



**Unaudited Interim Report and Condensed Consolidated Interim Financial Statements
For the six-month period ended 31 August 2022**

Bradda Head Lithium Limited

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Bradda Head Lithium Limited

Chairman's statement

Introduction

I am pleased to present the unaudited Interim Results for Bradda Head Lithium Limited (the "Company" or "Bradda Head") for the six-month period ended 31 August 2022.

Operational review

The six-month period to 31 August 2022 has been both exciting and extremely busy for the Company, focussing on our key project locations. Most notably, during March 2022, the Company released an updated Basin East Mineral Resource Estimate and Exploration Target ("MRE") for our Arizona projects, compiled by SRK Consulting (UK) Ltd in accordance with the terminology and definitions given in the JORC Code (2012). This update has led to a) a 65% increase in contained lithium carbonate equivalent ("LCE") tonnes, b) the identification of a continuous higher grade internal layer with a grade of c. 1,300ppm Li in the upper part of the deposit, and c) the identification of a 1Mt to 6Mt LCE Exploration Target within the Basin Project district we hold.

The key points following the updated MRE are:

- an Indicated Mineral Resource of 17.7 Mt at an average grade of 912 ppm Li and 3.4% K for a total of 85 kt LCE; and
- an Inferred Mineral Resource of 57.6 Mt at an average grade of 717 ppm Li and 3.3% K for a total of 220 kt LCE.

The updated MRE replaces a 10 hole, 1,110m diamond core drilling programme, completed in November 2021. Since the 2018 drill programme, the drilling coverage at Basin East has increased by approximately 20% in area, and has provided some deeper intersections to add some previously missed lower clay. As a result, we can now report a total of 305 kt LCE, including 58 kt of LCE in a High-Grade zone within the Upper Clay zone with an average grade of some 1,300 ppm Li. The exploration target for the Basin Project, covering the claims for Basin North, Basin East, Basin East Extension, Basin West and Basin West Extension, has been upgraded to between 300 to 1,300 Mt of material grading between 600 to 850 ppm Li, equivalent to between 1 and 6 Mt LCE.

Basin East 2022 Mineral Resource Estimate

Classification	Domain	Tonnes	Mean Grade		Contained Metal	
		Mt	Li (ppm)	K (%)	LCE (kt)	K (Mt)
Indicated	Upper Clay	12.0	730	3.6	46	0.4
	Upper Clay HG	5.7	1,296	2.8	39	0.2
	Lower Clay	-	-	-	-	-
	SubTotal	17.7	912	3.4	85	0.6
Inferred	Upper Clay	29.6	766	3.4	121	1.0
	Upper Clay HG	2.6	1,345	3.1	18	0.1
	Lower Clay	25.4	597	3.1	81	0.8
	SubTotal	57.6	717	3.3	220	1.9
Total		75.2	763	3.3	305	2.5

During May and September 2022, permits to commence drilling at our Basin North and Basin East Extension projects were received. The Company also completed a step-out drill programme at Basin East, with results to be included in a further MRE at Basin East, due before the year-end.

The Company also commenced the second stage of metallurgical testwork at Basin East, working towards producing a final battery quality lithium product and also maximising future revenue from its Basin Project by looking into how to extract economic quantities of co-products, which will help to reduce overall operating costs at its Basin Project. Once successful, the process will be optimised to apply the technology designed by Bradda Head on the lithium pregnant leach solution produced by this metallurgical test work.

Bradda Head Lithium Limited

Chairman's statement (continued)

An initial 18-hole scout drill programme at Wikiuep sections 12 and 13 was completed during June 2022, using sonic drilling, which uses significantly less water than core drilling. The results highlighted the presence of lithium bearing clays, opening up a new potential resource area for the Company, with further work planned in this area.

Following receipt of permits at our San Domingo project, drilling commenced during August 2022. The permitted programme at San Domingo is for 30 holes, equivalent to approximately 7,000m of diamond core drilling. This drilling programme continues the fieldwork at San Domingo, which includes mapping, geophysics, surface sampling, and a 3D mapping exercise having been completed. Completed 3D mapping identified a 190% increase in the area of likely pegmatite outcrops, which originally covered 75 acres and now covers 220 acres. The Company also increased its landholding in the area by 75%, with c.23km² being held within the San Domingo project area. With completion of the first hole, significant intersections of spodumene-bearing pegmatite were identified. Drilling is expected to be completed during Q4, 2022.

