



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 1.4km² of Bradda's 46km² 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/ tonne; 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 23km² 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% Li₂O (including 3.90m @ 2.88% Li₂O, and 20.03m @ 1.97% Li₂O (including 7.06m @ 1.92% Li₂O, 3.21m @ 3.74% Li₂O and 3.81m @ 3.25% Li₂O)) in SD-DH22-024
- 9.75m @ 0.78% Li₂O (including 5.36m @ 1.20% Li₂O) in SD-DH22-003
- 4.27m @ 1.86% Li₂O in SD-DH22-005
- 2.44m @ 1.63% Li₂O in SD-DH22-001

The programme was completed during March 2023, and has only tested just over 1% of the 23km² 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% |
| Total | 1,000,000 | 2,542,263 | 0.70% |

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.

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 | Year ended February 28, 2022 |
|-----------------------------------|------------------------------|------------------------------|
| | (Audited) (US\$) | (Audited) (US\$) |
| Statement of Operations: | | |
| 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) |
| Balance Sheet Data: | | |
| 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) |
| Total Shareholder's Equity | 16,984,940 | 12,257,165 |

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 |
| TOTAL | 2,936,101 | 956,481 |

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 | - |
| TOTAL | 3,278,107 | 1,549,949 | 551,623 | (10,030) |

* 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 | 2,022,852 | 854,222 |

| | | |
|----------------------------------|------------------|------------------|
| Contractor costs | 4,733,032 | 334,232 |
| Professional and marketing costs | 1,012,171 | 170,183 |
| Other administrative costs | 729,144 | 307,899 |
| TOTAL | 5,880,205 | 1,637,684 |

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\$ |
|---|---|--|
| Statement of cashflows | | |
| 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 | - |
| Net cash flows during the period | 419,216 | (2,856,518) |
| Cash balances at beginning of the period | 7,327,303 | 10,603,037 |
| Effect of foreign exchange on cash balances | - | - |
| Cash balances at the end of the period | 7,746,519 | 7,746,519 |

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

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. This News Release includes certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, following: The Company's objectives, goals or future plans. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to: failure to identify mineral resources; failure to convert estimated mineral resources to reserves; delays in obtaining or failures to obtain required regulatory, governmental, environmental or other project approvals; political risks; future operating and capital costs, timelines, permit timelines, the market and future price of and demand for lithium, and the ongoing ability to work cooperatively with stakeholders, including the local levels of government; uncertainties relating to the availability and costs of financing needed in the future; changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices; delays in the development of projects, capital and operating costs varying significantly from estimates; an inability to predict and counteract the effects of COVID-19 on the business of the Company, including but not limited to the effects of COVID-19 on the price of commodities, capital market conditions, restriction on labour and international travel and supply chains; and the other risks involved in the mineral exploration and development industry, and those risks set out in the Company's public documents filed on SEDARplus. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

MSCEASPSALLDEEA