

25 August 2023

Bradda Head Lithium Ltd

("Bradda Head", "Bradda", or the "Company")

Audited Final Results for the financial year ending 28 February 2023

Bradda Head Lithium Ltd (AIM: BHL), the North America-focused lithium development group, is pleased to announce its audited financial results for the year ending 28 February 2023, and the Management's Discussion and Analysis for the same period.

Financial and operational highlights

- Raised total gross proceeds of just under US\$ 13 million, issuing 73,195,560 new ordinary shares to institutional and other investors;
- Following the successful completion of a follow-up drill programme during October 2022, the Company updated its Basin East MRE, resulting in a 22% increase in LCE tonnes, for a total of 371kt of LCE;
- Completed a maiden drill programme at our San Domingo pegmatite asset, with a total of 47 holes drilled. This was the first 'modern' drilling campaign at these historical targets since the 1950/60s;
- Strengthened our on the ground team with the key appointment of Joey Wilkins as COO, who is a highly regarded geologist in the US arena with extensive experience and knowledge of US geology, specifically in Arizona and Nevada;
- Completed a dual listing, with the Company's shares admitted to trading on the Canadian TSX-V Exchange under the ticker BHLI.TSXV.

Ian Stalker, Chairman of Bradda Head, commented:

"The financial year has been both busy and exciting, with the Company raising gross funds of just under US\$ 13 million as part of a successful UK and North American placement in April 2022. The funds were strategically deployed to successfully fast-track our first drill programme at our San Domingo pegmatite resource in Arizona and complete our second Basin East drilling programme since listing in 2021. We now have 371kt of lithium carbonate equivalent, and an exploration target of between 1Mt to 6Mt of LCE over the Company's Basin projects. We also significantly increased our hard-rock lithium bearing landholding position in Arizona, and strengthened our team members with key senior appointments, including adding Joey Wilkins as COO.

Several catalysts are on the way for Bradda in H2 2023 and H1 2024, as we continue to develop our assets. Drilling is wrapping up at Basin with an updated MRE being worked on currently. We have an internal target of a +1Mt LCE resource, which would trigger the second royalty payment of US\$ 2.5 million from Lithium Royalty Corporation. We have also mobilised a drill rig to kick-off the second drill programme in 12 months at San Domingo, with the primary aim to delineate a resource. Funding is in place for these programmes and we look forward to updating the market with the results of these and other initiatives."

Copies of the 2023 Audited Report and Financial Statements are being posted to shareholders and will shortly be available from the Company's website www.braddaheadltd.com.

The Company will post its Notice of Annual General Meeting ("AGM") to Shareholders at the same time. The AGM will be held at the Sanderson Suite, Claremont Hotel, Loch Promenade, Douglas, Isle of Man IM1 2LX, with the date to be confirmed.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU No.596/2014) AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.

For further information please visit the Company's website: www.braddaheadltd.com.

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About Bradda Head Lithium Ltd.

Bradda Head Lithium Ltd. is a North America-focused lithium development group. The Company currently has interests in a variety of projects, the most advanced of which are in Central and Western Arizona: The Basin Project (Basin East Project, and the Basin West Project) and the Wikieup Project.

The Basin East Project has an Indicated Mineral Resource of 21.2 Mt at an average grade of 891 ppm Li and 3.5% K for a total of 100 kt LCE and an Inferred Mineral Resource of 73.3 Mt at an average grade of 694 ppm Li and 3.2% K for a total of 271 kt LCE. In the rest of the Basin Project SRK has estimated an Exploration Target of between 300 to 1,300 Mt of material grading between 600 to 850 ppm Li which is equivalent to a range of between 1 to 6 Mt LCE. The Group intends to continue to develop its three phase one projects in Arizona, whilst endeavouring to unlock value at its other prospective pegmatite and brine assets in Arizona, Nevada, and Pennsylvania. All of Bradda Head's licences are held on a 100% equity basis and are in close proximity to the required infrastructure.

The Mineral Resource statement for the Basin Project was authored by Martin Pittuck, CEng, MIMMM, FGS who works for SRK Consulting (UK) Ltd, an independent mining consultancy. Mr. Pittuck has over 25 years' experience undertaking and reviewing Mineral Resource estimates and has worked on lithium clay estimates for over 5 years. Mr. Pittuck consents to the inclusion of the technical information in this press release and context in which they appear. Reference is made to the report entitled "Independent technical report on the Basin and Wikieup Lithium clay projects, Arizona, USA" dated October 18, 2022 with an effective date of June 10, 2022 was prepared by Martin Pittuck, CEng, MIMMM, FGS, and Kirsty Reynolds MSci, PhD, FGS and reviewed by Nick Fox MSc, ACA, MIMMM. The Report is available for review on SEDARplus (www.sedarplus.ca/landingpage) and the Company's website www.braddaheadltd.com.

