and deposits	6	507,906	88,594
Investment		51,436	53,957
Total non-current assets		8,815,746	5,929,541
Current assets			
Cash and cash equivalents		10,603,037	7,327,303
Trade and other receivables	6	165,786	97,996
Total current assets		10,768,823	7,425,299
Total assets		19,584,569	13,354,840
Equity			
Share premium	9	30,467,820	23,434,385
Retained deficit		(12,966,339)	(11,177,220)
Total equity		17,501,481	12,257,165
Current liabilities			
Trade and other payables	7	1,071,603	1,097,675
Warrant liability	11	1,011,485	-
Total current liabilities		2,083,088	1,097,675
Total equity and liabilities		19,584,569	13,354,840

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 January 27, 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 November 30, 2022

Condensed Interim Consolidated Statement of Changes in Equity

for the period ended November 30, 2022

	Share premium US\$	Retained deficit US\$	Total US\$
Balance at March 1, 2022 (audited)	23,434,385	(11,177,220)	12,257,165
Total comprehensive loss for the period			
Loss for the period	-	(3,074,862)	(3,074,862)
Total comprehensive loss for the period	-	(3,074,862)	(3,074,862)
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)	-	1,285,743	1,285,743
Total transactions with owners of the Company	7,033,435	1,285,743	8,319,178
Balance at November 30, 2022 (unaudited)	30,467,820	(12,966,339)	17,501,481

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 November 30, 2022

Condensed Interim Consolidated Statement of Changes in Equity

for the period ended November 30, 2022 (continued)

	Share premium US\$	Retained deficit US\$	Foreign currency translation reserve US\$	Total US\$
Balance at March 1, 2021 (audited)	9,443,676	(9,056,687)	186	387,175
Total comprehensive loss for the period				
Loss for the period	-	(2,705,148)	-	(2,705,148)
Total comprehensive loss for the period	-	(2,705,148)	-	(2,705,148)
Transactions with owners of the Company				
Issue of ordinary shares (note 8)	11,904,439	-	-	11,904,439
Share issue costs capitalised (note 8)	(413,731)	-	-	(413,731)
Equity settled share-based payments (note 9)	-	259,816	-	259,816
Transfer to retained deficit	-	186	(186)	-
Total transactions with owners of the Company	11,490,708	260,002	(186)	11,750,524
Balance at November 30, 2021 (unaudited)	<u>20,934,384</u>	<u>(11,501,833)</u>	<u>-</u>	<u>9,432,551</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 November 30, 2022

Condensed Interim Consolidated Statement of Cash Flows

for the period ended November 30, 2022

		Nine-month period ended November 30, 2022 (unaudited) US\$	Nine-month period ended November 30, 2021 (unaudited) US\$	Three-month period ended November 30, 2022 (unaudited) US\$	Three-month period ended November 30, 2021 (unaudited) US\$
	Notes				
Cash flows from operating activities					
Loss before income tax		(3,074,862)	(2,705,148)	(1,845,167)	(882,663)
<i>Adjusted for non-cash and non-operating items:</i>					
Depreciation	8	23,708	-	9,532	-
Unrealised loss/(gain) on investment		2,520	(13,360)	-	(5,461)
Non-cash interest expense		-	32,832	-	-
Equity settled share based payments expense	10, 11	1,285,743	259,816	91,539	119,726
Warrant fair value re-measurement	11	(3,711,264)	-	(880,920)	-
Unrealised FX adjustment on convertible loan note		-	-	-	-
Unrealised FX on cash balances		1,255,343	(34,338)	944,005	(4,197)
		(4,218,812)	(2,460,198)	(1,681,011)	(772,595)
Change in trade and other receivables		(487,103)	51,470	(26,609)	255,140
Change in trade and other payables		(26,070)	341,132	717,835	226,133
Net cash flows used by operating activities		(4,731,985)	(2,067,596)	(989,785)	(291,322)
Cash flows from investing activities					
Amounts paid for deferred mining and exploration costs	3	(1,728,158)	(1,121,721)	(1,452,815)	(964,459)
Amounts paid for licences and permits	4	(706,292)	(519,455)	(16,495)	(112,018)
Equipment purchased	8	(58,672)	-	-	-
Net cash flows used by investing activities		(2,493,122)	(1,641,176)	(1,469,310)	(1,076,477)
Cash flows from financing activities					
Short-term loan received		-	60,000	-	-
Cash received from shares and warrants issued	9, 11	12,304,100	9,598,923	-	-
Share issue costs paid	9	(547,916)	(413,731)	-	-
Net cash flows from financing activities		11,756,184	9,245,192	-	-
Increase / (decrease) in cash and cash equivalents		4,531,077	5,536,420	(2,459,095)	(1,367,799)
Cash and cash equivalents at beginning of period		7,327,303	86,972	14,006,137	7,021,332
Effect of foreign exchange on cash balances		(1,255,343)	34,338	(944,005)	4,197
Cash and cash equivalents at end of period		10,603,037	5,657,730	10,603,037	5,657,730

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 November 30, 2022

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, 2022 ("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, 2022, which is available on the Group's website: www.braddheadltd.com, and on SEDAR at www.sedar.com. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended February 28, 2022.

