



**Unaudited Interim Report and Condensed Consolidated Interim Financial
Statements
For the six month period ended 31 August 2021**

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 ending 31 August 2021.

Operational review

The first six months of the 2022 financial year have been very exciting, with the most significant moment for the Company being the successful listing and admission of its shares to trading on the London AIM market in July 2021.

Bradda Head has had an extremely busy start to its London listed life, and in November 2021 received a major endorsement over its assets, entering into a binding letter of intent with the Lithium Royalty Corporation. Further details are discussed below under Financing.

The Company commenced a diamond core drilling programme at the Burro Creek East project on 1 July 2021. The fast-tracked programme has been designed to twin some existing holes and drill new holes, with the target being to extend the existing mineral resource estimate at BCE. Results for the first three twinned holes have been received, with assay results showing the highest grade intercepts recorded to date at BCE, of over 2,000 ppm Li, with the highest grade recorded in the Upper Clay zone at 2,150 ppm Li, which is a 35% increase in grade compared to the highest grade achieved during the drilling programme completed in 2018. These early results are very positive, and demonstrate that the existing mineral resource estimate at Burro Creek East has the potential to be increased significantly. The preliminary drilling program was completed during November 2021, with all the remaining cores in the process of being assayed. The results will be incorporated in an updated resource estimate, which is expected to be completed early in Q1 2022.

We also completed a successful claim-staking programme, which doubled the size of our Western Arizona landholding. Approximately 24km² of new claims have been added, increasing the landholding by 105% to c.47km² of sedimentary lithium claims. The new claims are adjacent to the existing Burro Creek East, Burro Creek West, and Wikieup clay deposits, and complement the Company's prospective landholding. The claims were placed where the Company's geologists have identified areas in which lithium-bearing clay, similar to that at the Wikieup and Burro Creek assets, likely exist under younger alluvium and/or volcanoclastic deposits.

In October, the Company announced that it received permission to drill on its Wikieup project in Arizona. Drilling is expected to commence in Q4 2021, with the drill programme being conducted by Boart Longyear using sonic drilling techniques. Boart Longyear is a world-renowned driller with experience using sonic rigs and drilling in sedimentary deposits. In addition, sonic drilling rigs are more environmentally sensitive than diamond core drilling rigs, and are also able to achieve superior recoveries in soft sedimentary rocks compared to diamond cored drilling, which is being used at the Brurro Creek East drill programme. Permission has been granted to drill 28 holes.

The Company engaged the services of geophysics contractor, Terravision Exploration Ltd, to conduct geophysical programmes at the Company's Burro Creek (East and West), Wikieup and San Domingo lithium projects, using its leading ground-penetrating radar (GPR) technology, GPRplus™. The GPRplus™ technology will be used at Bradda Head's sedimentary (clay) and pegmatite lithium assets to identify different geological structures and layers. This should assist the Company by minimising the risk of unnecessary drilling meterage and accelerating its overall drilling programme.

We are also excited by three key senior appointments. Adam Hawkins, an expert in the Environmental, Social & Governance ("ESG"), has been appointed as ESG Officer. Don Hains, an industrial minerals exploration and economic geologist with extensive experience in development, use and analysis of industrial minerals properties and materials, has been appointed as a Technical Consultant. Yatendra Sharma, who holds a master's degree in industrial chemistry/metallurgy and a PhD degree in chemical process and electrometallurgy and with over 47 years of experience, has been appointed as a Lithium Processing Consultant. We are pleased to add these experienced experts to our team.

On 22 September 2021, the Company changed its name from Bradda Head Holdings Limited to Bradda Head Lithium Limited, to better reflect the Company's business and focus.

Bradda Head Lithium Limited

Chairman's statement (continued)

An initial and preliminary metallurgical testwork programme has commenced, with the Company engaging SGS Canada, a highly-regarded SGS Laboratory in Canada. This programme will build on existing metallurgical work from its 2016 to 2018 programmes and utilise recent developments in lithium clay processing technology, with the primary aim being to develop a suitable process flowsheet, whereby the target processing cost of Li extraction is less than US\$4,000/t LCE (Lithium Carbonate Equivalent).