Bradda Head is quoted on the AIM of the London Stock Exchange with the ticker of BHL, on the TSX Ventures exchange with a ticker of BHLL, and on the US OTCQB market with a ticker of BHLIF.

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", "intends to", "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 SEDAR. 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.

Chairman's statement

It is my pleasure to present the Annual Report and the Audited Financial Statements for Bradda Head Lithium Limited (the "Company" or "Bradda Head") for the year ended 28 February 2023. The 2022/2023 year has been one of significant and steady progress in our USA based Projects.

We completed a step-out programme at our Basin East clay project during October 2022. The results were fed into an updated Mineral Resource Estimate ("MRE"), that was released during March 2023, resulting in a 22% increase in contained Lithium Carbonate Equivalent ("LCE") tonnes compared to our previous updated MRE. The March 2023 MRE comprises an Indicated Mineral Resource of 21.2 Mt at an average grade of 891 ppm Li, and an Inferred Mineral Resource of 73.3 Mt at an average grade of 694 ppm Li for a total of 371kt of LCE. The Company followed up on this second drilling programme, during March 2023 and commenced a further drilling programme Basin East, Basin East Extension and Basin North. The results of this campaign will feed into a further updated MRE later this year.

More significantly, we also completed a maiden drill programme at our San Domingo pegmatite asset. A total of 7,300m with 47 holes were drilled. This was the first 'modern' drilling campaign at these historical targets since the 1950/60s. Lithium bearing minerals (spodumene and minor lepidolite) were identified in c.60% of the total holes completed, and it is extremely interesting to note that the drilling undertaken covered just over 1% of the 23km² that Bradda Head holds in this Pegmatite District in Arizona. The final assay results were highly encouraging and set the scene for what we believe to be the potential to define a world class lithium pegmatite district in Arizona. We draw encouragement from the fact that our best intersection reported at 31.85m @ 1.60% Li₂O (including 3.90m @ 2.88% Li₂O, and 20.03m @ 1.97% Li₂O (including 7.06m @ 1.92% Li₂O), was indicated to be the 7th best lithium bearing intersection in Q1 2023 reported with-in our Canadian, UK, and Australian listed Peer Group in an article published at the time by Miner Deck.

Importantly this potential Lithium Resource is located near vital infrastructure in Arizona and proximate to battery end-users within the US and the wider developing North American battery hub. A follow-up drill programme is being developed for the second half of 2023, aimed at delineating a resource and testing additional ground within the much wider 23km² of our lithium pegmatite claims.

Our on-the-ground team was also strengthened with the key appointment of Joey Wilkins as COO during November 2022. Joey is a highly regarded geologist in the US arena with extensive experience and knowledge of US geology, specifically in Arizona and Nevada.

The Company remains financially robust having completed a fund raise during April 2022 and raised just under US\$ 13 million in a combined North American and UK placement, broadening our investment base.

Our Projects in the USA are clearly very strategically placed to benefit from highly supportive USA political landscape. Considering this, it is worth noting that currently the US has only one active lithium mine in the state of Nevada, which manufactures around 1% of the world's lithium production.

Under the current administration, steps are being taken to reduce the reliance on foreign lithium sources and move towards an increasing percentage of locally sourced lithium. This includes invoking the Defence Production Act, and in support of this initiative, the Inflation Reduction Act was passed. This includes US\$ 369 billion in incentives for EV and mining industries to reduce imports and increase US based battery and EV production.

Our Company is confident in the near and medium term lithium demand, as the world transitions more and more into the clean energy future. A report from Benchmark Mineral Intelligence estimates that annual demand will reach 2.4 million tons of lithium by 2030, being a 4-fold increase compared to current levels. We use a long-term lithium price of c.US\$22,000/t for our models, which is where we expect long-term prices to gravitate towards.

Top of the Company's agenda is our drive for outstanding performance in our Environmental, Social, and Corporate Governance ("ESG ") matters. For example, at each step of the process, both prior to and during drilling, the Company is in regular discussions with all related stakeholders in our claims, including local councils, tribal representatives, and government officials. With water scarcity being a key consideration in Arizona, the Company utilised sonic drilling at our Basin East drill programme, which minimised water consumption. A number of community-based programmes have been rolled out during 2022 and into 2023, including sponsorship of local rodeo events, water conservation studies, and other engagement events within our local communities.

The key focus for the Company for the rest of 2023 will be to maintain momentum at our priority assets, namely Basin and San Domingo. With drill programmes and other related activities planned at both locations for the remainder of the year, we are one step closer to unlocking the significant potential of these assets, creating value for our shareholders.

Thank you for your support and we all look forward to a successful year ahead for Bradda Head.