Following receipt of permits, we commenced a 23-hole drill programme at our Eureka project during April 2022. Previous surface sampling carried out by Bradda Head geologists identified grades of up to 550ppm Li at Eureka. This programme is designed to test the potential for a shallow clay project at surface, similar to Bradda's other clay assets in Arizona (Wikiuep and Basin).

Financial Review

During the six-month period ended 31 August 2022, the Company recorded a loss for the period of US\$ 1,165,319 (period ended 31 August 2021: US\$ 2,052,675). As at period end, cash balance stood at US\$ 13,312,892 (28 February 2022: US\$ 7,327,303), capitalised deferred mining, exploration, licence and permit costs stood at US\$ 6,697,960 (28 February 2022: US\$ 5,732,820), and total assets were US\$ 20,808,040 at 31 August 2022 (28 February 2022: US\$ 13,354,840).

On 13 April 2022, the Company completed an over-subscribed secondary fundraise, with shares commencing to trade on 20 April 2022. The Company raised total gross proceeds of US\$ 12,304,100, issuing 73,195,560 new ordinary shares to institutional and other investors. All subscribers were issued with warrants on a 1:1 basis, with 73,195,560 warrants being issued. Listing related expenditures amounted to US\$ 547,916 and these are considered to be non-recurring items.

As part of the fundraise, warrants were issued to all participating shareholders. The fair value applied to the shareholder warrants has been classified as a financial liability. At period end, the warrant liability has been re-measured to fair value, with a corresponding gain recorded in profit and loss of US\$ 3,679,505 (period ended 31 August 2021: Nil).

The Board are in discussions with legal advisors regarding the options available to recover the fraudulent option exercise payment, as communicated to shareholders on 29 March 2022. Updates will be provided when available.

Approach to Risk and Corporate Governance

"The Company's general risk appetite is a moderate, balanced one that allows it to maintain appropriate growth, profitability and scalability, whilst ensuring full corporate compliance."

The Group's primary risk drivers include: -

Strategic, Reputational, Credit, Operational, Market, Liquidity, Foreign Exchange, Capital and Funding, Compliance and Conduct.

Our risk appetite has been classified as high under an "impact" matrix defined as Zero, Low, Medium and High. Appropriate steps have been taken and adequate controls implemented to monitor the risks of the Company, and the appropriate committees and reporting structures have been established, which under the Chairmanship of the Chairman, will monitor risks facing the Company.

Bradda Head Lithium Limited

Chairman's statement (continued)

Corporate

We are also delighted to announce that the Company received approval to list its shares on the Canadian TSX-V Exchange, with trading expected to commence during November 2022. The TSXV listing will have significant advantages when combined with our AIM and OTCQB listings. The TSX-V has an investor base with a long history of understanding lithium and resource exploration companies. Given our asset base in Arizona and Nevada, we believe that Bradda Head will be a very attractive proposition to a new pool of investors on the TSX-V, and to our existing US and Canadian shareholders with a North American trading platform.

Strategy and Outlook

We welcome our new North American shareholders following the successful secondary fundraise completed in April 2022, and the Company is now in a strong financial position to rapidly and efficiently develop its existing lithium projects in Arizona and Nevada. The demand for US-based lithium production is forecast to reach over 350 ktpa LCE by 2030, being a 7,000% increase from the current USA annual production of only 5ktpa LCE. Lithium has been classified as a critical element in the USA, with the Biden-Harris administration announcing awards of US\$ 2.8 billion to accelerate US manufacturing of batteries for electric vehicles and electric grids. We believe that Bradda Head, with its diversified portfolio of projects located in the USA, is in a unique position to take advantage of this significant growth in lithium demand, thereby enhancing value for shareholders.

