



# BRADDA HEAD

**Directors' report and consolidated financial statements  
For the period ended 28 February 2018**

**Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

<i>Contents</i>	<i>Page</i>
Management and administration	3
Financial and operational highlights	4
Chairman’s Statement	5
Directors’ report	8
Statement of Directors' responsibilities	9
Report of the Independent Auditors	10
Consolidated statement of comprehensive income	12
Consolidated statement of financial position	13
Consolidated statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the consolidated financial statements	16 to 33

## **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

### **Management and administration**

Directors	John McGoldrick – Executive Chairman (Appointed 26 April 2018) James Mellon – Non Executive Deputy Chairman Denham Eke – Chief Financial Officer and Company Secretary Mitch Alland – Senior Independent Non-Executive Director Jason MacDonald – Non-Executive Director (appointed 4 January 2018) Anthony Baillieu – Non-Executive Director (appointed 4 January 2018)
Secretary	Denham Eke 4 <sup>th</sup> Floor Viking House Nelson Street Douglas Isle of Man IM1 2AH
Registered office	Craigmuir Chambers, Road Town Tortola, British Virgin Islands
Nominated Advisor and Broker	Beaumont Cornish Limited 2nd Floor Bowman House 29 Wilson Street London EC2M 2SJ
Registrar	Computershare Investor Services (BVI) Limited Woodbourne Hall PO Box 3162 Road Town, Tortola British Virgin Islands
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
Legal Advisors	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Depositary	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS13 8AE
Administrator	Burnbrae Limited 4 <sup>th</sup> Floor Viking House Nelson Street Douglas Isle of Man IM1 2AH

## **Bradda Head Holdings Limited *(formerly Life Science Developments Limited)***

### **Financial and operational highlights**

- On 4 January 2018, the Company acquired a 100% interest in Bradda Head Limited. The consideration was settled in full by the issue of 387,009,297 new shares in the Company of no par value.
- On 28 February 2018, Bradda Head Limited acquired a 55% interest in Zenolith (USA) LLC, which holds the licences and permits for the the lithium projects located in the USA.
- Following the acquisition of Bradda Head Limited, cash outflows increased largely due to direct expenditure on exploration activities. During 2016, a short term loan was advanced to the Diabetic Boot Company, as related party. During July 2017, the outstanding balance of £213,124 was settled in full, including accrued interest to date. During January 2018, the outstanding bond of £250,514 due from Manx Financial Group plc was fully repaid, including accrued interest to date.
- The Group recognised an unrealised loss on investment in Rockwealth Resources Corp. (previously known as Crazy Horse Resources Inc.) of US\$ 8,050 during the period. The total market value of this investment therefore decreased from US\$46,343 to US\$ 38,293.
- The total number of shares in issue as at 28 February 2018 was 430,010,330 (31 December 2016: 37,501,033), with 392,509,297 new shares being issued during the period.

# **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

## **Chairman's statement**

Dear Shareholders,

As you will be aware, Life Science Developments Limited (the "Company") delisted from London AIM in April 2017. Since that point, your Board has continued to seek new investment opportunities that would create long-term shareholder value. After assessing a number of different prospects in varying industries, we are pleased to announce that on 4 January 2018, the Company successfully completed the acquisition of a 100% interest in Bradda Head Limited ("Bradda Head").

Bradda Head, incorporated during 2016, is an early stage lithium exploration company with a portfolio of diversified lithium projects located in USA and Mexico. During March 2017, Bradda Head raised US\$ 750,000 to fund a joint venture "farm-in" partnership with Australian-quoted Zenith Minerals Limited (ASX:ZNC). Zenith is a mineral exploration company focusing on the identification, exploration and development of base, industrial and precious metal deposits. Under the terms of the "farm-in" partnership, Bradda Head acquired an initial 55% interest in the USA and Mexican lithium projects (subject to expenditure by Bradda Head of US\$ 5,000,000 by 28 February 2021), which increases to 70% following the successful completion of Pre-Feasibility Studies on two of the projects. Further key terms of the partnership are included in Note 8 to the financial statements.

The acquisition of 100% of the share capital of Bradda Head was settled, in full, by the issuance of 387,009,297 new shares in the Company. As a result, I have been appointed Executive Chairman, and I am joined by Jim Guilinger as Chief Operating Officer. Anthony Baillieu and Jason Macdonald join the board as Non-Executive directors. Mitch Alland remains on the board as Senior Independent Non-Executive director, as do Denham Eke as Chief Financial Officer and Jim Mellon as a Non-Executive Deputy Chairman.

The portfolio of projects to be developed by Bradda Head under the partnership include:

- USA
  - Burro Creek, situated between Phoenix and Las Vegas, Nevada, is a lithium clay project;
  - San Domingo located in the Maricopa and Yavapai counties, Arizona, is a lithium pegmatite project; and
  - Wilson Salt Flat and Spencer, located in Nevada, are both lithium brine projects.
- Mexico
  - Applications for exploration licenses in the State of Zacatecas consisting of three locations, namely Illescas, San Juan del Solado and San Vincente, again being lithium brine projects.

The USA projects are located in the exploration and mining friendly states of Nevada and Arizona. Both states are strongly in favour of clean and renewable energy and have implemented rules and regulations that encourage companies in these sectors to start up exploration activities. This is strongly evidenced by the number of lithium exploration companies operating projects in this area, including Silver Peak Lithium mine (being the only operational lithium mine in the USA operated by NYSE-listed Albemarle Corporation). In addition, the Spencer and Wilson Salt Flat projects are located within 310 miles of the Tesla Gigafactory, which is forecast to be a significant lithium consumer for a number of years.

Mexico, with a long mining history and extensive expertise, is fast becoming a very attractive location for new mining and exploration companies. Mineral development has been receiving strong federal support, laws have been enacted to simplify and encourage foreign companies to commence mining and exploration activities, and operating costs are very competitive compared to neighbouring countries. In addition, the projects are situated in favourable locations in relation to both local and international transport links, and also access to a skilled labour force and to the large North and South American markets.

During October 2017, Bradda Head completed legal due diligence on the USA project titles, with no negative issues being identified. A similar exercise is underway for the Mexican projects which will be completed prior to the relisting of the Company.

## **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

### **Chairman's statement (continued)**

During December 2017, Bradda Head finalised the acquisition of Minera Salmuera, S.A. de C.V., the holding company for the Mexican projects. Bradda Head also completed the acquisition of Zenolith (USA) LLC during February 2018, the holding company for the USA projects. Following these acquisitions, Bradda Head holds an effective 55% direct interest in the lithium projects.

In view of these transactions and to ensure the new financial year commenced with a clean slate, the financial year-end of the Company was extended to 28 February 2018. On 20 March 2018, the Directors approved the changing of the name of the company from Life Science Developments Limited to Bradda Head Holdings Limited.

