

## Bradda Head Lithium Ltd. (AIM:BHL, TSXV:BHLI) San Domingo Drilling Returns 1.6% Li<sub>2</sub>O over 31.85m

Exploration Update  
February 7, 2023

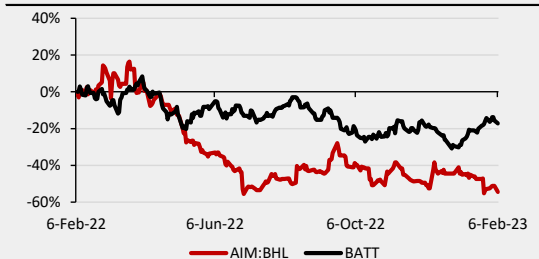
(Currency is US\$ unless noted otherwise)

Closing Price (£/sh)	£0.07	
Rating	BUY	
Target (£/sh)	£0.40	
Return to Target	493%	
52 Week Low / High (£/sh)	£0.06 / £0.18	
<b>CAPITALIZATION</b>	<b>Basic</b>	<b>Diluted</b>
Shares Outstanding (M)	390.6	505.1
Market Capitalization (£M)	£26.4	
Enterprise Value (£M)	£17.7	
Cash (£M)	£8.7	
Total Debt (£M)	£0.0	

### STOCK CHART



### RELATIVE PERFORMANCE



RELATIVE VALUATION	US\$/t LCE	P/NAV
Bradda Head Lithium Limited	\$71	0.17x
Peer Group Average*	\$150	0.40x

\*S&P Capital IQ

### MAJOR SHAREHOLDERS

Board and Management (18.4%), Zenith Minerals (11.3%), Electrification & Decarbonization AIE LP (7.3%), RBC Trust Corp. (5.2%), Lithium Royalty Corp. (5.0%)

DISCLOSURE CODE: 1,2,3

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

### Company Description

Bradda Head Lithium Limited engages in the exploration and development of lithium mining projects in the United States. Its projects include the Basin and Wikieup projects in central Arizona, which together, cover ~47km<sup>2</sup> of Li-sedimentary ground; the Wilson Salt Flat project, a Li-brine project located in Nye County, Nevada; the Eureka Li-brine project, which is located in Lander County, Nevada; and the San Domingo project, a Li-pegmatite project that is located in the Maricopa and Yavapai counties, Arizona.

