



BRADDA HEAD

Directors' report and consolidated financial statements
For the year ended 28 February 2019

Bradda Head Holdings Limited

<i>Contents</i>	<i>Page</i>
Management and administration	3
Directors' report	4
Statement of Directors' responsibilities	5
Report of the Independent Auditors	6
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13 to 30

Bradda Head Holdings Limited

Management and administration

Directors	John McGoldrick – Managing Director (appointed 26 April 2018 and resigned on 31 July 2020) James Mellon – Non Executive Deputy Chairman Denham Eke – Finance Director and Company Secretary Mitch Alland – Independent Non-Executive Director (resigned on 17 November 2020) Ian Stalker – Independent Chairman (appointed 1 April 2019) Euan Jenkins – Senior Independent Non-executive Director (appointed 15 June 2019) Jason Macdonald – Non-Executive Director (resigned 11 July 2019) Anthony Baillieu – Non-Executive Director (resigned 16 May 2019) Charles FitzRoy – CEO (Appointed 23 April 2021) Alex Borrelli - Senior Independent Non-executive Director (appointed 7 June 2021)
Secretary	Denham Eke 4 th Floor Viking House Nelson Street Douglas Isle of Man IM1 2AH
Registered office	Craigmuir Chambers, Road Town Tortola, British Virgin Islands
Nominated Advisor	Beaumont Cornish Limited Building 3 566 Chiswick High Road London W4 5YA
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 IM1 1LA
Legal Advisors	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Depository	Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS13 8AE

Bradda Head Holdings Limited

Directors' report

The Directors present their annual report and the consolidated financial statements for Bradda Head Holdings Limited (the "Company") for the year ended 28 February 2019.

Principal activity

Bradda Head Holdings Limited is a lithium exploration Group focused on developing its high quality projects in USA and Mexico.

Results and transfers to reserves

The results and transfers to reserves for the year are set out on pages 8 to 12 of the consolidated financial statements.

The Company made a total comprehensive loss attributable to equity shareholders for the year after taxation of US\$ 2,217,221 (2018 restated: US\$ 1,332,660).

Dividend

The Directors do not propose the payment of a dividend for the year (period ended 28 February 2018: US\$nil).

Directors

The Directors who served during the period and to date are:

Denham Eke	
Mitchell Alland	Resigned on 17 November 2020
James Mellon	
Jason Macdonald	Resigned 11 July 2019
Anthony Baillieu	Resigned 16 May 2019
John McGoldrick	Appointed 26 April 2018 and resigned on 31 July 2020
Ian Stalker	Appointed 1 April 2019
Euan Jenkins	Appointed 15 June 2019
Charles FitzRoy	Appointed 23 April 2021
Alex Borrelli	Appointed 7 June 2021

By order of the Board

Denham Eke

Director

10 June 2021

Bradda Head Holdings Limited

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

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law.

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 and applicable law.

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 Group or 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

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

Our opinion is unmodified

We have audited the consolidated financial statements of Bradda Head Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 28 February 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the EU, of the financial position of the Group as at 28 February 2019, and of the Group's financial performance and cash flows for the year then ended.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 2(b) to the consolidated financial statements which indicates that the Group is in a net current liability position as at 28 February 2019. Given the early exploration stage of the Group's projects, the Group is not yet generating any revenue and is incurring expenditure in progressing its exploration work. Accordingly, the Group incurred a loss attributable to equity shareholders of US\$2,217,221 for the year ended 28 February 2019 (year ended 28 February 2018: loss of US\$1,332,660). As at 28 February 2019, the Group had cash balances of US\$168,246 (2018: US\$108,197). Further expenditure will be necessary in order for it to progress the projects to a stage where their feasibility can be assessed and where they may be able to ultimately generate revenue. Based on forecasts prepared by Directors, the Group's going concern is dependent on ability to continue to raise sufficient capital in order to achieve its longer term aims. These events and conditions, along with the other matters explained in note 2(b) constitute a material uncertainty that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Bradda Head Holdings Limited

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

(continued)

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company'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 the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members, as a body

This report is made solely to the Company's members, as a body, in accordance with our terms of engagement as detailed in our letter of 9 October 2018. Our audit work has been undertaken so that we might state to the 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 its 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