Following the engagement of Terravision Exploration Ltd on 19 August 2021, positive initial results were received covering its Burro Creek, Wikieup and San Domingo projects. At Burro Creek East (where Bradda Head has a JORC resource of 185kt of Lithium Carbonate Equivalent), initial results show that clay thickens towards the west and north-west towards Bradda Head's other claims. At Wikieup, where drilling is planned to commence in Q4 at sections 12, 13 and Wikieup NW, initial results show clay thicknesses of up to 90 metres. At San Domingo, initial promising results demonstrate the potential extension at depth of pegmatites in the central and the southwestern sections of the resource. These initial results are promising and exciting, with these projects planned for further development during 2022.

Financial Review

During the 6 month period ended 31 August 2021, the Company recorded a net loss of US\$ 1,822,486 (31 August 2020: US\$ 229,495). Following the buy-out of the 45% Zenolith Minerals Limited interest in the underlying projects in January 2021, the entire net loss is attributable to equity shareholders. Expenditures totalling US\$ 1,022,837 are considered to be one-off items, as these related directly to the AIM stock exchange listing, completed on 19 July 2021.

As at period end, cash balance stood at US\$ 7,021,332 (28 February 2021: US\$ 86,972), capitalised deferred mining, exploration, licence and permit costs stood at US\$ 2,793,210 (28 February 2021: US\$ 2,228,509), and total assets were US\$ 10,275,312 at 31 August 2021 (28 February 2021: US\$ 2,418,888).

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.

Financing

In anticipation of a stock exchange listing on the London AIM market, the Company completed a successful pre-IPO funding round on 21 May 2021. Gross proceeds of US\$ 1,028,199 were raised from new and existing shareholders, issuing 21,420,824 new ordinary shares.

During July 2021, the Company completed an over-subscribed AIM listing, with shares commencing to trade on 19 July 2021. The Company raised total gross proceeds of £6,200,000 or US\$ 8,570,964, issuing 112,727,273 new ordinary shares to institutional and other investors. As mentioned above, listing related expenditures amounted to US\$ 1,022,837 and these are considered to be non-recurring items.

Bradda Head Lithium Limited

Chairman's statement (continued)

During October 2021, the Company started the process to list on the US OTC Markets platform, with the Company's ordinary shares to be cross-traded on the OTCQB Board of the OTC Markets. Considering that all of the Company's projects are located in the USA, this is a logical step for the Company and provides efficient access for US-based investors to trade the Company's shares. The process should be completed before the end of 2021, with further announcements made once this is completed.

Further endorsement in the confidence of our assets was received on 15 November 2021, with the Company entering into a binding letter of intent with the Lithium Royalty Corporation ("LRC") for a 2% Gross Overriding Royalty (GOR) over its sedimentary lithium claims in Central Arizona. Subject to completion of due diligence, Bradda Head will enter into a royalty agreement with LRC, with the key terms being:

- Total proceeds payable to Bradda Head of US\$ 8 million, spread as follows:
 - o US\$ 2.5 million on closing
 - o US\$ 2.5 million once Bradda Head has obtained a 1 million tonne (Mt) lithium carbonate equivalent (LCE) resource with a minimum lithium grade of 800 parts per million (ppm)
 - o US\$3 million once Bradda Head has obtained a 2.5Mt LCE resource with a minimum lithium grade of 800 parts per million (ppm)
- LRC will also invest an additional US\$ 2 million as a private placement on closing
- LRC to be issued with 1,185,687 warrants at completion

This is another significant step towards our end-goal of becoming a battery-grade lithium provider to the lithium-hungry US market.

Strategy and Outlook

The first half of the financial year has been both busy and very exciting. We welcome our new shareholders following the successful pre-IPO and IPO fundraises, 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 353 ktpa LCE by 2030, being a 7,000% increase from the current US annual production of only 5ktpa LCE. 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 creating value for shareholders.