Ian Stalker

Chairman

31 October 2022

Bradda Head Lithium Limited

Condensed Interim Consolidated Statement of Comprehensive Income

for the period ended 31 August 2022

		Six-month period ended 31 August 2022 (unaudited)	Six-month period ended 31 August 2021 (unaudited)	Three-month period ended 31 August 2022 (unaudited)	Three-month period ended 31 August 2021 (unaudited)
	Notes	US\$	US\$	US\$	US\$
Expenses					
General and administrative	2	(2,551,978)	(1,627,281)	(1,346,449)	(1,145,270)
Share based payment and warrant expense	10	(1,285,743)	(140,090)	(91,539)	(138,033)
Foreign exchange loss		(1,004,583)	(30,140)	(694,061)	(6,411)
Impairment	4	-	(230,230)	-	-
Operating loss		(4,842,304)	(2,027,741)	(2,132,049)	(1,289,714)
Other income					
Warrant fair value re-measurement	11	3,679,505	-	849,161	-
Unrealised (loss) / gain on investment		(2,520)	7,899	(2,520)	(1,463)
Loss before finance costs		(1,165,319)	(2,019,842)	(1,285,408)	(1,291,177)
Finance costs		-	(32,833)	-	(7,762)
Loss before income tax		(1,165,319)	(2,052,675)	(1,285,408)	(1,298,939)
Income tax expense		-	-	-	-
Loss for the period		(1,165,319)	(2,052,675)	(1,285,408)	(1,298,939)
Other comprehensive income - foreign currency translation reserve		-	186	-	-
Total comprehensive loss for the period		(1,165,319)	(2,052,489)	(1,285,408)	(1,298,939)
Basic and diluted loss per share (US cents)	12	(0.33)	(1.39)	(0.33)	(0.77)

The notes on pages 11 to 19 form an integral part of these condensed consolidated interim financial statements.

Bradda Head Lithium Limited

Condensed Interim Consolidated Statement of Financial Position

as at 31 August 2022

	Notes	31 August 2022 (unaudited) US\$	28 February 2022 (audited) US\$
Non-Current assets			
Deferred mining and exploration costs	3	4,459,087	4,183,744
Exploration permits and licences	4	2,238,873	1,549,076
Plant and equipment	8	98,666	54,170
Advances and deposits	6	501,956	88,594
Investment		51,437	53,957
Total non-current assets		7,350,019	5,929,541
Current assets			
Cash and cash equivalents		13,312,892	7,327,303
Trade and other receivables	6	145,129	97,996
Total current assets		13,458,021	7,425,299
Total assets		20,808,040	13,354,840
Equity			
Share premium	9	30,467,820	23,434,385
Retained deficit		(11,056,796)	(11,177,220)
Total equity		19,411,024	12,257,165
Current liabilities			
Trade and other payables	7	353,772	1,097,675
Warrant liability	11	1,043,244	-
Total current liabilities		1,397,016	1,097,675
Total equity and liabilities		20,808,040	13,354,840

The notes on pages 11 to 19 form an integral part of these condensed consolidated interim financial statements.

These financial statements were approved by the Board of Directors on 31 October 2022 and were signed on their behalf by:

Denham Eke
Director

Bradda Head Lithium Limited

Condensed Interim Consolidated Statement of Changes in Equity

for the period ended 31 August 2022

	Share premium US\$	Retained deficit US\$	Total US\$
Balance at 1 March 2022 (audited)	23,434,385	(11,177,220)	12,257,165
Total comprehensive loss for the period			
Loss for the period	-	(1,165,319)	(1,165,319)
	<u> </u>	<u> </u>	<u> </u>
Total comprehensive loss for the period	-	(1,165,319)	(1,165,319)
Transactions with owners of the Company			
Issue of ordinary shares (note 9 and note 11)	7,581,351	-	7,581,351
Share issue costs capitalised (note 9)	(547,916)	-	(547,916)
Equity settled share-based payments (note 10)	-	1,285,743	1,285,743
	<u> </u>	<u> </u>	<u> </u>
Total transactions with owners of the Company	7,033,435	1,285,743	8,319,178
	<u> </u>	<u> </u>	<u> </u>
Balance at 31 August 2022 (unaudited)	<u><u>30,467,820</u></u>	<u><u>(11,056,796)</u></u>	<u><u>19,411,024</u></u>

The notes on pages 11 to 19 form an integral part of these condensed consolidated interim financial statements.

