



## **Bradda Head Lithium Limited**

### **Management discussion and analysis for the three and 12-month periods ended February 28, 2023**

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the three and 12 months ended February 28, 2023, and is prepared as of August 25, 2023. The MD&A should be read in conjunction with Bradda Head Lithium Limited's (the "Company" or "Bradda Head") audited consolidated financial statements for the year ended February 28, 2023, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts referred to in this MD&A are expressed in United States dollars except where indicated otherwise.

#### **Overview**

Bradda Head Lithium Limited was incorporated on October 28, 2009, in the British Virgin Islands under the British Virgin Islands Companies Act with registered number 1553975 with the name Copper Development Corporation. On October 5, 2015, the Company changed its name from Copper Development Corporation to Life Science Developments Limited, and on April 18, 2018, the Company changed its name to Bradda Head Holdings Limited. On September 15, 2021, the Company changed its name to Bradda Head Lithium Limited.

The Company has one business segment, being mineral exploration. The Company is focused on appraising and developing lithium mining projects within North America and currently has interests in a variety of projects in the United States.

#### **Corporate and Exploration Highlights**

##### *Exploration Highlights*

Set forth in this section is a description of the Company's material mineral projects. All scientific and technical data contained in this MD&A has been reviewed and approved by Joey Wilkins, B.Sc., P.Geo., who is Chief Operating Officer at Bradda Head and a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

#### **Arizona Sedimentary Hosted Lithium Projects**

##### **Basin Project**

Following the successful completion of a follow-up sonic drill programme in March 2022, which consisted of 14 holes covering 1,200m of drilling, the Company updated its Basin East MRE, on 16 January 2023, resulting in a 22% increase in LCE tonnes. The Indicated category of the MRE, much of which is located in the upper part of the deposit, has increased by 17%. Following completion of the Basin East Step Out drill programme, a total of 1.4km<sup>2</sup> of Bradda's 46km<sup>2</sup> of sedimentary claims been drill-tested.

The updated MRE comprises:

- an Indicated Mineral Resource of 21.2 Mt at an average grade of 891 ppm Li and 3.5% K (potassium) for a total of 100 kt LC, and
- an Inferred Mineral Resource of 73.3 Mt at an average grade of 694 ppm Li and 3.2% K (potassium) for a total of 271 kt LCE.

*Basin East 2023 Mineral Resource Estimate*

Classification	Domain	Tonnes	Mean Grade		Contained Metal	
		Mt	Li (ppm)	K (%)	LCE (kt)	K (Mt)
Indicated	Upper Clay	16.0	738	3.6	63	0.6
	Upper Clay HG	5.2	1,354	3.0	38	0.2
	Lower Clay	-	-	-	-	-
	Sub Total	21.2	891	3.5	100	0.7
Inferred	Upper Clay	31.7	767	3.6	129	1.2
	Upper Clay HG	2.3	1,448	3.5	18	0.1
	Lower Clay	39.3	592	2.9	124	1.1
	Sub Total	73.3	694	3.2	271	2.4
Total		94.5	738	3.3	371	3.1

- Mineral Resource statement has an effective date of 13 October 2022.
- A Mineral Resource is reported using a cut-off grade of 300 ppm Li and constraining the model to an optimised open pit shell, which was generated using the following assumptions: lithium carbonate metal prices of 18,000 USD/tLCE; State of Arizona royalty (selling cost) of 6%; operating costs of 5,000 USD/tLCE or 27 USD/tore; Li recovery of 75%; mining dilution and recovery of 5% and 95%; and pit slope angle of 45°.
- Tonnages are reported in metric units.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
- Conversion factor of Li metal to lithium carbonate equivalent (LCE) = 5.323

**Wikieup Project**

No significant work has been undertaken on this project during the 3-month period.

**Arizona Pegmatite District**

**San Domingo Project**

During February 2023, the Company announced that significant high grade lithium bearing minerals were intercepted at multiple locations, following the initial set of results from its first diamond core drilling programme at the Company's 23km<sup>2</sup> San Domingo pegmatite district in Arizona. This is the first extensive drilling campaign undertaken at San Domingo since the 1950's and is the maiden program for the Company in this district.

**Highlights include:**

- 31.85m @ 1.60% Li<sub>2</sub>O (including 3.90m @ 2.88% Li<sub>2</sub>O, and 20.03m @ 1.97% Li<sub>2</sub>O (including 7.06m @ 1.92% Li<sub>2</sub>O, 3.21m @ 3.74% Li<sub>2</sub>O and 3.81m @ 3.25% Li<sub>2</sub>O)) in SD-DH22-024
- 9.75m @ 0.78% Li<sub>2</sub>O (including 5.36m @ 1.20% Li<sub>2</sub>O) in SD-DH22-003
- 4.27m @ 1.86% Li<sub>2</sub>O in SD-DH22-005
- 2.44m @ 1.63% Li<sub>2</sub>O in SD-DH22-001

The programme was completed during March 2023, and has only tested just over 1% of the 23km<sup>2</sup> that Bradda Head holds in Arizona.