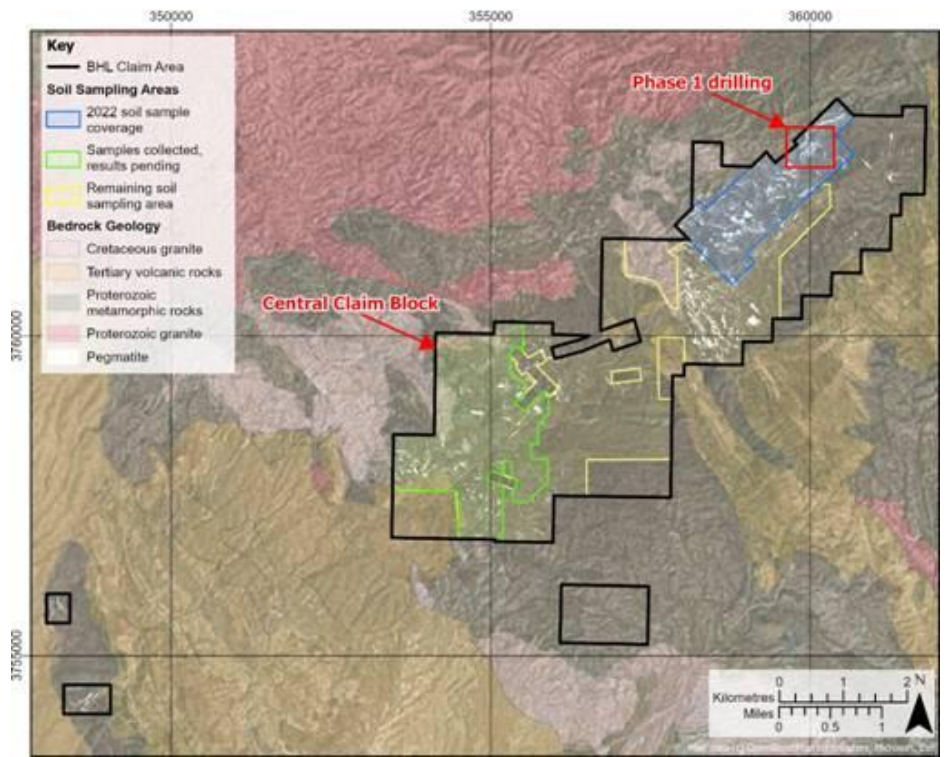
### Impact: Positive

Bradda Head reported assays from its 7,000m maiden drilling program at its 100%-owned San Domingo Li-pegmatite project in Arizona. This is the first extensive drill program undertaken at the project since the 1950s and results have returned high-grade intercepts from multiple locations in the northern part of the property. **Overall, we view these results positively as they confirm that the high-grade mineralization previously observed at surface persists at depth. The recent pullback in the share price is unwarranted, in our view, and we expect more eyes on the story as Bradda continues to aggressively turn the drill bit.**

- **Li mineralization observed in ~75% of holes drilled.** Drilling commenced in Q3/22, with the first phase focused on the northern claims (Figure 1). Highlights from the initial 18 holes include: 1) **1.6% Li<sub>2</sub>O over 31.85m including 2.88% Li<sub>2</sub>O over 3.9m and 1.97% Li<sub>2</sub>O over 20.03m** (SD-DH22-024), 2) 0.78% Li<sub>2</sub>O over 9.75m including 1.20% Li<sub>2</sub>O over 5.36m (SD-DH22-003) and 3) 1.86% Li<sub>2</sub>O over 4.27m (SD-DH22-005). ~81% (~5,700m or 36 holes) of the program have been completed, with assays pending for ~50% of the completed holes. Drilling has now shifted to the central claim block and is expected to wrap-up this month.
- **Scratching the surface, literally.** Hole -024 was completed at the Midnight Owl prospect, with mineralization encountered from 26.8m downhole (Figure 2), while the intercepts in holes -003 and -005 start right at surface, supporting a potential open-pittable target. Per our [site visit report](#), San Domingo represents an entire pegmatite field with several proximal pegmatite dykes, which are easily identifiable. Only ~1% of the 23km<sup>2</sup> land package has been drilled to date.
- **Expect follow-up drilling.** A follow-up soil sampling program ([read more](#)) is underway at over the entire project area, with results expected to help guide drill targeting for a ~10,000m, Phase 3 program (H2/23).
- **Positive re-rating is well warranted, in our view.** We believe this first batch of assays validates San Domingo as a real exploration target with resource potential. Hard-rock Li projects tend to fetch higher trading multiples than clays or brines, and per our [initiation report](#), our valuation for Bradda is based entirely on its clay assets. We also note there is a general lack of US-based hard-rock Li assets, especially in renowned mining jurisdictions such as Arizona, with road access.

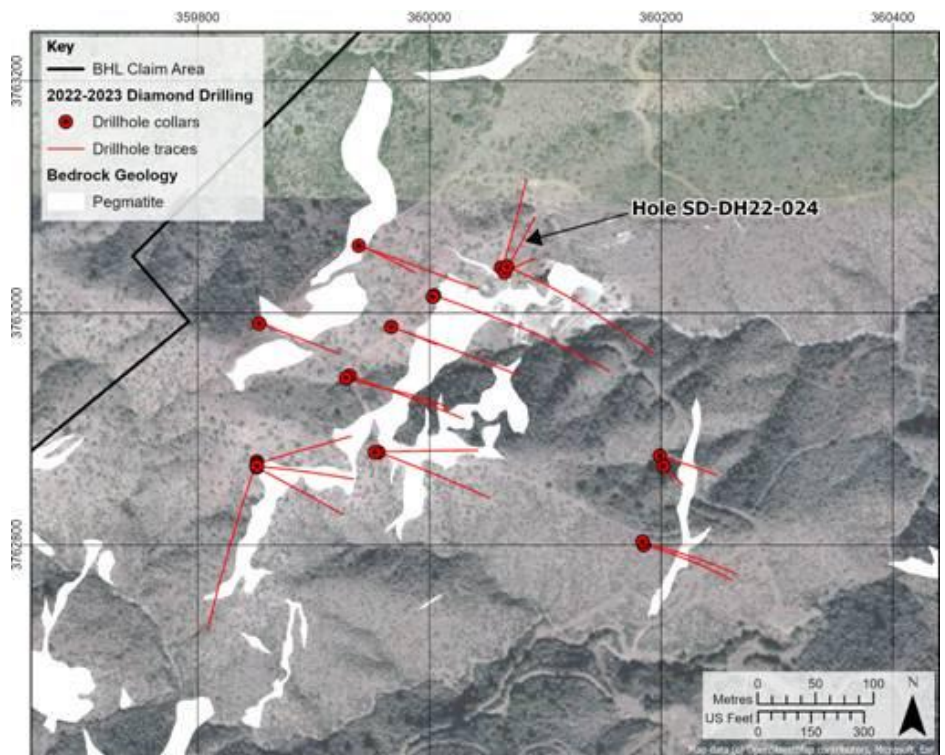
**We maintain a BUY rating and our target price of £0.40/sh.** Our target is based on our probability-weighted valuation for the Basin/Wikieup projects only, with San Domingo, Wilson and Eureka providing free upside. Bradda Head trades at a steep discount to peers at US\$71/t LCE, compared to peers at US\$150/t LCE. The recent pullback in the stock price, in our view, is disconnected from the value being unlocked at San Domingo and Basin ([read more](#)), and we believe the current price levels represent a strong buying opportunity. **Catalysts:** 1) San Domingo drill results (ongoing), 2) Basin/Wikieup and Nevada brines drilling (Q1/23), and 3) Basin PEA (2023/2024).