IM1 1LA

10 June 2021

Bradda Head Holdings Limited

Consolidated Statement of Comprehensive Income

for the year ended 28 February 2019

	<i>Notes</i>	Year ended 28 February 2019	Period ended 28 February 2018 (Restated) (Note 4)
		US\$	US\$
Unrealised loss on investment	13	(7,947)	(8,050)
Operating expenses			
Directors' fees	5, 17	(194,334)	(265,077)
Consultants' fees		(835,899)	(83,318)
Impairment of exploration assets	7, 8	(350,616)	-
Other professional fees		(236,540)	(279,901)
Travel and entertainment		(4,567)	(21,526)
Administration expenses		(127,808)	(81,284)
Foreign exchange (losses)/gains		(2,635)	65,118
Loss on step-up acquisition	4	-	(423,675)
Share based payments	15	(457,868)	(266,919)
Loss before finance income	5	(2,218,214)	(1,364,632)
Finance income		372	30,742
Finance costs		(1,274)	-
Loss before income tax		(2,219,116)	(1,333,890)
Income tax expense	6	-	-
Loss for the year/period		(2,219,116)	(1,333,890)
Other comprehensive income - foreign currency translation reserve		(139)	325
Total comprehensive loss for the year/period		(2,219,255)	(1,333,565)
Loss attributable to:			
Equity shareholders		(2,217,082)	(1,332,985)
Non-controlling interests	10	(2,034)	(905)
		(2,219,116)	(1,333,890)
Total comprehensive loss attributable to:			
Equity shareholders		(2,217,221)	(1,332,660)
Non-controlling interests	10	(2,034)	(905)
		(2,219,255)	(1,333,565)
Basic and diluted earnings loss per share (cents)	18	(0.041)	(0.013)

The notes on pages 13 to 30 form an integral part of these consolidated financial statements.

Bradda Head Holdings Limited

Consolidated Statement of Financial Position

as at 28 February 2019

	<i>Notes</i>	At 28 February 2019	At 28 February 2018 (Restated) (Note 4)
		US\$	US\$
Non-Current assets			
Investment	13	30,346	38,293
Deferred mining and exploration costs	7	1,564,585	871,690
Exploration permits and licences	8	384,484	240,866
Advances and deposits	11	49,313	-
Total non-current assets		2,028,728	1,150,849
Current assets			
Cash and cash equivalents		168,246	108,197
Trade and other receivables	11	43,867	89,031
Total current assets		212,113	197,228
Total assets		2,240,841	1,348,077
Equity			
Share premium	14	8,952,724	68,297,775
Retained deficit		(8,466,616)	(67,911,744)
Foreign currency translation reserve		186	325
Contributed capital	14	99,965	-
Equity attributable to shareholders of the Company		586,259	386,356
Non-controlling interests	10	1,156,502	431,292
Total equity		1,742,761	817,648
Current liabilities			
Trade and other payables	12	498,080	530,429
Total equity and liabilities		2,240,841	1,348,077

The notes on pages 13 to 30 form an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 10 June 2021 and were signed on their behalf by:

Denham Eke
Director

Bradda Head Holdings Limited

Consolidated Statement of Changes in Equity

for the year ended 28 February 2019

	Share premium US\$	Contributed capital 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 March 2018 (Restated)	68,297,775	-	(67,911,744)	325	386,356	431,292	817,648
Total comprehensive loss for the year							
Loss for the year	-	-	(2,217,082)	-	(2,217,082)	(2,034)	(2,219,116)
Other comprehensive loss for the year	-	-	-	(139)	(139)	-	(139)
Total comprehensive income for the year	-	-	(2,217,082)	(139)	(2,217,221)	(2,034)	(2,219,255)
Transactions with owners of the Company							
Issue of ordinary shares (note 14)	2,586,535	-	-	-	2,586,535	-	2,586,535
Capital contributions received (note 14)	-	99,965	-	-	99,965	-	99,965
Transfer to retained deficit (note 14)	(61,931,586)	-	61,931,586	-	-	-	-
Equity settled share-based payments (note 15)	-	-	457,868	-	457,868	-	457,868
Equity contribution to NCI (note 10)	-	-	(727,244)	-	(727,244)	727,244	-
Total transactions with owners of the Company	(59,345,051)	99,965	61,662,210	-	2,417,124	727,244	3,144,368
Balance at 28 February 2019	8,952,724	99,965	(8,466,616)	186	586,259	1,156,502	1,742,761

The notes on pages 13 to 30 form an integral part of these consolidated financial statements.

Bradda Head Holdings Limited

Consolidated Statement of Changes in Equity

for the year ended 28 February 2019 (continued)

	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
Total comprehensive loss for the period						
Loss for the period	-	(1,332,985)	-	(1,332,985)	(905)	(1,333,890)
Other comprehensive income for the period	-	-	325	325	-	325
Total comprehensive income for the period	-	(1,332,985)	325	(1,332,660)	(905)	(1,333,565)
Transactions with owners of the Company						
Issue of ordinary shares	86,176	-	-	86,176	-	86,176
Reverse acquisition (note 3 and 4)	6,063,750	(5,203,177)	-	860,573	432,197	1,292,770
Total transactions with owners of the Comapny	6,149,926	(5,203,177)	-	946,749	432,197	1,378,946
Balance at 28 February 2018 (Restated - Note 4)	<u>68,297,775</u>	<u>(67,911,744)</u>	<u>325</u>	<u>386,356</u>	<u>431,292</u>	<u>817,648</u>

The notes on pages 13 to 30 form an integral part of these consolidated financial statements.