Ian Stalker
Chairman

29 November 2021

Bradda Head Lithium Limited

Condensed Consolidated Statement of Comprehensive Income

for the period ended 31 August 2021

		Six month period ended 31 August 2021 (unaudited)	Six month period ended 31 August 2020 (unaudited)
	Notes	US\$	US\$
Expenses			
General and administrative	2	(1,627,321)	(141,341)
Share based payment expense	9	(140,090)	(54,314)
Foreign exchange (loss)/gain		(30,140)	6,396
Operating loss		(1,797,551)	(189,259)
Other income			
Unrealised gain on investment		7,898	-
Loss before finance costs		(1,789,653)	(189,259)
Finance costs		(32,833)	(40,236)
Loss before income tax		(1,822,486)	(229,495)
Income tax expense		-	-
Loss for the period		(1,822,486)	(229,495)
Other comprehensive income - foreign currency translation reserve		186	-
Total comprehensive loss for the period		(1,822,300)	(229,495)
Loss attributable to:			
Equity shareholders		(1,822,300)	(227,414)
Non-controlling interests		-	(2,081)
		(1,822,300)	(229,495)
Total comprehensive loss attributable to:			
Equity shareholders		(1,822,300)	(227,414)
Non-controlling interests		-	(2,081)
		(1,822,300)	(229,495)
Basic and diluted earnings loss per share (cents)	10	(1.23)	(0.37)

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

Bradda Head Lithium Limited

Condensed Consolidated Statement of Financial Position

as at 31 August 2021

	Notes	31 August 2021 (unaudited) US\$	28 February 2021 (audited) US\$
Non-Current assets			
Deferred mining and exploration costs	3	1,924,537	1,767,274
Exploration permits and licences	4	868,673	461,235
Advances and deposits	6	85,275	49,313
Investment		31,630	23,732
Total non-current assets		2,910,115	2,301,554
Current assets			
Cash and cash equivalents		7,021,332	86,972
Trade and other receivables	6	343,865	30,362
Total current assets		7,365,197	117,334
Total assets		10,275,312	2,418,888
Equity			
Share premium	8	20,934,384	9,443,676
Retained deficit		(10,969,129)	(9,286,919)
Foreign currency translation reserve		-	186
Total equity		9,965,255	156,943
Non-Current liabilities			
Related party balances		-	1,547,208
Total non-current liabilities		-	1,547,208
Current liabilities			
Trade and other payables	7	310,057	214,737
Related party balances		-	500,000
Total current liabilities		310,057	714,737
Total equity and liabilities		10,275,312	2,418,888

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

These interim financial statements were approved by the Board of Directors on 29 November 2021 and were signed on their behalf by:

Denham Eke
Director

Bradda Head Lithium Limited

Condensed Consolidated Statement of Changes in Equity

for the period ended 31 August 2021

	Share premium US\$	Retained deficit US\$	Foreign currency translation reserve US\$	Total US\$
Balance at 1 March 2021 (audited)	9,443,676	(9,286,919)	186	156,943
Total comprehensive loss for the period				
Loss for the period	-	(1,822,300)	(186)	(1,822,486)
Total comprehensive income for the period	-	(1,822,300)	(186)	(1,822,486)
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
Total transactions with owners of the Company	11,490,708	140,090	-	11,630,798
Balance at 31 August 2021 (unaudited)	20,934,384	(10,969,129)	-	9,965,255

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

Bradda Head Lithium Limited

Condensed Consolidated Statement of Changes in Equity

for the period ended 31 August 2021 (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 March 2020 (audited)	9,353,128	(9,519,559)	186	(166,245)	1,371,770	1,205,525
Total comprehensive loss for the year Loss for the year	-	(227,414)	-	(227,414)	(2,081)	(229,495)
Total comprehensive income for the year	-	(227,414)	-	(227,414)	(2,081)	(229,495)
Transactions with owners of the Company Equity settled share-based payments (note 9)	-	54,314	-	54,314	-	54,314
Total transactions with owners of the Company	-	54,314	-	54,314	-	54,314
Balance at 31 August 2020 (unaudited)	9,353,128	(9,692,659)	186	(339,345)	1,369,689	1,030,344