In anticipation of the Company's relisting on London AIM, SRK Consulting (UK) Ltd was engaged to prepare a Competent Persons Report ("CPR") on the lithium projects. The initial CPR was completed during February 2018 and, as updated, will form the basis of the listing document for the Company. Highlights from the CPR include:

- Zacatecas project assay results showed lithium found in new surface brines, with higher grades anticipated to be found at depth;
- Burro Creek initial drilling showed encouraging grades of 750 ppm to 1,650 ppm Li in the clay horizons, whilst historical drilling returned results of up to 3,577 ppm Li. Initial results from mineralogical and sulfuric acid leach processing test work indicate leach extraction recoveries of nearly 90%;
- Initial assay results from reconnaissance surface sediment samples at Wilson Salt Flat returned positive values of up to 192 ppm Li. Geophysical surveying identified a large sub-surface conductive zone;
- 10 lithium bearing pegmatite dykes have been identified at San Domingo, in which Li<sub>2</sub>O grades are in the range of 0.4% to 2.0%. These results are in line with lithium producing pegmatite mines; and
- Initial surface samples from Spencer returned lithium grades ranging from 100 ppm to 550 ppm Li which, coupled with the geology of the area, are encouraging.

The loss for the period ended 28 February 2018 was US\$ 696,586 (2016: loss of US\$ 569,699). The increase is largely due to the acquisition of Bradda Head, whose results were included in the consolidated profit and loss account from 1 January 2018. Net assets increased to US\$ 6,266,836 (2016: US\$ 772,267), as a result of the acquisition of Bradda Head. Cash balances of US\$ 108,197 were held at 28 February 2018 (2016: US\$ 48,218).

During July 2017, the outstanding short-term loan balance from the Diabetic Boot Company of £213,124 (US\$ 277,040) was settled in full. During January 2018, the outstanding bond of £250,514 (US\$ 345,273) due from Manx Financial Group plc matured and was fully repaid, including accrued interest to date. During April 2018, the Company completed a further private funding round, raising a total of US\$ 1,035,000 from new and existing shareholders. The funds raised will be utilized on a 6-month development program, focusing on the Burro Creek and Zacatecas projects. Following completion of the program, the Company will seek to undertake a relisting on London AIM, which is anticipated to be completed during H2 2018.

The 6-month development program entails the following:

- Burro Creek – completion of a drilling and trenching program of up to 17-holes, leading to the development of an inferred mineral resource;
- Zacatecas – completion of a magnetotelluric survey to define the size of the brine reservoir, and potential conductive zones that will guide the future drilling program; and
- Identify and acquire additional land showing high lithium potential, with specific focus on lithium oil brines, which are considered to be great opportunities by the Board.

Following the readmission of the Company to London AIM, the Directors, together with the expertise of the Company's consultants and Zenith, will accelerate the development of the projects and seek to acquire additional high-quality lithium projects.

**Chairman's statement (continued)**

On 18 April 2017, President Donald Trump, signed the Presidential Executive Order on Buy American and Hire American. In essence, the Executive Order sets forth a policy and action plan intended to support the American manufacturing and defence industrial bases by ensuring that goods, products and services acquired to complete government projects are sourced locally. This policy will be stringently monitored going forward. In addition, during Q1 2018, President Trump approved significant tariff increases on products imported from China, which includes lithium primary cells and primary batteries.

The list of American manufacturers and industries that require lithium is substantial and includes the automotive industry (including General Motors, Ford and Tesla for current and future electric vehicles), battery manufacturers, pharmaceutical industry, and manufacturers of glass and ceramics. In line with the Executive Order and following the steep import tariff increases, lithium will need to be sourced locally to meet increased demand from these industries. As previously mentioned, the only functional lithium mine in the USA is operated by Albemarle Corporation. As the demand for lithium increases, local American sources of lithium will be at a premium.

Overall lithium demand is set to increase exponentially over the coming years and remain high as the world transitions to clean and sustainable energy. The current portfolio of projects that the Company is developing, together with any future acquisitions in the oil brine space, will pave the way for the Company to take advantage of the increased demand, with the aim of creating long term shareholder value.

**John McGoldrick**  
Executive Chairman

14 June 2018



## **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

The Directors are responsible for preparing the Directors' Report and the financial statements.

The Directors are required to prepare financial statements for each financial year. They have elected to prepare the financial statements in accordance with International Financial Reporting Standards, as adopted by the EU.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing each of the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards, as adopted by the EU, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

# **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

## **Independent Auditor's Report to the members of Bradda Head Holdings Limited**

### **Opinion**

We have audited the financial statements of Bradda Head Holdings Limited ("the Company") for the period from 1 January 2017 to 28 February 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 28 February 2018 and of the Group's loss for the period then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards, as adopted by the EU.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information**

The Directors are responsible for the other information, which comprises the Financial and Operational Highlights, the Chairman's Statement and the Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Directors' report for the financial year is consistent with the financial statements.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 9, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group'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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Independent Auditor's Report to the members of Bradda Head Holdings Limited  
(continued)**

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement letter dated 17 January 2018. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG Audit LLC  
*Chartered Accountants*  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man IM99 1HN

18 June 2018

## Bradda Head Holdings Limited *(formerly Life Science Developments Limited)*

### Consolidated Statement of Comprehensive Income

for the period ended 28 February 2018

	Notes	Period ended 28 February 2018 (Note 1) US\$	Year ended 31 December 2016 US\$
Unrealised (loss)/profit on investment	16	(8,050)	28,343
<b>Operating expenses</b>			
Directors' fees	4,19	(265,077)	(180,145)
Consultants' fees		(152,976)	(16,600)
Other professional fees		(279,901)	(196,915)
Travel and entertainment		(21,526)	(1,581)
Administration expenses		(81,304)	(93,008)
Foreign exchange gains/(losses)		65,119	(145,488)
Gain on bargain purchase of subsidiary	11	16,388	-
<b>Loss before finance income</b>	4	<b>(727,327)</b>	(605,394)
Finance income		30,741	35,695
<b>Loss before income tax</b>		<b>(696,586)</b>	(569,699)
Income tax expense	5	-	-
<b>Loss for the period/year</b>		<b>(696,586)</b>	(569,699)
Other comprehensive income - foreign currency translation reserve		325	-
<b>Total comprehensive loss for the period/year</b>		<b>(696,261)</b>	(569,699)
<b>Loss attributable to:</b>			
Equity shareholders		(695,681)	(569,699)
Non-controlling interests	12	(905)	-
		<b>(696,586)</b>	(569,699)
<b>Total comprehensive loss attributable to:</b>			
Equity shareholders		(695,356)	(569,699)
Non-controlling interests	12	(905)	-
		<b>(696,261)</b>	(569,699)

The notes on pages 16 to 33 form an integral part of these consolidated financial statements.