2 General and administrative

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

	Nine-month period ended November 30, 2022 (unaudited) US\$	Nine-month period ended November 30, 2021 (unaudited) US\$	Three-month period ended November 30, 2022 (unaudited) US\$	Three-month period ended November 30, 2021 (unaudited) US\$
Auditors' fees	114,508	62,067	13,067	35,466
Directors and management fees and salaries	402,231	310,653	132,955	120,942
Legal and accounting	422,228	510,218	247,291	83,665
Contractor costs	1,979,619	732,407	719,097	280,162
Professional and marketing costs	942,495	535,899	332,928	203,672
Other administrative costs	381,439	240,278	245,205	40,294
Total	4,242,520	2,391,522	1,690,543	764,201

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended November 30, 2022 (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, 2021 (audited)	1,767,274
Capitalised during the year	2,501,853
Disposal under the royalty agreement	(85,383)
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At February 28, 2022 (audited)	4,183,744
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Capitalised during the period	1,728,158
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At November 30, 2022 (unaudited)	5,911,902
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Cost and net book value	
At November 30, 2022 (unaudited)	5,911,902
At February 28, 2022 (audited)	4,183,744
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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 November 30, 2022. 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, 2022, 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, 2021 (audited)	691,465
Capitalised during the year	1,119,455
Disposal under the royalty agreement	(31,614)
Impairment	(230,230)
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At February 28, 2022 (audited)	1,549,076
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Capitalised during the period	706,292
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At November 30, 2022 (unaudited)	2,255,368
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Cost and net book value	
At November 30, 2022 (unaudited)	2,255,368
At February 28, 2022 (audited)	1,549,076
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The Group assessed the carrying amount of the licences and permits held for impairment as at November 30, 2022. 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, 2022, an impairment charge of US\$ 230,230 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 November 30, 2022 (continued)

5 Investment in subsidiary undertakings

As at November 30, 2022 and February 28, 2022, 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

* 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, 2022 to November 30, 2022, and up to the date that control ceases.

6 Trade and other receivables and advances and deposits

Non-current

	November 30, 2022 (unaudited) US\$	February 28, 2022 (audited) US\$
Advances and deposits	507,906	88,594

Current

	November 30, 2022 (unaudited) US\$	February 28, 2022 (audited) US\$
Prepayments and other debtors	165,786	97,996

7 Trade and other payables

	November 30, 2022 (unaudited) US\$	February 28, 2022 (audited) US\$
Trade payables	950,402	1,019,175
Accrued expenses and other payables	121,201	78,500
	1,071,603	1,097,675

8 Plant and equipment

<i>Cost</i>	Motor vehicle US\$	Total US\$
As at March 1, 2021 (audited)	-	-
Additions during the year	55,718	55,718
As at February 28, 2022 (audited)	55,718	55,718
Additions during the period	58,672	58,672
As at November 30, 2022 (unaudited)	114,390	114,390

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended November 30, 2022 (continued)

8 Plant and equipment (continued)

	Motor vehicle US\$	Total US\$
<i>Accumulated depreciation</i>		
As at March 1, 2021 (audited)	-	-
Depreciation charge for the year	(1,548)	(1,548)
	<u>(1,548)</u>	<u>(1,548)</u>
As at February 28, 2022 (audited)	(1,548)	(1,548)
Depreciation charge for the period	(23,708)	(23,708)
	<u>(23,708)</u>	<u>(23,708)</u>
As at November 30, 2022 (unaudited)	<u>(25,256)</u>	<u>(25,256)</u>
Carrying amount		
As at November 30, 2022 (unaudited)	89,134	89,134
As at February 28, 2022 (audited)	54,170	54,170
	<u>54,170</u>	<u>54,170</u>

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, 2021 (audited)	75,040,282	-	9,443,676
	<u>75,040,282</u>	<u>-</u>	<u>9,443,676</u>
Shares issued for cash	158,499,941	-	12,098,924
Shares issued to settle loans	48,618,529	-	2,159,722
Shares issued in lieu of Directors fees	3,037,362	-	145,794
Shares issued to Zenith Minerals Limited *	32,217,765	-	-
Share issue costs capitalised	-	-	(413,731)
	<u>317,413,879</u>	<u>-</u>	<u>23,434,385</u>
At February 28, 2022 (audited)	317,413,879	-	23,434,385
	<u>317,413,879</u>	<u>-</u>	<u>23,434,385</u>
Shares issued for cash (note 11)	73,195,560	-	7,581,351
Share issue costs capitalised	-	-	(547,916)
	<u>73,195,560</u>	<u>-</u>	<u>7,033,435</u>
At November 30, 2022 (unaudited)	390,609,439	-	30,467,820
	<u>390,609,439</u>	<u>-</u>	<u>30,467,820</u>

* In line with the agreement entered into with Zenith Minerals Limited ("Zenith"), shares were issued to Zenith to maintain their shareholding at 15%. Following the listing of the Company's shares on AIM in July 2021, the anti-dilution protection held by Zenith no longer applies to any new issues of shares.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended 30 November 2022 (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.

