

Bradda Head Lithium Ltd. (AIM:BHL)

**Bradda Enters a Royalty Deal With Lithium Royalty Corp.**

Corporate Update

November 16, 2021

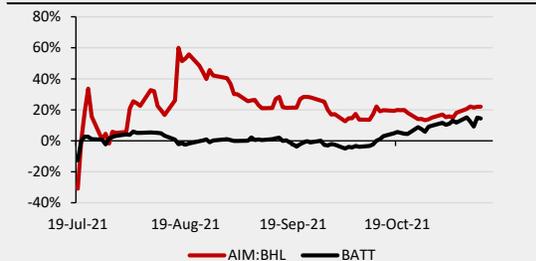
(Currency is C\$ unless noted otherwise)

Closing Price (C\$/sh)	\$0.09	
Rating	NA	
Target (C\$/sh)	NA	
Return to Target	NA	
52 Week Low / High (C\$/sh)	\$0.05 / \$0.11	
<b>CAPITALIZATION</b>	<b>Basic</b>	<b>Diluted</b>
Shares Outstanding (M)	293.1	294.7
Market Capitalization (C\$M)	\$24.9	
Enterprise Value (C\$M)	\$17.9	
Cash and Cash Equivalents (C\$M)	\$7.0	
Total Debt (C\$M)	\$0.0	

**STOCK CHART**



**RELATIVE PERFORMANCE**



**MAJOR SHAREHOLDERS**

Management (4.74%), Bradda Head International Limited (11.59%), RBC Trust Company (International) L (5.03%)

**DISCLOSURE CODE:**

(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 Burro Creek East, a lithium project located in central western Arizona, which covers an area of approximately 3.78km<sup>2</sup>; Burro Creek West, a project located in central western Arizona which covers an area of approximately 6.02km<sup>2</sup> with 65 placer mining and 72 lode claims; Wikieup project, which is located in the Mohave County or Arizona which covers an area of approximately 27.87km<sup>2</sup>; Wilson Salt Flat, a lithium brine project located in Nye County, Nevada; Spencer lithium brine project, which is located in Lander county, Nevada; and San Domingo, a lithium pegmatite project that is located in the Maricopa and Yavapai counties, Arizona which covers an area of approximately 13.5km<sup>2</sup>.

**Impact: Positive**

Bradda Head Lithium announced it entered into a royalty agreement with Lithium Royalty Corp (LRC). The agreement consists of a 2% gross overriding royalty totaling US\$8M over its sedimentary lithium claims in central Arizona. **We see this deal as a large stamp of approval from the Lithium Royalty team as it manages to raise non-dilutive funds for exploration of what appears to be specifically for its sedimentary lithium including Bruno Creek East, Bruno Creek West and Wikieup.** We estimate that this 2% royalty could be worth US\$300/t or nearly US\$7.5M in royalty payments annually to LRC, assuming hypothetical annual production of 25,000t LCE at prices of US\$15,000/t and that the 2.5Mt LCE threshold is met. Bradda Head has several positive attributes: multiple projects across multiple deposit types, great jurisdictions with high Fraser Institute rankings (NV, AZ), good infrastructure, low political and geological risk, low CO<sub>2</sub> footprint, geological upside and management that is heavily aligned with shareholders.

- **Payments to come as significant milestones are reached.** Payments are planned in three tranches, 1) US\$2.5M on closing of the deal, 2) US\$2.5M once Bradda Head has achieved 1Mt of LCE resource with a minimum grade of 800 ppm, and 3) US\$3M once it has reached a resource of 2.5Mt LCE at a minimum of 800 ppm. Furthermore, LRC plans to invest an additional US\$2M as a private placement on closing.
- **Non-dilutive deal.** At its current share price, this deal equates to raising ~1/3 of its market cap by non-dilutive means. We anticipate this news to help put Bradda Head on the map for investors as it foreshadows the scale of resource growth that management and others are anticipating. While lithium-bearing claystones need further proof of commercial viability, its better understood brines and hardrock assets remain unencumbered by the royalty.
- **Significant upside potential at Burro Creek.** This is an early-stage lithium project that needs plenty of drilling, testwork, and technical work to advance it towards production. It has a current resource total 43Mt grading 818 ppm Li for 0.185Mt LCE.
- **Plenty of news to come to potentially re-rate the stock.** We are anticipating considerable news flow as Bradda Head advances its lithium projects in Nevada and Arizona. A sonic drill program is expected to begin in Q4/21 with the objecting of providing a maiden resource estimate in Q1/22. Drilling is expected to focus on ~20% of the sedimentary claims, with potential to add to Bradda's existing resource (185kt LCE) at its Burro Creek East asset ([read more](#)).

**At this time, we have not yet valued Bradda Head Lithium (no rating or target).** We believe the stock has considerable potential to re-rate due to its upcoming catalysts. **Upcoming catalysts:** 1) Drilling at Burro Creek East (Q4/21), 2) Maiden Resource Estimate (Q1/22) (2022), 3) Preliminary metallurgical test work at Burro Creek East (ongoing), and 4) OTC is pending and TSXV listing is being considered.

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Disclosure Statement

Updated November 15, 2021

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			BUY	71%
			BUY (S)	25%
			HOLD	0%
			SELL / Tender	0%
			NA	3%
			Under Review	1%

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Company Name	Ticker Symbol	Disclosures
Bradda Head Lithium Ltd.	AIM:BHL	

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