Bradda Head Holdings Limited

Consolidated Statement of Cash Flows

for the year ended 28 February 2019

	Notes	Year ended 28 February 2019	Period ended 28 February 2018 (Restated) (Note 4)
		US\$	US\$
Cash flows from operating activities			
Loss before income tax		(2,219,116)	(1,333,890)
<i>Adjusted for non-cash and non-operating items:</i>			
Unrealised loss/(profit) on investment	13	7,947	8,050
Finance income		(372)	(30,742)
Reverse acquisition share based payments charge	3	-	266,919
Equity settled share based payments expense	15	457,868	-
Impairment of deferred mining and exploration costs and licences and permits	7, 8	350,616	-
Loss on step-up acquisition	4	-	423,675
Shares issued to directors in lieu of directors fees	17	124,037	86,175
		(1,279,020)	(579,813)
Change in trade and other receivables		4,772	(23,556)
Change in trade and other payables		335,935	(76,054)
Net cash flows from operating activities		(938,313)	(679,423)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		-	5,185
Amounts paid for deferred mining and exploration costs		(1,041,202)	(155,812)
Amounts paid for licences and permits		(145,928)	-
Loans receivable settled		-	682,394
Interest received		372	30,742
Net cash flows from investing activities		(1,186,758)	562,509
Cash flows from financing activities			
Loan payables received		-	176,571
Cash received from shareholders		2,184,981	-
Net cash flows from financing activities		2,184,981	176,571
Effect of movements in exchange rates		139	322
Increase in cash and cash equivalents		60,049	59,979
Cash and cash equivalents at beginning of year/period		108,197	48,218
Cash and cash equivalents at end of year/period		168,246	108,197

The notes on pages 13 to 30 form an integral part of these consolidated financial statements.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019

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 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 changed its financial reporting year to end on 28 February 2018, resulting in a 14 month period end for the period then ended. Amounts presented for the comparative period ended 28 February 2018 are therefore not entirely comparable to those presented for the current year ended 28 February 2019.

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 10 June 2021.

(b) Basis of measurement

Functional and Presentation Currency

The consolidated financial statements of the Group are presented in US Dollars (US\$). 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. Including whether a commercially feasible means of extraction from clay deposits is established. 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. It is also dependent on all claims being properly legally established.

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 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 note 3.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

2 Basis of preparation (continued)

Going concern

As at 28 February 2019, the Group is in a net current liability position of US\$236,654. Given the early exploration stage of the Group's projects, the Group is not yet generating any revenue and is incurring expenditure in progressing its exploration work. Accordingly, the Group incurred a loss attributable to equity shareholders of US\$2,217,221 for the year ended 28 February 2019 (year ended 28 February 2018: loss of US\$1,332,660). As at 28 February 2019, the Group had cash balances of US\$168,246 (2018: US\$108,197).

Further expenditure will be necessary in order for the Group to progress the projects to a stage where their feasibility can be assessed and where they may potentially be able to ultimately generate revenue, if economically viable. Continued operations of the Group and further progressing its exploration and evaluation activities is dependent on the Company's ability to obtain additional financing and generate profitable operations in the future.

The Company is in the process of listing on the London AIM market, which is planned for completion during Q3 2021. During May 2021, the Company completed a private fundraise, raising proceeds of US\$ 1,028,199. These funds will be used for general operating purposes until the IPO process and fundraise is completed.

Detailed working capital forecasts have been prepared covering two scenarios – successful completion of the IPO and raising the target funds, and on the basis of an unsuccessful IPO with no funds being raised. Following the successful completion of the IPO and raising of the target funds, the Group expects to have sufficient cash resources to be able to complete its planned exploration programmes, and meet any operational expenditures as they fall due, for a period of at least 12 months from the date of signing the financial statements. Adjustments can be made to the Group's exploration expenditure, based on results of its exploration activities and cash resource levels.

In the event of an unsuccessful IPO and no (or insufficient) funds being raised, the Group will cease all planned exploration activities, reduce its overhead expenditures to the bare minimum required, and only incur the costs needed to maintain the exploration licences and permits in good standing. On this basis, cash resources will be preserved and sufficient cash resources will be available to meet any operational expenditures as they fall due, for a period of at least 12 months from the date of signing the financial statements.