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Consolidated Statement of Financial Position

as at 28 February 2018

	Notes	At 28 February 2018 (Note 1) US\$	At 31 December 2016 US\$
<b>Non-Current assets</b>			
Investment	16	38,293	46,343
Deferred mining and exploration costs	7	292,243	-
Exploration permits and licences	8	240,866	-
Goodwill	9	6,001,350	-
<b>Total non-current assets</b>		<b>6,572,752</b>	<b>46,343</b>
<b>Current assets</b>			
Cash and cash equivalents		108,197	48,218
Loans receivable	15	-	682,394
Trade and other receivables	13	89,031	57,635
<b>Total current assets</b>		<b>197,228</b>	<b>788,247</b>
<b>Total assets</b>		<b>6,769,980</b>	<b>834,590</b>
<b>Equity</b>			
Share premium	17	68,297,774	62,147,849
Retained deficit		(62,071,263)	(61,375,582)
Foreign currency translation reserve		325	-
<b>Equity attributable to shareholders of the Company</b>		<b>6,226,836</b>	<b>772,267</b>
Non-controlling interests	12	15,370	-
<b>Total equity</b>		<b>6,242,206</b>	<b>772,267</b>
<b>Current liabilities</b>			
Trade and other payables	14	157,352	62,323
Related party balances	19	370,422	-
<b>Total current liabilities</b>		<b>527,774</b>	<b>62,323</b>
<b>Total equity and liabilities</b>		<b>6,769,980</b>	<b>834,590</b>

The notes on pages 16 to 33 form an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 14 June 2018 and were signed on their behalf by:

**John McGoldrick**  
Executive Chairman

**Denham Eke**  
Director

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Consolidated Statement of Changes in Equity

for the period ended 28 February 2018

	Share premium US\$	Retained deficit US\$	Foreign currency translation reserve US\$	Equity attributable to shareholders of the Company US\$	Non -controlling interest US\$	Total US\$
Balance at 1 January 2017	62,147,849	(61,375,582)	-	772,267	-	772,267
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	(695,681)	-	(695,681)	(905)	(696,586)
Other comprehensive income for the period	-	-	325	325	-	325
<b>Total comprehensive income for the period</b>	-	(695,681)	325	(695,356)	(905)	(696,261)
<b>Transactions with owners of the Company</b>						
<b>Contributions and distributions</b>						
Issue of ordinary shares (note 17)	6,149,925	-	-	6,149,925	-	6,149,925
<b>Total contributions and distributions</b>	6,149,925	-	-	6,149,925	-	6,149,925
<b>Changes in ownership interests</b>						
Acquisition of subsidiary with NCI	-	-	-	-	16,275	16,275
<b>Total changes in ownership interests</b>	-	-	-	-	16,275	16,275
<b>Total transactions with owners of the Company</b>	6,149,925	-	-	6,149,925	16,275	6,166,200
<b>Balance at 28 February 2018 (Note 1)</b>	<b>68,297,774</b>	<b>(62,071,263)</b>	<b>325</b>	<b>6,226,836</b>	<b>15,370</b>	<b>6,242,206</b>

	Share premium US\$	Retained deficit US\$	Foreign currency translation reserve US\$	Total attributable to shareholders US\$	Non -controlling interest US\$	Total US\$
Balance at 1 January 2016	62,147,849	(60,805,883)	-	1,341,966	-	1,341,966
<b>Total comprehensive loss for the year</b>						
Loss for the year	-	(569,699)	-	(569,699)	-	(569,699)
Other comprehensive income for the year	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>62,147,849</b>	<b>(61,375,582)</b>	<b>-</b>	<b>772,267</b>	<b>-</b>	<b>772,267</b>

The notes on pages 16 to 33 form an integral part of these consolidated financial statements.

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Consolidated Statement of Cash Flows

for the period ended 28 February 2018

	Notes	Period ended 28 February 2018 (Note 1) US\$	Year ended 31 December 2016 US\$
<b>Cash flows from operating activities</b>			
Loss before income tax		(696,586)	(569,699)
<i>Adjusted for non-cash and non-operating items:</i>			
Unrealised loss/(profit) on investment	16	8,050	(28,343)
Finance income		(30,741)	(35,695)
Unrealised foreign exchange loss		-	126,687
Gain on bargain purchase of subsidiary	11	(16,388)	-
Shares issued to directors in lieu of directors fees	4	86,175	-
		<hr/>	<hr/>
		(649,490)	(507,050)
Change in trade and other receivables		(23,556)	(14,083)
Change in trade and other payables		(97,492)	17,816
		<hr/>	<hr/>
Net cash used in operating activities		(770,538)	(503,317)
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired		5,185	-
Amounts paid for deferred mining and exploration costs		(51,763)	-
Amounts paid for licences and permits		(12,932)	-
Loans receivable settled / (advanced)		682,394	(68,976)
Interest received		30,741	35,695
		<hr/>	<hr/>
Net cash generated from investing activities		653,625	(33,281)
<b>Cash flows from financing activities</b>			
Loan payables received		176,571	-
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		176,571	-
Effect of movements in exchange rates		321	-
		<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents		59,979	(536,598)
Cash and cash equivalents at beginning of period/year		48,218	584,816
		<hr/>	<hr/>
Cash and cash equivalents at end of period/year		<u>108,197</u>	<u>48,218</u>

The notes on pages 16 to 33 form an integral part of these consolidated financial statements.

# **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

## **Notes**

*forming part of the consolidated financial statements for the period ended 28 February 2018*

### **1 Reporting Entity**

Bradda Head Holdings 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 comparative information for the year ended 31 December 2016 comprise the Company only. On 4 January 2018, the Company acquired a 100% interest in Bradda Head Limited (“Bradda Head”). From this date, the financial statements of the Company have been prepared on a consolidated basis. The Company and its subsidiaries together are referred to as the “Group”.

Bradda Head Holdings Limited is a lithium exploration Group focused on developing its projects in USA and Mexico. The Company’s shares were traded on the AIM market (“AIM”) of the London Stock Exchange (ticker code: LIFE) until April 2017.

The Company changed its financial reporting year to end on 28 February 2018, resulting in a 14 month period end. The extension of the yearend was performed to allow the Company to complete certain acquisitions, as detailed in Note 11. Amounts presented for the comparative year ended 31 December 2016 are therefore not entirely comparable to those presented for the period ended 28 February 2018.

### **2 Basis of preparation**

#### *(a) Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU. The consolidated financial statements were authorised for issue by the Board of Directors on 14 June 2018.

#### *(b) Basis of measurement*

##### *Functional and Presentation Currency*

The consolidated financial statements of the Company are presented in US Dollars (US\$), which is the Company’s functional currency. All financial information presented in US Dollars has been rounded to the nearest dollar.

##### *Critical accounting estimates and judgements*

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant estimates and assumptions include those related to recoverability of mineral properties and determination as to whether costs are expensed or deferred.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable mineral reserves. The recoverability of carrying amounts for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development, and the success of future development of the properties.