Bradda Head Lithium Limited

Condensed Interim Consolidated Statement of Changes in Equity

for the period ended 31 August 2022 (continued)

	Share premium US\$	Retained deficit US\$	Foreign currency translation reserve US\$	Total US\$
Balance at 1 March 2021 (audited)	9,443,676	(9,056,687)	186	387,175
Total comprehensive loss for the period				
Loss for the period	-	(2,052,675)	-	(2,052,675)
Total comprehensive loss for the period	-	(2,052,675)	-	(2,052,675)
Transactions with owners of the Company				
Issue of ordinary shares (note 8)	11,904,439	-	-	11,904,439
Share issue costs capitalised (note 8)	(413,731)	-	-	(413,731)
Equity settled share-based payments (note 9)	-	140,090	-	140,090
Transfer to retained deficit	-	186	(186)	-
Total transactions with owners of the Company	11,490,708	140,276	(186)	11,630,798
Balance at 31 August 2021 (unaudited)	<u>20,934,384</u>	<u>(10,969,086)</u>	<u>-</u>	<u>9,965,298</u>

The notes on pages 11 to 19 form an integral part of these condensed consolidated interim financial statements.

Bradda Head Lithium Limited

Condensed Interim Consolidated Statement of Cash Flows

for the period ended 31 August 2022

		Six-month period ended 31 August 2022 (unaudited)	Six-month period ended 31 August 2021 (unaudited)	Three-month period ended 31 August 2022 (unaudited)	Three-month period ended 31 August 2021 (unaudited)
	Notes	US\$	US\$	US\$	US\$
Cash flows from operating activities					
Loss before income tax		(1,165,319)	(2,052,675)	(1,285,408)	(1,298,939)
<i>Adjusted for non-cash and non-operating items:</i>					
Depreciation	8	14,176	-	9,532	-
Unrealised profit on investment		2,520	(7,899)	2,520	1,463
Non-cash interest expense		-	32,833	-	7,762
Equity settled share based payments expense	10, 11	1,285,743	140,090	91,539	138,033
Warrant fair value re-measurement	11	(3,679,505)	-	(849,161)	-
Unrealised FX adjustment on convertible loan note		-	19,585	-	-
Unrealised FX on cash balances		1,004,583	30,140	694,061	6,411
Impairment		-	230,230	-	-
		<u>(2,537,802)</u>	<u>(1,607,696)</u>	<u>(1,336,917)</u>	<u>(1,145,270)</u>
Change in trade and other receivables		(460,495)	(313,504)	(171,491)	(269,390)
Change in trade and other payables		(743,903)	241,170	7,723	195,221
Net cash flows used by operating activities		<u>(3,742,200)</u>	<u>(1,680,029)</u>	<u>(1,500,685)</u>	<u>(1,219,439)</u>
Cash flows from investing activities					
Amounts paid for deferred mining and exploration costs	3	(275,343)	(157,263)	(262,582)	(156,402)
Amounts paid for licences and permits	4	(689,797)	(407,438)	(395,374)	(383,839)
Cash paid for bonding deposit		-	(35,962)	-	(85,275)
Equipment purchased	8	(58,672)	-	-	-
Net cash flows used by investing activities		<u>(1,023,812)</u>	<u>(600,663)</u>	<u>(657,956)</u>	<u>(625,516)</u>
Cash flows from financing activities					
Short-term loan received		-	60,000	-	-
Cash received from shares and warrants issued	9	12,304,100	9,598,923	-	8,645,774
Share issue costs paid	9	(547,916)	(413,731)	-	(413,731)
Net cash flows from financing activities		<u>11,756,184</u>	<u>9,245,192</u>	<u>-</u>	<u>8,232,043</u>
Increase / (decrease) in cash and cash equivalents		<u>6,990,172</u>	<u>6,964,500</u>	<u>(2,158,641)</u>	<u>6,387,088</u>
Cash and cash equivalents at beginning of period		<u>7,327,303</u>	<u>86,972</u>	<u>16,165,594</u>	<u>640,655</u>
Effect of foreign exchange on cash balances		<u>(1,004,583)</u>	<u>(30,140)</u>	<u>(694,061)</u>	<u>(6,411)</u>
Cash and cash equivalents at end of period		<u><u>13,312,892</u></u>	<u><u>7,021,332</u></u>	<u><u>13,312,892</u></u>	<u><u>7,021,332</u></u>

The notes on pages 11 to 19 form an integral part of these condensed consolidated interim financial statements.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended 31 August 2022

1 Reporting Entity

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

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

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the last annual consolidated financial statements as at and for the year ended 28 February 2022 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The financial information in this report has been prepared in accordance with the Company's accounting policies and in consistency with the last annual financial statements. Full details of the accounting policies adopted by the Company are contained in the financial statements included in the Company's annual report for the year ended 28 February 2022, which is available on the Group's website: www.braddheadltd.com. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended 28 February 2022.