Based on forecasts prepared by Directors, the Group's going concern is dependent on its ability to continue to raise sufficient capital in order to achieve its longer term aims. The directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 2019.

Reverse acquisition transaction

On 4 January 2018, the Company acquired a 100% interest in Bradda Head Limited ("Bradda Head"). The consideration was settled in full, by the Company issuing 387,009,297 of its shares to Bradda Head shareholders. After the consideration shares were issued, BHHL had a total of 430,010,330 shares in issue. The issue of the consideration shares represents 90% of the total issued share capital of BHHL.

Legally, Bradda Head became a wholly owned subsidiary of the Company. However, the substance of the transaction constitutes a reverse takeover, as the shareholders of Bradda Head own a substantial majority of the outstanding ordinary shares of the Company.

In substance, the shareholders of Bradda Head acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition in accordance with guidance provided in IFRS 2: Share-based payment. As the Company previously discontinued its investment activities, it did not meet the definition of

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

3 Significant accounting policies (continued) Reverse acquisition transaction (continued)

a business according to the definition in IFRS 3. Accordingly, this reverse acquisition does not constitute a business combination and, in accordance with IFRIC guidance, the difference between the equity value given up by the Bradda Head shareholders and the share of the fair value of net assets gained by the Bradda Head shareholders is charged to directly to profit and loss, representing the cost of acquiring a company with the characteristics of an AIM quoted company.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated financial statements of Bradda Head and include:

- The assets and liabilities of Bradda Head and its subsidiaries at their pre-acquisition carrying amounts and their results to acquisition date; and
- The assets and liabilities of the Company as at 28 February 2018 and its results from 4 January 2018 to 28 February 2018.

The fair value of net assets of the Company acquired by Bradda Head was as follows:

	US\$
Cash	12,419
Other assets	391,126
Other liabilities	(64,089)
	<hr/>
Net assets	339,456
	<hr/> <hr/>

The deemed cost of the acquisition represents the difference between the fair value of the shareholding given up by Bradda Head Limited shareholders and the share of the fair value of the assets and liabilities of the Company gained by those shareholders. Whilst the deemed cost of acquisition is recorded in profit and loss, the share capital and share premium must reflect that of the Company and therefore the difference arising is recorded directly in equity.

Consequently, based on an assessment of the purchase consideration for an 90% holding in Bradda Head of \$606,375, the fair value of the net assets of the Company acquired by Bradda Head is \$339,456. The difference between this deemed cost and the fair value of the net assets acquired (above) of \$266,919 has been recorded directly in equity, in accordance with IFRS 2: Share based payments, reflecting the economic cost to the Bradda Head shareholders of acquiring an entity with listed entity characteristics.

In accounting for the acquisition in the consolidated financial statements, an amount of \$6,063,750 has been recognised directly in equity, representing the issue of shares made as consideration for the acquisition.

Basis of consolidation

The consolidated financial statements for the year ended 28 February 2019 incorporate the financial information of the Company and entities controlled by the Company (its "subsidiaries"). The results of subsidiaries acquired during the year 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

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

3 Significant accounting policies (continued)

Basis of consolidation (continued)

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.

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.

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.

Deferred mine exploration costs

The Group 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.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

3 Significant accounting policies (continued)

Deferred mine exploration costs (continued)

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.

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

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.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

3 Significant accounting policies (continued)

Deferred mine exploration costs (continued)

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 fair value, 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.

Fair value of financial instruments

The Company determines fair values using other valuation techniques in compliance with IFRS9: Financial Instruments, IFRS13: Fair Value Measurement, and based on the International Private Equity and Venture Capital Valuation Guidelines ("IPEV").

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Various valuation techniques may be applied in determining the fair value of investments held as Level 3 in the fair value hierarchy. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

3 Significant accounting policies (continued)

Financial instruments (continued)

that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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, 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.

Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is calculated using the Black-Scholes option pricing model (where no fair value of the service or assets provided is evident). The fair value determined at the grant date of the equity settled share-based payment is expensed based on the vesting period and based on the Company's estimate of the number of shares that will eventually vest.

On determining fair values, terms and conditions attaching to the instruments are taken into account. Management is also required to make certain assumptions and estimates regarding such items as the life of instruments, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being exploration for lithium in the USA. Information presented to the Board of Directors for the purpose of decision making is based on this single segment.

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:

New/revised International Accounting Standards/International Financial Reporting Standards ("IAS"/ "IFRSs")	Effective date (accounting periods commencing on or after)
IFRS 16 Leases	1 January 2019
Amendments	
Amendments to reference to Conceptual Framework in IFRS Standards	1 January 2020
Annual improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)	Not yet endorsed
Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation (issued on 12 October 2017)	Not yet endorsed

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.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

4 Correction of error in accounting for business acquisition

During the year, it was identified that the acquisition of Bradda Head Limited, completed in January 2018, was incorrectly accounted for as a business combination. Having reviewed the facts, the acquisition should have been accounted for as a reverse takeover (see note 3).