Judgment is required in applying the Company’s accounting policy for exploration and evaluation assets in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review when assessing impairment. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the net income (loss) in the period

## **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

### **Notes (continued)**

*forming part of the consolidated financial statements for the period ended 28 February 2018*

#### **2 Basis of preparation (continued)**

##### *(b) Basis of measurement (continued)*

when the new information becomes available. In situations where indicators of impairment are present for the Company's exploration and evaluation assets, estimates of recoverable amount must be determined as the higher of the estimated value in use or the estimated fair value less costs to sell. Refer to notes 3 and 7.

##### *Going concern*

As at 28 February 2018, the Group is in a net current liability position of US\$ 330,546, which includes related party payable balances of US\$ 370,422. The related party balances are due to the majority shareholders, and were settled post year-end by the issue of new shares in the Company (Note 19). After adjusting for these non-cash settlements, the Group is in a net current asset position of US\$ 39,877.

The Group's ability to continue as a going concern is dependent upon continued funding from shareholders and successful completion of the relisting on London AIM, expected to be completed during H2 2018.

The Directors have also considered the following factors in assessing the Company's going concern position:

- Adjustments can be made to the Group's exploration expenditure, based on results of its exploration activities; and
- The Directors are confident that additional funding can be obtained through issuance of shares to private investors, and receipt of loans from existing shareholders.

Considering the above factors, the Directors are confident that the Group has sufficient cash resources available to pay its debts as and when they fall due and to continue as a going concern. The financial statements for the period ended 28 February 2018 have therefore been prepared on a going concern basis.

#### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities for the period ended 28 February 2018.

##### **Basis of consolidation**

The consolidated financial statements for the period ended 28 February 2018 incorporate the financial information of the Company and entities controlled by the Company (its "subsidiaries"). The results of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the date on which control is obtained, and up to the date control is lost.

##### *Business combination*

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

##### *Loss of control*

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

## **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

### **Notes (continued)**

*forming part of the consolidated financial statements for the period ended 28 February 2018*

#### **3 Significant accounting policies (continued)**

##### **Basis of consolidation (continued)**

###### *Non-controlling interest*

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets which are generally at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is adjusted for the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

###### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

###### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill as the excess of the sum of fair value of the consideration transferred, the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the consolidated statement of comprehensive income.

Subsequent to initial recognition, goodwill and intangible assets with indefinite useful lives are measured at cost or in some cases at a revalued amount less accumulated impairments. Goodwill and intangible assets with indefinite useful lives are not amortised, but instead are subject to impairment testing at least annually including the end of the initial accounting period.

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

##### **Foreign currency transactions**

Transactions in foreign currencies are translated into functional currency based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into functional currency at the exchange rate prevailing at the reporting date. Gains or losses arising from foreign currency transactions are recognized in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined or if measured at historical cost are translated using the exchange rate at the date of transaction.

The assets and liabilities of foreign operations are translated to US Dollars at exchange rates at the reporting date while income and expenses are translated at exchange rates at date of transactions although if not practically available, the average rate for the period is used.

## **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

### **Notes (continued)**

*forming part of the consolidated financial statements for the period ended 28 February 2018*

#### **3 Significant accounting policies (continued)**

##### **Deferred mine exploration costs**

The Company deems that all expenditure incurred in the country of the project, directly relating to exploratory activities, in addition to the acquisition costs of an existing, granted exploration permit or license, is capitalisable as deferred mine costs once a license or permit has been obtained for exploratory activities. Pre-license costs are expensed in the period in which they are incurred. License costs paid in connection with a right to explore in an existing exploration area are capitalised.

Exploration expenditures relate to the initial search for mineral deposits with economic potential as well as expenditures incurred for the purposes of obtaining more information about existing mineral deposits. Exploration expenditures typically comprise costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies;
- exploratory drilling and sampling for the purposes of obtaining core samples and the related metallurgical assay of these cores; and
- drilling to determine the volume and grade of deposits in an area known to contain mineral resources or for the purposes of converting mineral resources into proven and probable reserves.

The assessment of probability is based on the following factors: results from previous drill programmes; results from a geological study; results from a mine scoping study confirming economic viability of the resource; and preliminary estimates of the volume and grade of the deposit, and the net cash flows expected to be generated from its development.

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits will arise either from future exploitation, or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Deferred mine exploration cost are capitalised to the extent that they do not exceed the estimated economically recoverable amount from mineral interests. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made 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 comprehensive income in the period when the new information becomes available. Management reviews the carrying values of its deferred mine exploration costs at least annually and whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognised when the carrying value of those assets is not recoverable and exceeds their fair value.

These costs are carried forward provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has not expired during the period or will expire in the near future, and is expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is either budgeted or planned;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Upon reaching commercial production, these capitalised costs will be transferred from development properties to producing properties on the Consolidated Statement of Financial Position and will be amortised using the unit-of-production method over the estimated period of economically recoverable reserves.

## **Bradda Head Holdings Limited (formerly Life Science Developments Limited)**

### **Notes (continued)**

*forming part of the consolidated financial statements for the period ended 28 February 2018*

#### **3 Significant accounting policies (continued)**

##### **Exploration permits**

Exploration permits acquired by way of an asset acquisition or business combination are recognised if the asset is separable or arises from contractual or legal rights. On acquisition of a mineral property in the exploration stage, an estimate is prepared of the fair value attributable to the exploration potential, including mineral resources, if any, of that property. The fair value of the exploration permits is recorded as an intangible asset (acquired exploration permits) as at the date of acquisition. When an exploration stage property moves into development, any acquired exploration intangible asset balance attributable to that property is transferred to non-depreciable mining interests within property, plant and equipment. Impairment testing and the reversal of impairments are conducted in accordance with the accounting policy adopted for deferred mine exploration costs.

##### **Mineral property expenses**

Mineral property expenses are costs incurred that do not qualify for capitalisation and are therefore expensed to the profit or loss as incurred. These include payments for costs incurred prior to obtaining licenses.

##### **Impairment of tangible and intangible assets excluding goodwill**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

##### **Financial instruments**

###### *Measurement*

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

###### *Trade and other receivables*

Trade and other receivables are stated at amortised costs using the effective interest method less impairment losses.

###### *Cash and cash equivalents*

Cash and cash equivalents are measured at amortised costs and are due on demand.

###### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised costs using the effective interest method.

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 3 Significant accounting policies (continued)

##### Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

##### Share premium

Ordinary shares are classified as equity. The ordinary shares of the Company have a nil par value. As such all proceeds received for the issue of shares has been credited to share premium. Proceeds from the exercise of stock options or conversion of share purchase warrants are recorded in share premium at the amount received on exercise or conversion. Commissions paid to underwriters or agents and other related share issue costs, such as legal, accounting and printing, are charged to share premium.