2 General and administrative

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

	Six-month period ended 31 August 2022 (unaudited) US\$	Six-month period ended 31 August 2021 (unaudited) US\$	Three-month period ended 31 August 2022 (unaudited) US\$	Three-month period ended 31 August 2021 (unaudited) US\$
Auditors' fees	101,441	26,601	19,600	23,059
Directors and management fees and salaries	269,276	189,711	136,602	122,118
Legal and accounting	174,937	426,553	74,631	324,554
Contractor costs	1,260,523	452,245	694,697	301,364
Professional and marketing costs	609,567	332,227	302,239	228,225
Other administrative costs	136,234	199,944	118,680	145,950
Total	<u>2,551,978</u>	<u>1,627,281</u>	<u>1,346,449</u>	<u>1,145,270</u>

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended 31 August 2022
(continued)

3 Deferred mine exploration costs

The schedule below details the exploration costs capitalised to date:

	Total US\$
Cost and net book value	
At 28 February 2021 (audited)	1,767,274
Capitalised during the year	2,501,853
Disposal under royalty agreement	(85,383)
	<hr/>
At 28 February 2022 (audited)	4,183,744
	<hr/>
Capitalised during the period	275,343
	<hr/>
At 31 August 2022 (unaudited)	4,459,087
	<hr/> <hr/>
Cost and net book value	
At 31 August 2022 (unaudited)	4,459,087
At 28 February 2022 (audited)	4,183,744
	<hr/> <hr/>

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest, as well as maintaining the assets in good standing. The Group assessed the DMEC relating to areas for which licenses and permits are held, for impairment as at 31 August 2022. The Board concluded that no facts and circumstances have been identified which suggest the recoverable amount of these assets would not exceed the carrying amount and, as such, no impairment was recognised during the period.

During the year ended 28 February 2022, an impairment charge of US\$ Nil was recognised.

4 Exploration permits and licences

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

	Total US\$
Cost and net book value	
At 28 February 2021 (audited)	691,465
Capitalised during the year	1,119,455
Disposal under royalty agreement	(31,614)
Impairment	(230,230)
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At 28 February 2022 (audited)	1,549,076
	<hr/>
Capitalised during the period	689,797
	<hr/>
At 31 August 2022 (unaudited)	2,238,873
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Cost and net book value	
At 31 August 2022 (unaudited)	2,238,873
At 28 February 2022 (audited)	1,549,076
	<hr/> <hr/>

The Group assessed the carrying amount of the licences and permits held for impairment as at 31 August 2022. The Board concluded that no facts and circumstances have been identified which suggest the recoverable amount of these assets would not exceed the carrying amount and, as such, no impairment was recognised during the period.

During the year ended 28 February 2022, an impairment charge of US\$ 230,230 was recognised as a result of project licences and permits that were not renewed.

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended 31 August 2022
(continued)

5 Investment in subsidiary undertakings

As at 31 August 2022 and 28 February 2022, the Group had the following subsidiaries:

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

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

The condensed interim consolidated financial statements include the results of the subsidiaries for the full interim period from 1 March 2022 to 31 August 2022, and up to the date that control ceases.

6 Trade and other receivables and advances and deposits

Non-current

	31 August 2022 (unaudited) US\$	28 February 2022 (audited) US\$
Advances and deposits	501,956	88,594

Current

	31 August 2022 (unaudited) US\$	28 February 2022 (audited) US\$
Prepayments and other debtors	145,129	97,996

7 Trade and other payables

	31 August 2022 (unaudited) US\$	28 February 2022 (audited) US\$
Trade payables	245,638	1,019,175
Accrued expenses and other payables	108,134	78,500
	353,772	1,097,675

8 Plant and equipment

Cost	Motor vehicle US\$	Total US\$
As at 1 March 2021 (audited)	-	-
Additions during the year	55,718	55,718
As at 28 February 2022 (audited)	55,718	55,718
Additions during the period	58,672	58,672
As at 31 August 2022 (unaudited)	114,390	114,390

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended 31 August 2022
(continued)