In addition, it was identified that certain costs recognised in Bradda Head Limited, and expenditures incurred relating to deferred mining and exploration costs and licence and permits, should have been recognised in Zenolith USA LLC, being the 55% subsidiary of Bradda Head Limited, rather than directly in the Company itself.

The error has been correct by restating the 2018 financial statements as follows:

Statement of financial position	February 2018 (as previously stated)	Increase/(Decrease)	February 2018 (Restated)
	US\$	US\$	US\$
Goodwill	6,001,350	(6,001,350)	-
Deferred mining and exploration costs	292,243	579,447	871,690
Total assets *	6,769,980	(5,421,903)	1,348,077
Non-controlling interests	15,370	415,922	431,292
Retained deficit	(62,071,263)	(5,840,481)	(67,911,744)
Total equity *	6,242,206	(5,855,850)	386,356

Statement of profit and loss (extract)	February 2018 (as previously stated)	Increase/(Decrease)	February 2018 (Restated)
	US\$	US\$	US\$
Consultants' fees	(152,976)	69,658	(83,318)
Administration expenses	(81,304)	(266,899)	(348,203)
Loss on step-up acquisition	-	(423,675)	(423,675)
Gain on bargain purchase of subsidiary	16,388	(16,388)	-
Share based payments	-	(266,919)	(266,919)
Loss before taxation *	(696,586)	(820,807)	(1,333,890)
Loss attributable to:			
Non-controlling interests	(905)	-	(905)
Equity shareholders	(695,681)	(637,304)	(1,332,985)

* This represents the total assets, total equity and loss before taxation, before and after the restatement, and includes the net effect of the restatement.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

5 Loss before finance income

Loss before finance income is stated after charging:

	Year ended 28 February 2019	Period ended 28 February 2018 (restated)
	US\$	US\$
Auditors' Fees	40,203	20,597
Directors' Fees (note 17)	194,334	265,077
	<u>234,537</u>	<u>285,674</u>

6 Taxation

Income tax

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

Zenolith USA LLC, Gray Wash LLC and Verde Grande LLC are Delaware (USA) limited liability companies that have elected to be taxed as standard corporations. To date, these companies have been loss making and therefore no corporation tax is applicable.

The maximum deferred tax asset that could be recognised at year end is approximately US\$ 187,561 (2018: US\$ 17,844). The Group has not recognised any asset as it is not reasonably known whether the Group will recover such deferred tax assets.

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\$
Cost and net book value			
At 1 March 2018 (restated)	715,878	155,812	871,690
Capitalised during the year	848,707	192,494	1,041,201
Impairment	-	(348,306)	(348,306)
At 28 February 2019	<u>1,564,585</u>	<u>-</u>	<u>1,564,585</u>
Cost and net book value			
At 28 February 2019	<u>1,564,585</u>	<u>-</u>	<u>1,564,585</u>
At 28 February 2018 (restated)	<u>715,878</u>	<u>155,812</u>	<u>871,690</u>

All the deferred mining and exploration expenditure has been incurred by Zenolith USA LLC, a subsidiary of Bradda Head Limited. See notes 9 and 10.

Deferred mine exploration costs ("DMEC") 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 DMEC relating to areas for which licenses and permits are held, for impairment as at 28 February 2019. Post yearend, the Directors decided to surrender the concessions held in the Zacatecas project in Mexico. As a result, a full impairment of all DMEC costs relating to the Zacatecas project has been recognised. The Board reviewed the rest of the projects held and 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.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

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\$
Cost and net book value			
At 1 March 2018 (restated)	240,866	-	240,866
Capitalised during the year	143,618	2,310	145,928
Impairment	-	(2,310)	(2,310)
At 28 February 2019	384,484	-	384,484
Cost and net book value			
At 28 February 2019	384,484	-	384,484
At 28 February 2018 (restated)	240,866	-	240,866

The licences and permits are held through indirect subsidiaries of the Company. See notes 9 and 10.

The Group assessed the carrying amount of the licences and permits held for impairment as at 28 February 2019. Post yearend, the Directors decided to surrender the concessions held in the Zacatecas project in Mexico. As a result, a full impairment of all capitalised licence costs relating to the Zacatecas project has been recognised. The Board reviewed the rest of the projects held and 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 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 was 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 was 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 9). 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.