##### New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the current period ended, and have not been applied in preparing these consolidated historical financial statements:

<b>New/revised International Accounting Standards/International Financial Reporting Standards (IAS/IFRS)</b>	<b>Effective date (accounting periods commencing on or after)</b>
<i>Annual improvements to IFRS 2014-2016 (Amendments to IFRS12)</i>	<i>1 January 2018</i>
<i>IFRS 9 Financial Instruments 2014</i>	<i>1 January 2018</i>
<i>Amendments to IFRS: Classification and Measurement of Share Based Payment transactions</i>	<i>1 January 2018</i>
<i>IFRIC 2: Foreign Currency Transactions and Advanced Considerations</i>	<i>1 January 2018</i>
<i>IFRS16 Leases</i>	<i>1 January 2019</i>

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Company's financial statements in the period of initial application.

#### 4 Loss before finance income

Loss before finance income is stated after charging:

	<b>Period ended 28 February 2018</b>	<b>Year ended 31 December 2016</b>
	<b>US\$</b>	<b>US\$</b>
Auditors' Fees	<b>20,597</b>	13,567
Directors' Fees (note 19)	<b>265,077</b>	180,145

Directors fees includes US\$ 86,175 relating to the settlement of outstanding fees through the issuance of shares in the Company. See note 17.

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 5 Taxation

##### Income tax

The British Virgin Islands under the International Business Companies Act 2004 imposes no corporate taxes or capital gains taxes.

##### Deferred tax assets and liabilities

Deferred tax assets have not been recognised because there is insufficient evidence of the timing of suitable future profits against which they can be recovered.

#### 6 Company loss

The loss made by the Company during the period ended 28 February 2018 was US\$ 562,496 (year ended 31 December 2016: US\$569,699).

#### 7 Deferred mine exploration costs

The schedule below details the current projects of the Group and the related exploration costs capitalised:

	USA US\$	Mexico US\$	Total US\$
<b>Cost and net book value</b>			
At 1 January 2017	-	-	-
Acquired through business combination (Note 11)	108,511	131,970	240,480
Capitalised during the period	27,921	23,842	51,763
At 28 February 2018	<b>136,432</b>	<b>155,812</b>	<b>292,243</b>
<b>Cost and net book value</b>			
<b>At 28 February 2018</b>	<b>136,432</b>	<b>155,812</b>	<b>292,243</b>
At 31 December 2016	-	-	-

All the deferred mining and exploration expenditure has been incurred by Bradda Head Limited, a wholly owned subsidiary of the Company. See note 10 and 11.

Deferred mine exploration costs represent intangible assets. Refer to note 8 for details on explorations permits and licences held.

The recoverability of the carrying amounts of exploration and evaluation assets is dependant 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 deferred mine exploration costs, relating to areas for which licenses and permits are held, for impairment as at 28 February 2018 and considered that the recoverable amount of these assets exceeded the carrying amount and, as such, no impairment was recognised. There have been no indications of impairment since the last review and exploration activities to date have continued to be positive.

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 8 Exploration permits and licences

The schedule below details the current projects of the Group and the related exploration permit and licence costs capitalised:

	USA US\$	Mexico US\$	Total US\$
<b>Cost and net book value</b>			
At 1 January 2017	-	-	-
Acquired through business combination (Note 11)	227,934	-	227,934
Capitalised during the period	12,932	-	12,932
	<hr/>	<hr/>	<hr/>
At 28 February 2018	<b>240,866</b>	-	<b>240,866</b>
	<hr/>	<hr/>	<hr/>
<b>Cost and net book value</b>			
<b>At 28 February 2018</b>	<b>240,866</b>	-	<b>240,866</b>
At 31 December 2016	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The licences and permits are held through Bradda Head Limited, a wholly owned subsidiary of the Company. See notes 10 and 11.

The Group assessed the carrying amount of the licences and permits held for impairment as at 28 February 2018 and considered that the recoverable amount of these assets exceeded the carrying amount and as such, no impairment was recognised. There have been no indications of impairment since the last review and exploration activities to date have continued to be positive.

During March 2017, Bradda Head entered into a Farm-In Agreement (the "Farm-In") with Zenith Minerals Limited (the Farm-In was updated during February 2018). The terms of the Farm-In entitle Bradda Head to an interest in both the USA and Mexican lithium projects as follows:

- An initial 55% interest following the payment of US\$ 500,000. This was completed during July 2017 and the 55% interest earned (which is subject to the completion of a US\$ 5 million expenditure programme before 28 February 2021); and
- An option to earn a 70% interest, following completion of a prefeasibility study on two tenements within a five year period starting 1 March 2021. During this period, Zenith Minerals Limited is free carried by Bradda Head.

#### USA

The USA exploration permits and licences are held by Zenolith (USA) LLC ("Zenolith"), a subsidiary of Bradda Head (see note 10). Zenolith holds licences and permits over land in the states of Nevada and Arizona, USA, which provide Zenolith with exclusive rights to explore for lithium.

#### Mexico

The Mexican exploration permits and licence applications are held by a consultant from World Industrial Minerals LLC, and subject to a trust deed in favour of Zenith Minerals Limited or any designated representative. Applications for mining concessions have been submitted to the General Bureau of Mines of Mexico City and are pending approval. Under Mexican regulations, initial exploration, drilling and sampling can be performed on a limited scale prior to granting of formal exploration licences and permits. This is subject to approval being granted from the local counsel or 'Ejidos'. Such approval has been obtained prior to commencing any exploration activities. Once the concessions are approved they will be designated to Minera Salmuera, S.A. de C.V., a subsidiary of Bradda Head (See Note 10).

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 9 Goodwill

Goodwill has been recognised as a result of the acquisition of Bradda Head Limited and its subsidiaries. The total balance as at the period end is analysed as follows:

	Bradda Head Limited US\$	Total US\$
<b>Cost</b>		
Balance at 1 January 2017	-	-
Acquisition through business combination (Note 11)	6,001,350	6,001,350
<b>Balance at 28 February 2018</b>	<b>6,001,350</b>	<b>6,001,350</b>

No impairment has been recognised during the period ended 28 February 2018.

#### 10 Investment in subsidiary undertakings

As at 28 February 2018, the Group had the following subsidiaries:

Name of company	Place of incorporation	Ownership interest	Principal activity
Bradda Head Limited*	BVI	100%	Holding company of Zenolith (USA) LLC and Minera Salmuera, S.A. de C.V.
Zenolith (USA) LLC	USA	55%	Holds USA lithium licences and permits
Minera Salmuera, S.A. de C.V.	Mexico	100% **	Holds Mexican lithium licences and permits

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

\*\* Subject to the Farm-In, the effective interest is 55% (see note 8 and 11)

The consolidated financial statements include the results of the subsidiaries from the date that control is obtained to 28 February 2018, and up to the date that control ceases.

#### 11 Business combinations

##### Bradda Head Limited ("Bradda Head")

On 4 January 2018, the Company acquired a 100% interest in Bradda Head. On the same date, J. MacDonald and A. Baillieu (Bradda Head Directors) were appointed as Directors of the Company. From this date, the Company obtained control of Bradda Head.