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

Bradda Head Lithium Limited

Condensed Consolidated Statement of Cash Flows

for the period ended 31 August 2021

		Six month period ended 31 August 2021 (unaudited)	Six month period ended 31 August 2020 (unaudited)
	Notes	US\$	US\$
Cash flows from operating activities			
Loss before income tax		(1,822,486)	(229,495)
<i>Adjusted for non-cash and non-operating items:</i>			
Unrealised profit on investment		(7,898)	-
Non-cash interest expense		32,833	40,236
Equity settled share based payments expense	9	140,090	54,314
Unrealised FX adjustment on convertible loan note		19,585	-
		<u>(1,637,876)</u>	<u>(134,945)</u>
Change in trade and other receivables		(318,407)	(14,475)
Change in trade and other payables		246,114	2,597
		<u>(1,710,169)</u>	<u>(146,823)</u>
Cash flows from investing activities			
Amounts paid for deferred mining and exploration costs	3	(157,263)	(4,740)
Amounts paid for licences and permits	4	(407,438)	(145,035)
Cash paid for bonding deposit		(35,962)	-
		<u>(600,663)</u>	<u>(149,775)</u>
Cash flows from financing activities			
Short-term loan received		60,000	-
Convertible loan note received		-	145,925
Payment of capitalised share issue costs	8	(413,731)	-
Cash received from shareholders for shares issued	8	9,598,923	-
		<u>9,245,192</u>	<u>145,925</u>
Increase/(decrease) in cash and cash equivalents		<u>6,934,360</u>	<u>(150,673)</u>
Cash and cash equivalents at beginning of period		<u>86,972</u>	<u>228,193</u>
Cash and cash equivalents at end of period		<u><u>7,021,332</u></u>	<u><u>77,520</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 consolidated interim financial statements

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.

The unaudited condensed consolidated interim financial statements of the Company (the “Financial Information”) are prepared in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union (“EU”). The financial information in this report has been prepared in accordance with the Company’s accounting policies. 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 2021, 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 2021.

2 General and administrative

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

	Six months ended 31 August 2021 (unaudited) US\$	Six months ended 31 August 2020 (unaudited) US\$
Auditors’ fees	26,601	22,667
Directors and management fees and salaries	189,711	46,995
Legal and accounting	426,553	12,754
Contractor costs	452,245	6,467
Professional and marketing costs	332,227	-
Other administrative costs	199,984	52,458
Total	1,627,321	141,341

3 Deferred mine exploration costs

The schedule below details the exploration costs capitalised to date:

	Total US\$
Cost and net book value	
At 29 February 2020	1,741,288
Capitalised during the year	30,399
Impairment	(4,413)
At 28 February 2021 (audited)	1,767,274
Capitalised during the period	157,263
At 31 August 2021 (unaudited)	1,924,537
Cost and net book value	
31 August 2021 (unaudited)	1,924,537
At 28 February 2021 (audited)	1,767,274

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements (continued)

3 Deferred mine exploration costs (continued)

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 31 August 2021.

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 year ended 28 February 2021, an impairment charge of US\$ 4,413 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 29 February 2020	612,595
Capitalised during the year	145,035
Impairment	(296,395)
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At 28 February 2021 (audited)	461,235
Capitalised during the period	407,438
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At 31 August 2021 (unaudited)	868,673
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Cost and net book value	
At 31 August 2021 (unaudited)	868,673
At 28 February 2021 (audited)	461,235
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The Group assessed the carrying amount of the licences and permits held for impairment as at 31 August 2021. 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 year ended 28 February 2021, an impairment charge of US\$ 296,395 was recognised.

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements (continued)

5 Investment in subsidiary undertakings

As at 31 August 2021, 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

As at 28 February 2021, 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
Minera Salmuera, S.A. de C.V. **	Mexico	100%	In process of being liquidated

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

The consolidated financial statements include the results of the subsidiaries from the date that control is obtained to 31 August 2021, and up to the date that control ceases.