9 Investment in subsidiary undertakings

As at 28 February 2019, 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
Verde Grande LLC	USA	100%	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%

The consolidated financial statements include the results of the subsidiaries from the date that control is obtained to 28 February 2019, and up to the date that control ceases.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

10 Non-controlling interests

The non-controlling interests ("NCI") of US\$ 1,156,502 (28 February 2018: US\$ 431,293) relates to net assets attributable to the shares not held by the Group at 28 February 2019 in the following indirect subsidiaries:

Name of subsidiary	28 February 2019	28 February 2018 (restated)
	US\$	US\$
Zenolith (USA) LLC	1,156,579	429,335
Minera Salmuera, S.A. de C.V.	(77)	1,957
	<u>1,156,502</u>	<u>431,292</u>

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

Name of subsidiary	Zenolith (USA) LLC US\$	Minera Salmuera, S.A. de C.V. US\$	Total US\$
Non-current assets	1,773,767	-	1,773,767
Current assets	783	8,026	8,809
Current liabilities	(12,553)	(8,012)	(20,565)
Foreign currency translation reserve	-	(186)	(186)
Net assets	<u>1,761,997</u>	<u>(172)</u>	<u>1,761,825</u>
Net assets attributable to NCI		<u>(77)</u>	<u>(77)</u>
Total comprehensive loss for the period		<u>(4,521)</u>	<u>(4,521)</u>
Loss allocated to NCI		<u>(2,034)</u>	<u>(2,034)</u>
<i>Reconciliation of Zenolith (USA) LLC NCI</i>			
Balance at 1 March 2018 (restated)			429,335
Equity contribution to NCI			727,244
Balance at 28 February 2019			<u>1,156,579</u>

Zenolith holds the title to the USA projects, with Bradda Head Limited funding any exploration activities. Zenolith is fully reliant on funding provided by Bradda Head Limited, with Bradda Head Limited funding 100% of such expenditure. Bradda Head Limited hold a 55% interest in Zenolith, with 45% being held by NCI. As such, 45% of the funding has been accounted for as an equity contribution to NCI.

11 Trade and other receivables and advances and deposits

<i>Non-current</i>	28 February 2019	28 February 2018 (restated)
	US\$	US\$
Advances and deposits	<u>49,313</u>	<u>-</u>
<i>Current</i>	28 February 2019	28 February 2018 (restated)
	US\$	US\$
Advances and deposits - others	20,344	4,407
Prepayments and other debtors	23,523	84,624
	<u>43,867</u>	<u>89,031</u>

Included in other debtors is US\$3,131 due from Bradda Head International Limited, a related party. See note 17.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

12 Trade and other payables

	28 February 2019	28 February 2018 (restated)
	US\$	US\$
Accounts payable	418,818	47,246
Accrued expenses and other payables	79,262	112,761
Related party balances	-	370,422
	<u>498,080</u>	<u>530,429</u>

13 Investment

On 1 July 2011, the Company acquired, by way of private placement, a strategic investment in Crazy Horse Resources Inc. (which changed its name to Rockwealth Resources Inc ("RWR")), 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. As at 28 February 2019, the Company holds 249,688 shares in RWR (2018: 249,688 shares).

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 2019	28 February 2018 (restated)
Total number of shares held	249,688	249,688
	US\$	US\$
Market value of investment at closing bid price	30,346	38,293
Total cost	(5,861,409)	(5,861,409)
Unrealised loss on investment	<u>(5,831,063)</u>	<u>(5,823,116)</u>

The unrealised loss on the investment in RRC charged to the Consolidated Statement of Comprehensive Income during the year was US\$ 7,947 (period ended 28 February 2018: loss of US\$ 8,050).

14 Share premium

Authorised

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

	Shares	Share capital	Share premium
		US\$	US\$
Issued ordinary shares of US\$0.00 each			
At 01 March 2018 (restated)	430,010,330	-	68,297,775
Issued for cash - pre 10:1 consolidation	66,058,208	-	1,035,000
Issued in settlement of loans (note 17)	23,726,251	-	371,691
Issued in lieu of Directors fees - pre 10:1 consolidation (note 17)	4,435,793	-	69,500
10:1 share consolidation	(471,807,524)	-	-
Issued for cash - post 10:1 consolidation	6,701,664	-	1,050,017
Issued in lieu of Directors fees - post 10:1 consolidation (note 17)	384,988	-	60,327
Transfer to retained deficit	-	-	(61,931,586)
At 28 February 2019	<u>59,509,710</u>	<u>-</u>	<u>8,952,724</u>

Under the British Virgin Islands Companies Act, there is no requirement to maintain a share premium account. As such, the share premium amount of US\$ 61,931,586 was transferred to and offset against retained earnings. This was approved by Board Resolution.

Contributed capital

As at 28 February 2019, US\$ 99,965 was received from subscribers and recorded in the Contributed Capital account within equity. See note 21 for further details.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

15 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.