Bradda Head is engaged in lithium exploration, and is currently developing lithium projects in USA and Mexico. Following the acquisition, the Company has access to lithium projects located in USA and Mexico.

For the two months ended 28 February 2018, Bradda Head contributed Nil revenue and US\$ 134,090 loss to the Group's results. Had Bradda Head been acquired on 1 January 2017, the consolidated revenue of the Company would have been US\$ Nil, and the consolidated loss for the period would have been US\$ 1,222,986.

The total consideration of US\$ 6,063,750 was settled by the issue of 387,009,297 new shares of no par value in the Company. The new shares were issued at a price of US\$ 0.01566 per share, which the Directors considered to be the fair value at the date of acquisition. The shares were issued to Bradda Head shareholders in full settlement of the purchase consideration.

The Group incurred acquisition related costs of US\$ 2,681 on legal fees and due diligence costs. These costs have been included in Other Professional Fees in the Consolidated Statement of Comprehensive Income.

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 11 Business combinations (continued)

<i>Identifiable assets acquired and liabilities assumed</i>	<b>US\$</b>
Deferred mining and exploration costs	210,685
Exploration licences and permits	227,934
Cash and cash equivalents	5,175
Trade and other receivables	7,840
Trade and other payables	(192,521)
Related party payables <sup>1</sup>	(193,850)
	<hr/>
<b>Total identifiable net assets acquired</b>	<b>65,263</b>
	<hr/> <hr/>

<sup>1</sup> – Related party payables include loans payable of US\$ 123,984 to Galloway Limited, and US\$ 69,866 to Bradda Head International Limited. See note 19.

The carrying amounts of all the net identifiable assets acquired and liabilities assumed are considered to equal their fair values on the acquisition date.

<i>Goodwill</i>	<b>US\$</b>
Consideration transferred	6,063,750
Non-controlling interest based on proportionate share	2,863
Less: Fair value of identifiable net assets	(65,263)
	<hr/>
<b>Goodwill on acquisition</b>	<b>6,001,350</b>
	<hr/> <hr/>

The non-controlling interest is in relation to Minera Salmuera, S.A. de C.V., which is a wholly owned subsidiary of Bradda Head. Based on the terms of the Farm-In (note 8), Bradda Head is only entitled to an economic interest of 55% in the Mexican projects, and therefore non-controlling interest of 45% was recognised by Bradda Head on acquisition of Minera Salmuera, S.A. de C.V., during December 2017.

#### *Zenolith (USA) LLC (“Zenolith”)*

On 28 February 2018, Bradda Head acquired a 55% interest in Zenolith. Based on the terms and conditions included in the Zenolith shareholder agreement, Bradda Head was appointed as Manager of Zenolith and is responsible for managing, directing and controlling the operations of Zenolith. This results in Bradda Head having control of Zenolith, and therefore consolidating Zenolith from 28 February 2018. A 45% non-controlling interest was recognised on acquisition. Following the acquisition by Bradda Head, the Company has access to lithium projects located in USA.

Had Zenolith been acquired by Bradda Head on 1 January 2017, the consolidated revenue of the Group would have been US\$ Nil, and the consolidated loss for the period would have been US\$ 711,320. The Group incurred acquisition related costs of US\$ 28,530 on legal fees and due diligence costs. These costs have been included in Other Professional Fees in the Consolidated Statement of Comprehensive Income.

The total consideration for the acquisition of Zenolith was US\$ 6, which the directors of both Bradda Head and Zenith Minerals Limited considered to be the fair value. The consideration was settled in cash and is based on the par value of the shares acquired by Zenith, being the founding shareholder of Zenolith and current holder of the remaining 45% interest.

<i>Identifiable assets acquired</i>	<b>US\$</b>
Cash and cash equivalents	10
Deferred mining and exploration costs	29,797
	<hr/>
<b>Total identifiable net assets acquired</b>	<b>29,807</b>
	<hr/> <hr/>

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 11 Business combinations (continued)

The carrying amounts of all the net identifiable assets acquired and liabilities assumed are considered to equal their fair values on the acquisition date.

##### Gain on bargain purchase

	<b>US\$</b>
Consideration transferred	6
Non-controlling interest based on proportionate share	13,413
Fair value of identifiable net assets	(29,807)
	<hr/>
<b>Gain on bargain purchase</b>	<b>(16,388)</b>
	<hr/> <hr/>

The gain on bargain purchase has been recognised directly in profit and loss, and is a result of the consideration transferred being based on the nominal value of Zenolith's shares.

#### 12 Non-controlling interests

The non-controlling interests ("NCI") of US\$ 15,370 (31 December 2016: US\$ Nil) relates to net assets attributable to the shares not held by the Group at 28 February 2018 in the following sub-subsidiaries:

Name of subsidiary	28 February 2018	31 December 2016
	US\$	US\$
Zenolith (USA) LLC	13,413	-
Minera Salmuera, S.A. de C.V.	1,957	-
	<hr/>	<hr/>
	15,370	-
	<hr/> <hr/>	<hr/> <hr/>

The following table summarises the information relating to each of the Group's sub-subsidiaries that has material NCI, prior to intra-group eliminations.

Name of subsidiary	Zenolith (USA) LLC	Minera Salmuera, S.A. de C.V.	Total
	US\$	US\$	US\$
Total assets	29,807	9,315	39,122
Total liabilities	-	(4,640)	(4,640)
Foreign currency translation reserve	-	(325)	(325)
	<hr/>	<hr/>	<hr/>
Net assets	29,807	4,350	34,157
	<hr/>	<hr/>	<hr/>
<b>Net assets attributable to NCI</b>	<b>13,413</b>	<b>1,957</b>	<b>15,370</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive loss for the period	-	2,012	2,012
	<hr/>	<hr/>	<hr/>
<b>Loss allocated to NCI</b>	<b>-</b>	<b>905</b>	<b>905</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### 13 Trade and other receivables

	28 February 2018	31 December 2016
	US\$	US\$
Advances and deposits - others	<b>4,407</b>	26,330
Prepayments and other debtors	<b>84,624</b>	31,305
	<hr/>	<hr/>
	<b>89,031</b>	57,635
	<hr/> <hr/>	<hr/> <hr/>

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 14 Trade and other payables

	28 February 2018	31 December 2016
	US\$	US\$
Accounts payable	44,571	33,621
Accrued expenses and other payables	112,781	28,702
	<u>157,352</u>	<u>62,323</u>

#### 15 Loans receivable

The Company entered into the following loan arrangements:

- i. On 5 September 2012, the Company placed £350,000 (US\$518,073) with Manx Financial Group plc ("MFG") as a bond. The bond bears a fixed rate interest of 5% per annum payable quarterly in arrears. The principal together with any unpaid interest is repayable after 5 years. Total interest earned during the period was US\$ 17,732 (year ended 31 December 2016: US\$23,286). The bond, together with accrued interest, was fully repaid during January 2018.
- ii. On the 5 October 2016, the Company announced that it had signed a non-binding Term Sheet to acquire up to 100% of the issued share capital (the "Acquisition") of The Diabetic Boot Company Limited ("DBC") for new shares in the Company. As a precursor to the Acquisition, on 5 October 2016 the Board agreed to provide DBC with a short term loan of £200,000 (US\$250,634) (the "Loan") for working capital purposes. The Loan pays a coupon of 7% and is unsecured. The loan balance, together with accrued interest, was fully repaid during July 2017.