6 Trade and other receivables and advances and deposits

Non-current

	31 August 2021 (unaudited) US\$	28 February 2021 (audited) US\$
Advances and deposits	<u>85,275</u>	<u>49,313</u>

Current

	31 August 2021 (unaudited) US\$	28 February 2021 (audited) US\$
Prepayments and other debtors	<u>343,865</u>	<u>30,362</u>

7 Trade and other payables

	31 August 2021 (unaudited) US\$	28 February 2021 (audited) US\$
Trade payables	248,029	153,878
Accrued expenses and other payables	<u>62,028</u>	<u>60,859</u>
	<u>310,057</u>	<u>214,737</u>

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements (continued)

8 Share premium

Authorised

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

	Shares	Share capital US\$	Share premium US\$
Issued ordinary shares of US\$0.00 each			
At 01 March 2020 (audited)	62,065,261	-	9,353,128
Issued in lieu of Directors fees (note 16)	1,233,481	-	90,548
Issued to acquire non-controlling interest (see note 9)	11,741,540	-	-
	<u>75,040,282</u>	<u>-</u>	<u>9,443,676</u>
At 28 February 2021 (audited)	75,040,282	-	9,443,676
At 01 March 2021	75,040,282	-	9,443,676
Shares issued for cash	134,148,097	-	9,598,924
Shares issued to settle loans	48,618,529	-	2,159,722
Shares issued in lieu of Directors fees	3,037,362	-	145,793
Shares issued to Zenith Minerals Limited*	32,217,765	-	-
Share issue costs capitalised	-	-	(413,731)
	<u>293,062,035</u>	<u>-</u>	<u>20,934,384</u>
At 31 August 2021 (unaudited)	293,062,035	-	20,934,384

* 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 consolidated interim financial statements (continued)

9 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 2021, outstanding fees due to directors totalling US\$ Nil were settled by the issue of shares (year ended 28 February 2021: US\$ 90,548)

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>1 March 2021 (audited)</i>	<i>Issued</i>	<i>Lapsed/ cancelled/expired</i>	<i>Exercised</i>	<i>31 August 2021 (unaudited)</i>	<i>Expensed in the year</i>	<i>Fair value</i>
									US\$	US\$
Directors and Participants	April 2018	5	US\$ 0.15668	1,606,304	-	-	-	1,606,304	4,115	24,028
Directors and Participants	June 2021	5	US\$ 0.048	-	18,000,000	-	-	18,000,000	135,975	621,207
				<u>1,606,277</u>	<u>18,000,000</u>	<u>-</u>	<u>-</u>	<u>19,606,304</u>	<u>140,090</u>	<u>645,235</u>
<i>Recipient</i>	<i>Grant Date</i>	<i>Term in years</i>	<i>Exercise Price US\$</i>	<i>1 March 2020</i>	<i>Issued</i>	<i>Lapsed/ cancelled/expired</i>	<i>Exercised</i>	<i>28 February 2021</i>	<i>Expensed in the year US\$</i>	<i>Fair value US\$</i>
Directors and Participants	April 2018	5	0.15668	5,987,034	-	(4,380,757)	-	1,606,277	63,051	24,028
				<u>5,987,034</u>	<u>-</u>	<u>(4,380,757)</u>	<u>-</u>	<u>1,606,277</u>	<u>63,051</u>	<u>24,028</u>

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements (continued)

9 Equity settled share based payments (continued)

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:

	<i>Award date and exercise price</i>
Fair value at grant date	US\$ 0.0424
Exercise price	US\$ 0.15668
Weight average expected volatility	27.45%
Weighted average expected life (years)	5
Expected dividends	Nil
Risk-free interest rate (based on comparable companies)	1.52%

Terms of the issued options are as follows:

- 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.