During the nine-month period ended November 30, 2022, outstanding fees due to directors totaling US\$ Nil were settled by the issue of shares (28 February 2022: US\$Nil)

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, 2022 (audited)</i>	<i>Number Issued</i>	<i>Number Lapsed/cancelled/expired</i>	<i>Number Exercised</i>	<i>Number at November 30, 2022 (unaudited)</i>	<i>Fair value</i>
<i>Options</i>									US\$
Directors and Participants	April 2018	5	US\$ 0.15668	1,606,304	-	-	-	1,606,304	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	4,000,000	-	-	-	4,000,000	314,962
Directors and Participants	April 2022	5	£0.18	-	9,200,000	-	-	9,200,000	1,122,876
<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
				28,864,718	12,444,331	-	-	41,309,049	3,034,955

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended 30 November 2022 (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.

	Nine-month period ended November 30, 2022 (unaudited) US\$	Nine-month period ended November 30, 2021 (unaudited) US\$	Three-month period ended November 30, 2022 (unaudited) US\$	Three-month period ended November 30, 2021 (unaudited) US\$
Share based payments charge	<u>1,285,743</u>	<u>259,816</u>	<u>91,539</u>	<u>-</u>

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 2022 options

	<i>Award date and exercise price</i>
Fair value at grant date	£0.09308
Exercise price	£0.180
Weight average expected volatility	81.90%
Weighted average expected life (years)	5
Risk-free interest rate (based on comparable companies)	1.52%

Terms of the issued options are as follows:

- 9,200,000 options have been granted and are subject to the three independent vesting conditions for 1/3 of the entitlement, relating to the successful fund raising in respect of the Group's operational budget, commencement of a drilling program in respect of the San Domingo project and resolution of certain Wickieup project title claims. All un-exercised options expire after a period of 5 years from grant date. It is assumed that options are exercised within 5 years from date of grant. The applied volatility is based on historical volatility.

April 2022 supplier warrants

	<i>Award date and exercise price</i>
Fair value at grant date	£0.06697
Exercise price	£0.135
Weight average expected volatility	81.90%
Weighted average expected life (years)	2
Risk-free interest rate (based on comparable companies)	0.80%

Terms of the issued warrants are as follows:

- As part of the fundraise completed during April 2022, certain service providers of the Company received warrants for services rendered. As a result, 3,244,331 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.

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements for the period ended 30 November 2022 (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 nine-month period ended November 30, 2022, the Company awarded warrants to investors who participated in the fundraising completed during April 2022.

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, 2022 (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 November 30, 2022 (unaudited)</i>	<i>Fair value</i>
<i>Warrants</i>									US\$
Shareholder warrants	April 2022	2	£0.2100	-	73,195,560	-	-	73,195,560	1,011,485
				-	73,195,560	-	-	73,195,560	1,011,485

The fair value applied to the shareholder warrants has been classified as a financial liability. At period end, the warrant liability has been re-measured to fair value, with a corresponding entry to profit and loss of US\$ 3,711,264 (period ended November 30, 2021: Nil) within Warrant Fair Value Re-Measurement.

Reconciliation of warrant liability fair value:

	Fair value
	US\$
Balance at March 1, 2022	-
Warrants issued during the period	4,722,749
Fair value re-measurement	(3,711,264)
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Balance at November 30, 2022	1,011,485
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Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements for the period ended 30 November 2022 (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>November 30, 2022 fair value</i>	<i>Award date and exercise price</i>
Fair value	£0.0118
Exercise price	£0.21
Weighted average expected volatility	80.5%
Weighted average expected life remaining (years)	1.39
Risk-free interest rate (based on comparable companies)	4.38%

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 basic profit per share of the Company is based on the loss for the period of US\$ 3,074,862 (nine-month period to November 30, 2021: loss of US\$ 2,052,489) and the weighted average number of shares of 379,122,544 (at November 30, 2021: 147,618,936) in issue during the period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares such as warrants and options. An adjustment for the dilutive effect of share options and warrants in the current period 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 period.

13 Related party transactions and balances

Edgewater Associates Limited ("Edgewater")

During the nine-month period ended November 30, 2022, 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\$ 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).

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\$ 415,454 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

On 21 December 2022, the Company awarded 500,000 ordinary share options each to Euan Jenkins and Alex Borrelli, independent non-executive directors of the Company.