8 Plant and equipment (continued)

	Motor vehicle US\$	Total US\$
<i>Accumulated depreciation</i>		
As at 1 March 2021 (audited)	-	-
Depreciation charge for the year	(1,548)	(1,548)
As at 28 February 2022 (audited)	(1,548)	(1,548)
Depreciation charge for the period	(14,176)	(14,176)
As at 31 August 2022 (unaudited)	(15,724)	(15,724)
Carrying amount		
As at 31 August 2022 (unaudited)	98,666	98,666
As at 28 February 2022 (audited)	54,170	54,170

9 Share premium

Authorised

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

	Shares	Share capital US\$	Share premium US\$
Issued ordinary shares of US\$0.00 each			
At 28 February 2021 (audited)	75,040,282	-	9,443,676
Shares issued for cash	158,499,941	-	12,098,924
Shares issued to settle loans	48,618,529	-	2,159,722
Shares issued in lieu of Directors fees	3,037,362	-	145,794
Shares issued to Zenith Minerals Limited *	32,217,765	-	-
Share issue costs capitalised	-	-	(413,731)
At 28 February 2022 (audited)	317,413,879	-	23,434,385
Shares issued for cash (note 11)	73,195,560	-	7,581,351
Share issue costs capitalised	-	-	(547,916)
At 31 August 2022 (unaudited)	390,609,439	-	30,467,820

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

Bradda Head Lithium Limited

Notes to the condensed interim consolidated financial statements for the period ended 31 May 2022 (continued)

10 Equity settled share based payments

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

During the six-month period ended 31 August 2022, outstanding fees due to directors totalling US\$ Nil were settled by the issue of shares (Six-month period ended 31 August 2021: US\$ 145,794)

Options and warrants

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

<i>Recipient</i>	<i>Grant Date</i>	<i>Term in years</i>	<i>Exercise Price</i>	<i>Number at 1 March 2022 (audited)</i>	<i>Number Issued</i>	<i>Number Lapsed/cancelled/expired</i>	<i>Number Exercised</i>	<i>Number at 31 August 2022 (unaudited)</i>	<i>Fair value</i>
<i>Options</i>									US\$
Directors and Participants	April 2018	5	US\$ 0.15668	1,606,304	-	-	-	1,606,304	24,028
Directors and Participants	June 2021	5	US\$ 0.048	18,000,000	-	-	-	18,000,000	1,110,556
Directors and Participants	September 2021	5	£0.09	4,000,000	-	-	-	4,000,000	314,962
Directors and Participants	April 2022	5	£0.18	-	9,200,000	-	-	9,200,000	1,122,876
<i>Warrants</i>									
Supplier warrants	July 2021	5	£0.0550	1,818,182	-	-	-	1,818,182	124,482
Supplier warrants	July 2021	3	£0.0825	2,254,545	-	-	-	2,254,545	8,275
Shareholder warrants	December 2021	2	£0.0885	1,185,687	-	-	-	1,185,687	44,858
Supplier warrants	April 2022	2	£0.1350	-	3,244,331	-	-	3,244,331	284,918
				28,864,718	12,444,331	-	-	41,309,049	3,034,955

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(continued)

10 Equity settled share based payments (continued)

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

	Six-month period ended 31 August 2022 (unaudited) US\$	Six-month period ended 31 August 2021 (unaudited) US\$	Three-month period ended 31 August 2022 (unaudited) US\$	Three-month period ended 31 August 2021 (unaudited) US\$
Share based payments charge	<u>(1,285,743)</u>	<u>(140,090)</u>	<u>(91,539)</u>	<u>(138,033)</u>

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

April 2022 options

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

Terms of the issued options are as follows:

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

April 2022 supplier warrants

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

Terms of the issued warrants are as follows:

- As part of the fundraise completed during April 2022, certain service providers of the Company received warrants for services rendered. As a result, 3,244,331 warrants have been issued. All un-exercised warrants expire after a period of 2 years from grant date. It is assumed that options are exercised within 2 years from date of grant. The applied volatility is based on historical volatility.

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11 Warrants

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

During the six-month period ended 31 August 2022, the Company awarded warrants to investors who participated in the fundraising completed during April 2022.