	<i>Award date and exercise price</i>
Fair value at grant date	US\$ 0.0351
Exercise price	US\$ 0.0480
Weight average expected volatility	21.20%
Weighted average expected life (years)	5
Expected dividends	Nil
Risk-free interest rate (based on comparable companies)	1.52%

Terms of the issued options are as follows:

- 18,000,000 options have been granted that vest fully on grant date. 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.

10 Basic and diluted loss per share

The calculation of basic loss per share of the Company is based on the loss for the period of US\$ 1,822,486 (six month period to 31 August 2020: loss of US\$ 229,495) and the weighted average number of shares of 147,618,936 (31 August 2020: 62,065,261) in issue during the period.

Diluted loss per share are 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. Options in issue will not have any dilutive effect on earnings per share, due to the Company recording a loss for the period (31 August 2020: loss).

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements (continued)

11 Related party transactions and balances

Key management personnel

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

	Six months ended 31 August 2021 (unaudited)		
	Fees and salary	Share-based payment remuneration	Total
	US\$	US\$	US\$
Ian Stalker	60,000	98,204	158,204
Charles FitzRoy	68,866	33,994	102,860
Denham Eke	13,897	-	13,897
Euan Jenkins	20,000	-	20,000
Alex Borrelli	10,000	-	10,000
Jim Mellon	10,000	-	10,000
	<u>182,763</u>	<u>132,198</u>	<u>314,961</u>
	Six months ended 31 August 2020 (unaudited)		
	Fees and salary	Share-based payment remuneration	Total
	US\$	US\$	US\$
John McGoldrick (resigned on 31 July 2020)	46,995	54,314	101,309
	<u>46,995</u>	<u>54,314</u>	<u>101,309</u>

As at 31 August 2021, amounts due to directors of US\$ 5,585 were outstanding (28 February 2021: US\$ 116,667).

The Directors hold the following number of shares in the Company as at 31 August 2021 and 28 February 2021

	31 August 2021 (unaudited)		28 February 2021 (audited)	
	Number	% of issued share capital	Number	% of issued share capital
James Mellon ¹	64,145,176	21.90%	14,263,407	18.70%
Denham Eke	124,307	0.04%	124,307	0.16%
Ian Stalker	3,616,267	1.23%	819,861	1.07%
Euan Jenkins	2,055,454	0.70%	-	-
Charles FitzRoy	11,091	0.00%	-	-
Alex Borrelli	293,909	0.10%	-	-
	<u>70,246,204</u>	<u>23.97%</u>	<u>15,207,575</u>	<u>19.93%</u>

(1) Jim Mellon's shareholding consists of 64,145,176 shares held by Galloway Limited. Galloway Limited is a company where Jim Mellon is considered to be the ultimate beneficial owner. Denham Eke is a director of Galloway Limited.

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements (continued)

11 Related party transactions and balances (continued)

Burnbrae Limited

The Company and its subsidiary, Bradda Head Limited, entered into service agreements with Burnbrae Limited (“Burnbrae”) 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. A monthly fee of £3,500 was charged by Burnbrae, for the provision of the service. On 31 May 2021, the Burnbrae agreement was terminated.

During the six months ended 31 August 2021, the Group incurred costs of US\$ 14,607 (Six months ended 31 August 2020: US\$ 28,727) under this agreement, of which US\$ Nil was outstanding as at the period end (28 February 2021: US\$ 30,612).

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 has 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 has 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 \$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.

Amounts due to Galloway as at 31 August 2021 totalled US\$ Nil (28 February 2021: US\$ 2,047,208).

Edgewater Associates Limited (“Edgewater”)

During the six month period ended 31 August 2021, 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\$ 44,303 (year ended 28 February 2021: US\$ 26,855), of which US\$ 35,188 was prepaid as at the period end (28 February 2021: US\$ 11,076).

Bradda Head Lithium Limited

Notes to the condensed consolidated interim financial statements (continued)

12 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\$ 268,926 during the next 12 months. 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.

13 Events after the reporting date

To the knowledge of the Directors, there have been no material events since the end of the reporting period that require disclosure in the condensed interim consolidated financial statements.