#### **Nevada Lithium Brine Projects**

##### **Wilson Project**

No significant work has been undertaken on this project during the 3-month period.

##### **Eureka Project**

No significant work has been undertaken on this project during the 3-month period.

#### *Corporate Highlights*

On 20 February 2023, the Company appointed Joseph ("Joey") Wilkins as Chief Operating Officer. Joey is a highly-regarded geologist with significant experience of working in Arizona and Nevada.

On 26 January 2023, senior management of the the Company opened trading on the TSX Venture Exchange, following the listing on November 10, 2022.

#### *Issuance of Stock Options*

On 21 December 2022, the Company announced that is awarded a total of 1,000,000 options to acquire ordinary shares (the "Options") at an exercise price of £0.105 to its Independent Non-Executive Directors, Euan Jenkins and Alex Borrelli. The options are subject to the following conditions:

- Options vest immediately;
- The options have no performance or non-performance conditions attached to them;
- Are exercisable for a period of five years from date of issue; and
- The options issued to each participant should lapse upon any participant no longer being an employee or connected person remunerated by the Company.

Directors included in the award are detailed in the table below:

Director	Total options awarded and held at February 28, 2023	Total shares held at February 28, 2023	Total diluted percentage holding at February 28, 2023
Euan Jenkins	500,000	2,198,934	0.53%
Alex Borrelli	500,000	343,329	0.17%
<b>Total</b>	<b>1,000,000</b>	<b>2,542,263</b>	<b>0.70%</b>

#### **Selected Financial Information**

The following table sets forth selected financial information with respect to the Company for the years ended February 28, 2023, and February 28, 2022. The selected financial information has been derived from the audited financial statements for the periods indicated. The following should be read in conjunction with the said financial statements and related notes that are available on the Company's website - [www.braddaheadltd.com](http://www.braddaheadltd.com).

**The annual financial statements and interim financial statements are presented in US dollars and are prepared in accordance with IFRS, See "Summary Financial Data" and "Currency Information".**

	Year ended February 28, 2023 (Audited) (US\$)	Year ended February 28, 2022 (Audited) (US\$)
<b><i>Statement of Operations:</i></b>		
Total revenue	-	2,413,228
Total operating expenses	(3,899,858)	(3,521,636)
Net finance costs	-	(32,832)
Net finance income	12,270	-
Net loss	(3,887,588)	(3,554,468)
Loss per share (cents)	(1.018)	(2.855)
<b><i>Balance Sheet Data:</i></b>		
Cash & cash equivalents	7,746,519	7,327,303
Total assets	18,198,559	13,354,840
Total liabilities	1,213,619	1,097,675
Accumulated deficit	(13,631,433)	(11,177,220)
<b>Total Shareholder's Equity</b>	<b>16,984,940</b>	<b>12,257,165</b>

**MANAGEMENT DISCUSSION AND ANALYSIS: QUARTER ENDED FEBRUARY 28, 2023**

**Introduction**

This interim Management Discussion and Analysis (the "Interim MD&A") should be read in conjunction with the audited financial statements of the Company for the year ended February 28, 2023, and related notes. This MD&A is made as of August 25, 2023.

**Results of Operations for the 12-months ended February 28, 2023**

The Company's net loss after tax for the 12-month period to February 28, 2023 was US\$ 3,428,194, compared to US\$ 3,554,468 for the comparative period ended February 28, 2022. The major expenses for the three and 12-month periods ended February 28, 2023 were operational expenses incurred on the Company's exploration projects which have not been capitalised, and are broken down in the respective projects as follows:

Project	Expensed Exploration Expenditure	
	12-Month Period Ended February 28, 2023 (Audited) US\$	Three-Month Period Ended February 28, 2023 (Unaudited) US\$
Basin Project	1,241,009	276,537
San Domingo Project	1,276,954	501,743
Wikieup Project	128,522	13,134
Other projects	289,616	165,067
<b>TOTAL</b>	<b>2,936,101</b>	<b>956,481</b>

During the 12-month period to February 28, 2023, the Company incurred and capitalised exploration expenditures of US\$ 3,841,146, compared to US\$ 3,621,308 for the comparative 12-month period to February 28, 2022.

The capitalised exploration costs for the three and 12-month periods ended February 28, 2023 have been allocated amongst the Company's exploration projects in approximately the following amounts:

Project	Capitalised exploration costs		Capitalised expenditures for licences and permits	
	12-Month Period Ended February 28, 2023 (Audited) US\$	Three-Month Period Ended February 28, 2023 (Unaudited) US\$	12-Month Period Ended February 28, 2023 (Audited) US\$	Three-Month Period Ended February 28, 2023 (Unaudited) US\$
Basin Project	276,202	45,543	79,805	9,440
San Domingo Project	3,078,685	1,504,406	81,165	-
Wikieup Project *	(207,387)	-	70,455	(19,470)
Other Project	130,607	-	320,198	-
<b>TOTAL</b>	<b>3,278,107</b>	<b>1,549,949</b>	<b>551,623</b>	<b>(10,030)</b>

\* US\$ 300,000 was moved during the period from capitalised exploration expenditures to drilling deposits.