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

Recipient	Grant Date	Term in years	Exercise Price	Warrants at 1 March 2022 (audited)	Number of Warrants Issued	Number of Warrants Lapsed/cancelled/expired	Number of Warrants Exercised	Number of Warrants at 31 August 2022 (unaudited)	Fair value
Warrants									US\$
Shareholder warrants	April 2022	2	£0.2100	-	73,195,560	-	-	73,195,560	1,043,244
				-	73,195,560	-	-	73,195,560	1,043,244

Guidance as per IAS 32: Financial Instruments has been applied in classifying these as a financial liability. This is due to the exercise price and the Company's functional currency being different. As a result, the fair value applied to the shareholder warrants has been classified as a financial liability. At period end, the warrant liability has been re-measured to fair value, with a corresponding entry to profit and loss of US\$ 3,679,505 (period ended 31 May 2021: Nil) within Warrant Fair Value Re-Measurement.

Reconciliation of warrant liability fair value:

Balance at 1 March 2022	Fair value US\$
Warrants issued during the period	-
Fair value re-measurement	4,722,749
	(3,679,505)
Balance at 31 August 2022	<u>1,043,244</u>

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Notes to the condensed consolidated interim financial statements for the period ended 31 May 2022
(continued)

11 Warrants (continued)

April 2022 shareholder warrants

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

<i>31 August 2022 fair value</i>	<i>Award date and exercise price</i>
Fair value	£0.0119
Exercise price	£0.21
Weight average expected volatility	74.3%
Weighted average expected life remaining (years)	1.64
Risk-free interest rate (based on comparable companies)	3.45%

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

12 Basic and diluted loss per share

The calculation of basic profit per share of the Company is based on the loss for the period of US\$ 1,165,319 (six-month period to 31 August 2021: loss of US\$ 2,052,489) and the weighted average number of shares of 349,139,509 (at 31 August 2021: 147,618,936) in issue during the period.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares such as warrants and options. An adjustment for the dilutive effect of share options and warrants in the current period has not been reflected in the calculation of the diluted loss per share, as the effect would have been anti-dilutive, due the Company recognising a loss for the period.

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13 Related party transactions and balances

Galloway Limited

On 16 August 2019, the Company entered into a Convertible Loan Agreement (“Loan”) with Galloway Limited (“Galloway”), to the value of US\$ 350,000. The Loan had a repayment date of 31 December 2019 and carries interest at a rate of 10% per annum. On 13 December 2019, the repayment date was extended to 31 December 2024. The Loan was automatically converted into shares in the capital of the Company on Admission at the Issue Price.

On 9 December 2019, the Company entered into a Convertible Loan Note (“CLN”) agreement with Galloway, to the value of £650,000. The CLN had a maturity date of 30 April 2020 and carries interest at a rate of 5% per annum. On 1 October 2020, the repayment date was extended to 31 December 2024. The CLN was converted into ordinary shares of the Company upon completion of the pre-IPO fundraising, which raised over US\$ 1,000,000. The number of shares that was issued on conversion was based on a price per share being a 20% discount to the price per share paid by the investors on the pre-IPO fund raising.

On 17 February 2021, the Company entered into a Term Loan Facility (“Term Loan”) with Galloway, to the value of US\$ 500,000. The loan is interest-free, and repayable on the earlier of 17 February 2022 or upon the completion of a fundraise by the Company.

On 21 May 2021, the Company completed a private funding round. Following this and in line with the CLN and Term Loan agreements, balances due to Galloway under these agreements were settled, in full, by the issuance of 41,033,776 ordinary shares.

On 19 July 2021, the Company completed a successful listing on London AIM. Following this and in line with the Loan agreement, all balances due to Galloway were settled, in full, by the issuance of 7,584,753 ordinary shares.

Edgewater Associates Limited (“Edgewater”)

During the six-month period ended 31 August 2022, 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.

During the period, the premium payable on the policy was US\$ 49,318 (year ended 28 February 2022: US\$ 44,303), of which US\$ 40,387 was prepaid as at the period end (28 February 2022: US\$ 11,076).

14 Commitments and contingent liabilities

The Group has certain obligations to expend minimum amounts on exploration works on mining tenements in order to retain an interest in them, which would be approximately US\$ 377,685 during the next 12 months. This includes annual fees in respect of licence renewals. These obligations may be varied from time to time, subject to approval and are expected to be filled in the normal course of exploration and development activities of the Company.

15 Events after the reporting date

The Company received approval to list its shares on the TSX-V Exchange in Canada, with trading expected to commence during November 2022.