**Figure 1: San Domingo map**



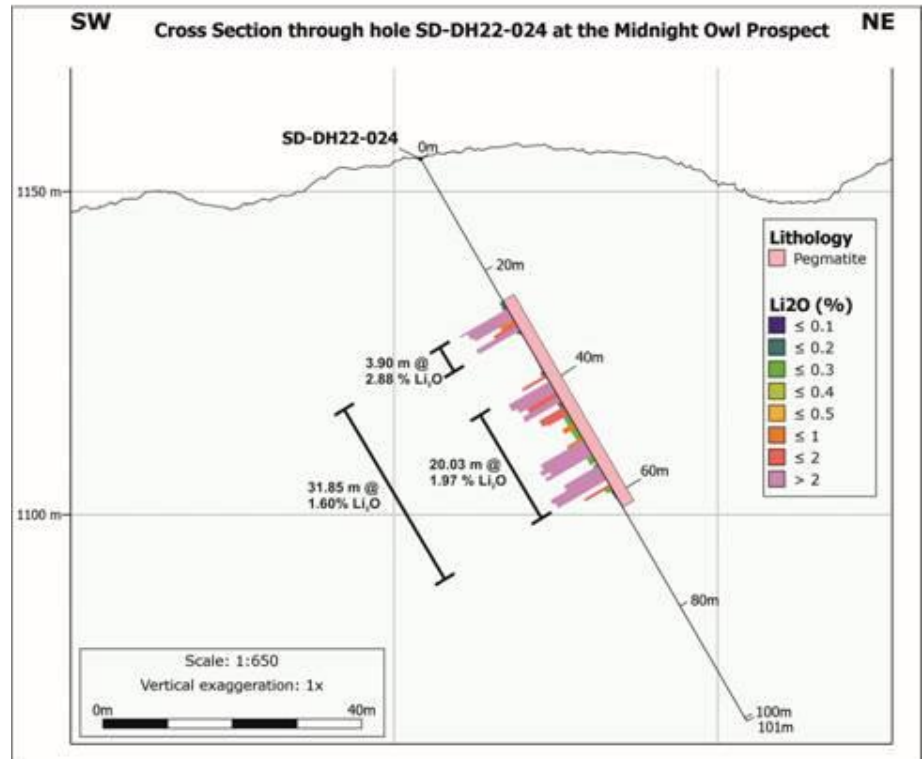
Source: Company Reports, RCSI

**Figure 2: Northern claim block, showing recent drilling**



Source: Company Reports

Figure 3: Hole 24 cross-section



Source: Company Reports

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Updated February 6, 2023

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2021-11-16	NA	NA	BUY (S)	25%
2022-01-13	NA	NA	HOLD	0%
2022-03-03	NA	NA	TENDER	2%
2022-03-29	BUY	0.45	NA	2%
2022-04-26	RESTRICTED	RESTRICTED	UNDER REVIEW	2%
2022-07-04	BUY	0.45		
2022-10-19	BUY	0.45		
2022-11-22	BUY	0.45		
2023-01-17	BUY	0.40		

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Company Name	Ticker Symbol	Disclosures
Bradda Head Lithium Ltd.	AIM:BHL	1,2,3

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