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

Recipient	Grant Date	Term in years	Exercise Price US\$	1 March 2018	Issued	Lapsed/ cancelled/expired	Exercised	28 February 2019	Expensed in the year US\$	Fair value US\$
Directors and Participants	April 2018	5	0.15668	-	5,987,034	-	-	5,987,034	457,868	744,873
				-	5,987,034	-	-	5,987,034	457,868	744,873

The amount expensed in the income statement has been calculated by reference to the grant date at a fair value of the equity instrument and the estimated number of equity instruments to be issued after the vesting period. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans are as follows:

	Award date and exercise price
Fair value at grant date	US\$ 0.0424
Exercise price and underlying share price	US\$ 0.15668
Weight average expected volatility	27.45%
Weighted average expected life (years)	5
Expected dividends	Nil
Risk-free interest rate	1.52%

Share Option Scheme

Terms of the issued options are as follows:

- 4,380,757 options with a 3-year vesting period, with 1/3 vesting on issue, 1/3 vesting on the first anniversary and 1/3 vesting on the second anniversary. 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.
- 1,460,252 options with a 3-year vesting period, with 1/3 vesting on admission to a recognised stock exchange, 1/3 vesting on the first anniversary and 1/3 vesting on the second anniversary of admission. All un-exercised options expire after a period of 5 years from admission date. It is assumed that options are exercised within 5 years from date of grant. The applied volatility is based on historical volatility.
- 146,025 options have been granted that vest 100% on grant date. The full fair value of these options have been expensed to the profit and loss account.

16 Financial instruments

Financial risk management

The Company has risk management policies that systematically review 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.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

16 Financial instruments (continued)

Financial risk management (continued)

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 19 regarding exploration commitments.

The residual undiscounted contractual maturities of financial liabilities are as follows:

28 February 2019

	Less than 1 month US\$	1-3 months US\$	3 months to 1 year US\$	1-5 years US\$	Over 5 years US\$
Trade and other payables	498,080	-	-	-	-
	498,080	-	-	-	-

28 February 2018

	Less than 1 month US\$	1-3 months US\$	3 months to 1 year US\$	1-5 years US\$	Over 5 years US\$
Trade and other payables	530,429	-	-	-	-
	530,429	-	-	-	-

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.

The receivables are actively monitored to avoid significant concentration of credit risk and the Directors consider there to be no significant concentration of credit risk.

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 2019, the fair value of equity security exposed to price risk was US\$ 30,346 (28 February 2018: US\$ 38,293). 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\$ 1,517 (28 February 2018: US\$ 1,915).

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

16 Financial instruments (continued)

Financial risk management (continued)

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
28 February 2019	Cash	1,981	75,397
	Accounts receivable	-	79,249
		<u> </u>	<u> </u>
28 February 2018 (restated)	Cash	996	14,045
	Accounts receivable	-	160,342
		<u> </u>	<u> </u>

The impact of 10% strengthening of the GBP and MXN against the US Dollar to total comprehensive income/loss is set-out below. A 10% weakening in these currencies would have had the equal but opposite effect, on the basis that all other variables remain constant.

	28 February 2019	28 February 2018 (restated)
US Dollars against:	US\$	US\$
GBP	259	100
MXN	803	931
	<u> </u>	<u> </u>

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

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 its strategy.

Accounting classifications and fair value

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) and investments. 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.

Financial liabilities not measured at fair value

	Carrying amount, measured at amortised cost	
	28 February 2019	28 February 2018
	US\$	US\$
Trade and other payables	498,080	530,429
	<u> </u>	<u> </u>
	498,080	530,429
	<u> </u>	<u> </u>

The fair value of investments is based on available market price data, taking into account the liquidity of the listed securities.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

16 Financial instruments (continued)

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 2019 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 year ended 28 February 2019.

17 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 year:

	Year ended 28 February 2019			Period ended 28 February 2018
	Fees and salary	Share-based payment remuneration	Total	(restated)
	US\$	US\$	US\$	US\$
Mitch Alland	-	-	-	151,788
Denham Eke	-	-	-	82,137
James Mellon	-	-	-	31,152
John McGoldrick *	194,334	360,538	554,872	-
	<u>194,334</u>	<u>360,538</u>	<u>554,872</u>	<u>265,077</u>

* During the year, US\$ 124,037 worth of director fees due was settled in shares.

As at 28 February 2019, directors remuneration of US\$ 59,375 was outstanding (28 February 2018: US\$Nil).