Loans receivable can be called on at any time and as such have been included as current assets.

#### 16 Investment

On 1 July 2011, the Company acquired, by way of private placement, a strategic investment in Crazy Horse Resources Inc. ("CHR"), a copper and gold company traded on the TSX Venture Exchange, which owns the Taysan Project, an advanced copper gold porphyry deposit located 100 km south of Manila in the Philippines. The total number of shares acquired was 2,496,880 (post 3:1 share consolidation) at a total cost of US\$5,861,409. During June 2017, CHR changed its name to Rockwealth Resources Corp. ("RRC"). On 24 April 2017, RRC undertook a share consolidation on a 10:1 basis, resulting in the number of shares held by the Company being reduced to 249,688.

This investment is classified as financial asset at fair value through profit or loss. For valuation purposes, it was revalued using the closing bid price as at the reporting period.

	28 February 2018	31 December 2016
	US\$	US\$
Total number of shares held	249,688	2,496,880
Market value of investment at closing bid price	38,293	46,343
Total cost	(5,861,409)	(5,861,409)
Unrealised loss on investment	<u>(5,823,116)</u>	<u>(5,815,066)</u>

The unrealised loss on the investment in RRC charged to the Consolidated Statement of Comprehensive Income during the period was US\$ 8,050 (year ended 31 December 2016: Profit of US\$ 28,343).

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 17 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 01 January 2017	37,501,033	-	62,147,849
Issued to creditors and directors	5,500,000	-	86,175
Issued as part of business combination (see note 11)	387,009,297	-	6,063,750
<b>At 28 February 2018</b>	<b>430,010,330</b>	<b>-</b>	<b>68,297,774</b>

During the period, 3,500,000 shares were issued to Mitch Alland (Senior Independent Non-Executive) in settlement of outstanding directors fees. See note 19.

During the period, 2,000,000 shares were issued to Burnbrae Limited in settlement of outstanding administrative and directors fees. See note 19.

The fair value of the shares and number of shares issued was based on the fair value of the services provided by the Directors and Burnbrae Limited.

On 4 January 2018, the Company acquired a 100% interest in Bradda Head Limited. The consideration was settled in full by the issue of 387,009,297 new shares of no par value. See note 11.

#### 18 Financial instruments

##### Financial risk management

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

The Company's principal financial instruments consist of cash, receivables and payables arising from its operations and activities. The main risks arising from the Company's financial instruments and the policies for managing each of these risks are summarised below.

##### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by the Company by means of cash flow planning to ensure that future cash requirements are anticipated. All liabilities are due within one month and all cash maintained in call accounts. To date the Company has relied upon equity funding to finance operations. The carrying amount of financial assets and liabilities reported in the consolidated statement of financial position represents the maximum exposure to liquidity risk. Management is confident that adequate resources are available to meet current obligations. See note 2(b) in respect of the Board's going concern assessment, and note 21 regarding exploration commitments.

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 18 Financial instruments (continued)

##### Financial risk management (continued)

###### *Credit risk*

Credit risk is the risk of loss associated with the counter-party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to receivables and cash balances with the maximum exposure being the reported balance in the statement of financial position. The Company holds available cash with licensed banks which have strong history. The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. All funds are available on demand.

###### *Interest rate exposure*

Interest rate risk is the risk that the Company will sustain losses through adverse movements in interest bearing assets or liabilities; however it is the Directors' opinion that the Company is not significantly exposed to interest rate risk.

###### *Market price risk*

Equity price risk arises from financial assets at fair value through profit or loss due to uncertainties about future values of the instrument. The investment at period end represents an interest held in the share capital of RRC, a copper and gold company traded on the TSX Venture Exchange. The performance of this investment is monitored and reviewed by management on a regular basis. As at 28 February 2018, the fair value of equity security exposed to price risk was US\$ 38,293 (31 December 2016: US\$46,343). A 5% increase or decrease in the fair value of this listed investment, with all other variables constant, would have increased/decreased consolidated profit or loss and equity by US\$ 1,915 (31 December 2016: US\$ 2,317).

###### *Foreign exchange risk*

The Group was exposed to foreign currency risk on fluctuations related to financial assets and liabilities that are denominated in Pounds (GBP) and Mexican Peso (MXN). The amounts exposed to foreign currency risk are as follows (in currency balance):

		GBP	MXN
<b>28 February 2018</b>	Cash	996	14,045
	Accounts receivable	-	160,342
<b>31 December 2016</b>	Cash	10,311	-
	Accounts receivable	572,933	-

The impact of 5% strengthening of the GBP and MXN against the US Dollar to total comprehensive income/loss is set-out below. A 5% weakening in these currencies would have had the equal but opposite effect, on the basis that all other variables remain constant.

	28 February 2018	31 December 2016
<b>US Dollars against:</b>	US\$	US\$
GBP	100	35,975
MXN	931	-

There is no other impact on the Company's equity other than those already affecting the consolidated statement of comprehensive income/(loss).

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 18 Financial instruments (continued)

##### Political risks

The Company's operations are subject to laws and regulations governing exploration activities. While the Company believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in laws and regulations could result in changes in legal requirements or in the terms of existing agreements applicable to the Company which could have a material adverse impact on the Company's current operations or planned implementation of the investing policy.

##### Financial risk management classification

Financial instruments comprise cash and trade and other receivables (classified as loans and receivables) and accounts payable and accrued expenses (classified as trade and other payables). The carrying amounts of these financial instruments reported in the consolidated statement of financial position approximate their fair values due to the short-term nature of these accounts.

##### Capital Management

The Company manages its capital to maximize the return to the shareholders through the optimization of equity. The capital structure of the Company at 28 February 2018 consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed.

The Company manages its capital structure and makes adjustments to it, in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Company may adjust any dividend payment to shareholders, return capital to shareholders or issue new shares and release the Company's share premium account. No changes were made in the objectives, policies or processes during the period and year ended 28 February 2018 and 31 December 2016.

#### 19 Related party transactions and balances

All related party transactions occurred in the normal course of operations, and are measured at the fair value, which is the amount of consideration established and agreed to by the related parties.