During the 12-month period to February 28, 2023, it was identified that certain projects showed signs of impairment as the relevant project licences and permits were not renewed, and thus an impairment charge of US\$ 19,470 was recognised during the year ended 28 February 2023 relating to the Wikieup project.

The exploration expenditures have been primarily costs associated with drilling, assaying, resource and mining consultants, metallurgical testing, environmental studies, project team fees, acquisition of new leases, and annual renewal of existing leases.

General and administrative expenses for the 12-month period to February 28, 2023 totalled US\$ 5,880,205, compared to US\$ 3,459,272 for the comparative 12-month period to February 28, 2022. General and administrative expenses are broken down as follows:

Project	General and administrative expenditures	
	12-Month Period Ended February 28, 2023 (Audited) US\$	Three-Month Period Ended February 28, 2023 (Unaudited) US\$
Auditors' fees	113,173	(64,452)
Directors and management fees and salaries	599,824	136,892
Legal and accounting	492,041	132,930
Contractor costs	7,022,857	6,612,227

Contract costs	£,000,000	£,000,000
Professional and marketing costs	1,012,171	170,183
Other administrative costs	729,144	307,899
<b>TOTAL</b>	<b>5,880,205</b>	<b>1,637,684</b>

During the 12-month period to February 28, 2023, there have been no changes in financial performance or other elements that relate to non-core business activities and operations.

#### Cash flows

During the 12-month period ended February 28, 2023, the Company had net cash inflows of US\$ 1,367,824, compared to inflows of US\$ 7,443,893 during the comparative 12-month period to February 28, 2022. The cashflows for the two periods are shown below:

	12-Month Period Ended February 28, 2023 (Audited) US\$	Three-Month Period Ended February 28, 2023 (Unaudited) US\$
<b>Statement of cashflows</b>		
Cash flows from operating activities	(7,889,043)	(1,442,322)
Cash flows from investing activities	(3,907,318)	(1,414,196)
Cash flows from financing activities	12,215,577	-
<b>Net cash flows during the period</b>	<b>419,216</b>	<b>(2,856,518)</b>
Cash balances at beginning of the period	7,327,303	10,603,037
Effect of foreign exchange on cash balances	-	-
<b>Cash balances at the end of the period</b>	<b>7,746,519</b>	<b>7,746,519</b>

#### Liquidity and Capital Resources

As at February 28, 2023, the Company had cash and cash equivalents of US\$ 7,746,519, and a working capital surplus of US\$ 7,135,119. As of February 28, 2022, the Company had cash and cash equivalents of US\$ 7,327,303, and a working capital surplus of US\$ 6,327,624.

#### Outstanding Share Data

As of February 28, 2023, the following securities were outstanding:

Shares	390,609,439
Warrants	81,698,305
Stock options	33,031,304
Fully diluted shares outstanding	505,339,048

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company includes cash and cash equivalents, equity attributable to equity holders comprised of contributed equity, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Company.

The Company monitors capital based on cash flow requirements for operational, exploration and evaluation expenditures. The Company has no debt or other borrowings as at the date of this Application. The Company will continue to use capital market issuances to satisfy anticipated funding requirements.

The availability of equity capital, and the price at which additional equity could be issued, is dependent upon the success of the Company's exploration activities, and upon the state of the capital markets generally. Additional financing may not be available on terms favourable to the Company or at all. If the Company does not receive future financing, it may not be possible for the Company to advance the exploration and development of its mineral exploration properties. If the Company is not able to fund these minimum expenditures, it may not be able to maintain part or all of its mineral exploration property interests. See "Risk Factors".

#### Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

#### Transactions with Related Parties

The Company has conducted transactions with officers, directors and persons or companies related to

The Company has conducted transactions with officers, directors and persons or companies related to directors or officers and paid or accrued amounts as follows:

#### *Edgewater Associates Limited ("Edgewater")*

During the 12-month period ended February 28, 2023, Directors and Officers insurance was obtained on an arms-length basis from 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, of which US\$ 14,497 was prepaid as at the period end.

#### **Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, and impact decisions as to when exploration and development costs should be capitalized or expensed.

As at February 28, 2023, the Company had incurred capitalised exploration expenditures, including capitalised licence and permit costs, of US\$ 9,574,266. Changes in management's judgment as to the prospective nature, assessment of the existence or otherwise of economically recoverable reserves, technical feasibility and/or commercial viability of the relevant tenements and the Company's intentions with respect to the relevant tenements, could affect the assessment of the recoverable amount.

The Company regularly reviews its estimates and assumptions: however, actual results could differ from these estimates and these differences could be material.

#### **Forward-Looking Statements**

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