The Directors hold the following number of shares in the Company as at 28 February 2019:

	Number	% of issued share capital
James Mellon ¹	13,621,822	22.89%
Denham Eke	124,307	0.21%
Mitch Alland	395,000	0.66%
John McGoldrick	828,624	1.39%
Jason Macdonald ¹	12,949,181	21.76%
Anthony Baillieu ¹	12,948,744	21.76%
	<u>40,867,678</u>	<u>68.67%</u>

¹ James Mellon's interest comprises of 2,304,086 shares directly held by Galloway Limited, which is indirectly wholly owned by James Mellon, and 11,317,736 shares held by Galloway Limited through Bradda Head International Limited. Bradda Head International Limited holds a total of 33,953,208 shares in the Company.

² Anthony Baillieu's interest comprises of 1,631,008 shares held directly, and 11,317,736 shares held indirectly through Bradda Head International Limited.

³ Jason MacDonald's interest comprises of 1,631,445 shares held directly, and 11,317,736 shares held indirectly through Bradda Head International Limited.

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

17 Related party transactions and balances (continued)

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 year ended 28 February 2019, the Group incurred costs of US\$ 55,432 (period ended 28 February 2018: US\$ 53,523) under these agreements, of which US\$ 14,875 was outstanding as at the year end (28 February 2018: US\$ 6,248).

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 year, interest of US\$ 425 was charged on drawn down loan amounts. At a Board meeting on 29 April 2018, the Directors approved the settlement of the outstanding loan balance of US\$ 100,712, by the issuance of new ordinary shares in the Company. The fair value of the shares issued to settle the loan is considered to equate to its carrying value.

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 year, interest of US\$ 425 was charged on each outstanding loan amount. At a Board meeting on 29 April 2018, the Directors approved the settlement of the outstanding loan balance of US\$ 100,556 and US\$ 100,556 respectively, by the issuance of new ordinary shares in the Company. The fair value of the shares issued to settle the loan is considered to equate to its carrying value.

Bradda Head International Limited ("BHIL")

During the year, BHIL and the Company had common directors (J Mellon, D Eke, A Baillieu, J Macdonald) and common shareholders (J Mellon, A Baillieu, J Macdonald).

During August 2017, US\$ 69,866 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 of US\$ 69,866, by the issuance of new ordinary shares in the Company. The fair value of the shares issued to settle the loan is considered to equate to its carrying value.

As at 28 February 2019, US\$ 3,131 was due from BHIL in respect of working capital advances.

Edgewater Associates Limited ("Edgewater")

During the year, Directors and Officers insurance was obtained 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.

The premium payable on the policy was US\$ 13,496 (period ended 28 February 2018: US\$ 12,933), of which US\$ 2,813 was prepaid as at the period end (28 February 2018: US\$ 2,813).

18 Basic and diluted loss per share

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

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

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

Bradda Head Holdings Limited

Notes

forming part of the consolidated financial statements for the year ended 28 February 2019 (continued)

18 Basic and diluted loss per share (continued)

	28 February 2019 US\$	28 February 2019 US\$
Loss for the year	(2,219,116)	
	No.	No.
Weighted average number of ordinary shares in issue	54,188,623	99,872,373
Dilutive element of share options if exercised (note 15)	5,987,034	5,987,034
Diluted number of ordinary shares	60,175,657	105,859,407
Basic earnings per share (cents)	(0.041)	(0.013)
Diluted earnings per share (cents)	(0.041)	(0.013)

The earnings applied are the same for both basic and diluted earnings calculations per share as there are no dilutive effects to be applied.

19 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\$ 379,500 during the next 12 months (28 February 2018: US\$ 83,000). This includes annual fees in respect of licence renewals. 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.

Under the terms of the Farm-In (see note 8), the Group was committed to complete a US\$ 5 million expenditure programme before 28 February 2021, in order to retain its 55% interest in the lithium projects. Following the termination of the Farm In on 11 January 2021 (see note 20), this commitment is no longer required to be met.

20 Covid-19 impact

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to the Financial Statements as at 28 February 2019 as a result of this. The Board is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

21 Subsequent events

During March 2019, the Company completed a private funding round, raising a total of US\$ 400,404 from new and existing shareholders. As at 28 February 2019, US\$ 99,965 was received from these subscribers and recorded within the Contributed Capital account in equity.

On 11 January 2021, the Company and Zenith mutually terminated the Farm-In Agreement. From this date, Bradda Head holds a 100% interest in Zenolith USA LLC. The effect of the transaction is that the Company acquired the previous 45% in Zenolith, held by non-controlling interests. Following this, there is no NCI to be recognised by the Company. The balance of NCI prior to the transaction has been transferred to equity.

During May 2021, the Company completed a private funding round, raising a total of US\$ 1,028,199 from new and existing shareholders.

The Company also commenced the process of listing on the London AIM market, with the completion date anticipated to be during Q3 2021.