##### Key management personnel

The Directors of the Company received the following remuneration during the period:

	Period ended 28 February 2018	Year ended 31 December 2016
	US\$	US\$
Mitch Alland	151,788	90,000
Denham Eke	82,137	49,306
James Mellon	31,152	40,839
	<u>265,077</u>	<u>180,145</u>

During the year, US\$ 8,000 was advanced to Mitch Alland as reimbursement of expenses incurred in the performance of his duties as Chairman. As at 28 February 2018, US\$ 4,407 was outstanding (31 December 2016: US\$ 1,050).

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 19 Related party transactions and balances (continued)

The Directors hold the following number of shares in the Company as at 28 February 2018:

	Number	% of issued share capital
Denham Eke / James Mellon <sup>1</sup>	120,901,814	28.12%
Anthony Baillieu	118,280,741	27.53%
Jason MacDonald	118,280,741	27.53%
Mitch Alland <sup>2</sup>	3,950,002	0.92%
	<hr/> <b>361,413,298</b> <hr/>	<hr/> <b>84.10%</b> <hr/>

Notes to Directors' Interests:

<sup>1</sup> See note 20 for further details.

<sup>2</sup> During December 2017, 3,500,000 new shares in the Company were issued to Mitch Alland in settlement of outstanding Directors fees.

There are no warrants or options currently in issue to key personnel of the Company.

#### *Burnbrae Limited*

The Company and its subsidiary, Bradda Head Limited, entered into service agreements with Burnbrae Limited for the provision of administrative and general office services. Denham Eke and James Mellon are Directors of both Burnbrae Limited and the Company. James Mellon indirectly owns Burnbrae Limited.

During the period ended 28 February 2018, the Group incurred costs of US\$ 53,523 (year ended 31 December 2016: US\$ 51,368) under these agreements, of which US\$ 6,248 was outstanding as at the period end (31 December 2016: US\$ Nil).

During December 2017, 2,000,000 new shares in the Company were issued to Burnbrae Limited in settlement of outstanding administrative and Directors fees.

#### *Galloway Limited*

Bradda Head Limited, a wholly owned subsidiary of the Company, entered into a loan facility agreement with Galloway Limited on 21 September 2017. Denham Eke is a Director of both Galloway Limited and the Company. James Mellon indirectly owns Galloway Limited. Any outstanding balances accrue interest at a rate of 5% per annum. The loan is repayable on the first anniversary of any draw downs being made.

During the period, interest of US\$ 2,363 was charged on drawn down loan amounts, with a total loan of US\$ 100,288 being outstanding at 28 February 2018. At a Board meeting on 29 April 2018, the Directors approved the settlement of the outstanding loan balance, plus accrued interest to date, by the issuance of new shares in the Company.

#### *Anthony Baillieu and Jason MacDonald*

During February 2018, Anthony Baillieu and Jason MacDonald each advanced a US\$ 100,000 loan to Bradda Head Limited. Any outstanding balances accrue interest at a rate of 5% per annum. The loans are repayable on the earlier of the first anniversary of the loan agreement or upon the listing of the Company. Any outstanding loan amount, plus accrued interest, will be settled in full by the issuance of shares in the Company.

During the period, respective interest of US\$ 84 and US\$ 178 was charged on outstanding loan amounts, with outstanding balances at 28 February 2018 of US\$ 100,084 and US\$ 100,178 respectively. At a Board meeting on 29 April 2018, the Directors approved the settlement of the outstanding loan balance, plus accrued interest to date, by the issuance of new shares in the Company.

## Bradda Head Holdings Limited (formerly Life Science Developments Limited)

### Notes (continued)

forming part of the consolidated financial statements for the period ended 28 February 2018

#### 19 Related party transactions and balances (continued)

##### *Bradda Head International Limited*

During August 2017, US\$ 69,872 was advanced to the Company for working capital purposes. The outstanding balance accrues no interest and is repayable on demand. At a Board meeting on 29 April 2018, the Directors approved the settlement of the outstanding loan balance, plus accrued interest to date, by the issuance of new shares in the Company.

##### *Bradda Head Limited*

Prior to being acquired by the Company, Bradda Head was considered to be a related party due to James Mellon holding a 30.3% interest in it. James Mellon is also a Director of both the Company and Bradda Head.

##### *Manx Financial Group plc ("MFG")*

The Company entered into loan agreements with MFG, terms of the agreement are disclosed in Note 15. Denham Eke and James Mellon are Directors of both the Company and MFG. During January 2018, the loan amount plus accrued interest was repaid in full.

##### *Edgewater Associates Limited ("Edgewater")*

During the period, Directors and Officers insurance was obtained through Edgewater, which is a 100% subsidiary of MFG. Denham Eke is a Director of both the Company and MFG.

The premium payable on the policy was US\$ 12,933 (year ended 31 December 2016: US\$ 16,071), of which US\$ 2,813 was prepaid as at the period end (31 December 2016: US\$ 5,357).

##### *The Diabetic Boot Company ("DBC")*

In the prior year, the Company advanced a short term loan to DBC, terms of the agreement are disclosed in Note 15. James Mellon has an approximate 44% direct and indirect interest in DBC. During July 2017, the loan balance together with accrued interest, was repaid in full.

#### 20 Significant shareholdings

As at 28 February 2018, the Company is aware of the following persons who hold, directly or indirectly, voting rights representing 3% or more of the issued share capital of the Company to which voting rights are attached:

	Number of ordinary shares held	Percentage of total issued capital
James Mellon <sup>1</sup>	120,901,814	28.12%
Anthony Baillieu <sup>2</sup>	118,280,741	27.53%
Jason MacDonald <sup>3</sup>	118,280,741	27.53%
Inspirit Projekt GmbH	13,402,919	3.12%

##### Notes:

<sup>1</sup> James Mellon's interest comprises of 6,987,460 shares directly held by Galloway Limited and 2,000,000 shares held by Burnbrae Limited (both companies are indirectly wholly owned by James Mellon), and 111,914,354 shares held by Galloway Limited through Bradda Head International Limited. Bradda Head International Limited holds a total of 335,072,917 shares in the Company.

<sup>2</sup> Anthony Baillieu's interest comprises of 6,701,460 shares held directly, and 111,690,972 shares held indirectly through Bradda Head International Limited.

<sup>3</sup> Jason MacDonald's interest comprises of 6,701,460 shares held directly, and 111,690,972 shares held indirectly through Bradda Head International Limited.

## **Bradda Head Holdings Limited** *(formerly Life Science Developments Limited)*

### **Notes (continued)**

*forming part of the consolidated financial statements for the period ended 28 February 2018*

#### **21 Exploration commitments**

The Group has certain obligations to expend minimum amounts on exploration works on mining tenements in order to retain an interest in them, which would be approximately US\$ 83,000 during the next 12 months (31 December 2016: Nil). These obligations may be waived 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.

#### **22 Subsequent events**

During April 2018, the Company completed a private funding round, raising a total of US\$ 1,035,000 from new and existing shareholders.

On 18 April 2018, the Company changed its name to Bradda Head Holdings Limited.