Ian John Stalker
Chairman
24 August 2023

Chief Executive Officer's operational review

As the Chairman reports, this period under review has been both very busy and exciting, with notable milestones achieved, including the first drill programme at our pegmatite district San Domingo, two Basin East MRE upgrades in less than a year, successful completion of a secondary fundraise, and listing the Company's shares on the Canadian TSX-V Exchange.

Operational Review

*Arizona Sedimentary Hosted Lithium Projects
Basin Project*

During March 2022, the Company released an updated Basin East Mineral Resource Estimate and Exploration Target ("MRE") for our Basin project, compiled by SRK Consulting (UK) Ltd in accordance with the terminology and definitions given in the JORC Code (2012). This update led to a) a 65% increase in contained LCE tonnes, b) the identification of a continuous higher grade internal layer with a grade of c. 1,300ppm Li in the upper part of the deposit, and c) the identification of a 1Mt to 6Mt LCE Exploration Target within the Basin Project district we hold.

The key points following this updated MRE are:

- an Indicated Mineral Resource of 17.7 Mt at an average grade of 912 ppm Li and 3.4% K for a total of 85 kt LCE; and
- an Inferred Mineral Resource of 57.6 Mt at an average grade of 717 ppm Li and 3.3% K for a total of 220 kt LCE.

Basin East 2022 Mineral Resource Estimate

Classification	Domain	Tonnes	Mean Grade		Contained Metal	
		Mt	Li (ppm)	K (%)	LCE (kt)	K (Mt)
Indicated	Upper Clay	12.0	730	3.6	46	0.4
	Upper Clay HG	5.7	1,296	2.8	39	0.2
	Lower Clay	-	-	-	-	-
	Sub Total	17.7	912	3.4	85	0.6
Inferred	Upper Clay	29.6	766	3.4	121	1.0
	Upper Clay HG	2.6	1,345	3.1	18	0.1
	Lower Clay	25.4	597	3.1	81	0.8
	Sub Total	57.6	717	3.3	220	1.9
Total		75.2	763	3.3	305	2.5

Following the successful completion of a follow-up drill programme during October 2022, which consisted of 14 holes covering 1,200m of drilling, on 16 January 2023, the Company updated its Basin East MRE, resulting in a 22% increase in LCE tonnes. The Indicated category of the MRE, which is all 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 drilled.

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 LCE, 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

During March 2023, the Company commenced sonic drilling at the Basin Project, with the intention of further adding to its existing NI 43-101 Compliant Mineral Resource of LCE tonnes. As part of the programme, the Company expected to drill up to 25 holes at Basin East, Basin East Extension and Basin North. The intent at the Basin Project in 2023 is to increase coverage over as much of the Project's 17km² area as possible.

The Company will continue to make certain that all efforts are focused on ensuring that work is carried out in these areas with as little disturbance as possible. Bradda Head is using sonic drilling, which is more environmentally sensitive as it uses very little water compared to diamond core or reverse circulation drilling.

The Company also continued to progress metallurgical testing, with positive results received from the second stage programme completed during August 2022. The results show that a 26% upgrade factor (from 1,500ppm Li to 1,900ppm Li) is achievable by rejecting 32% of the unmineralised waste material. A reduction in these impurities in the Pregnant Leach Solution helps reduce acid consumption and, therefore, processing costs. Acid leach results from the upgraded concentrate sample continue to be impressive, indicating >98% lithium extraction to solution within 1 hour using a 90°C sulphuric acid leach approach at atmospheric pressure. Further metallurgical testing still needs to be completed in order to refine the process.

Wikieup Project

During June 2022, the Company received the results of an initial Scout drilling programme at Wikieup in Sections 12, 13 and Northwest. This represents Bradda Head's first drill programme at Wikieup, consisting of 18 holes and 1,875 meters of sonic drilling. Sonic drilling was preferred due to reduced water use compared to diamond core or reverse circulation drilling.

The results demonstrate the presence of lithium bearing clays, opening up a new potential resource area for the Company and warranting further work in this area.

Key highlights include:

- Section 12 encountered several intersections of lithium mineralised clay at 68 metres and 71 metres at 686ppm Li and 519ppm Li respectively, and also 26 metres at 808ppm Li from hole W12-22-07;
- Only three holes were drilled into Northwest Wikieup with promising intersections in the southernmost hole of 55 metres at 621ppm Li, including 16.5 metres at 824ppm Li;
- Lithium mineralised clay was intercepted in the southern portion of Section 13.

The Wikieup project covers a total area of 28km², with a total of under 6% having been drilled following completion of this maiden drill programme.

In addition, the Company settled a claim dispute with Arizona Lithium. The settlement led to a gain at our Wikieup project of an additional c.5km².

Arizona Pegmatite District San Domingo Project

A significant milestone was reached during the year, with a maiden drill programme commencing at our pegmatite asset during July 2022. A total of 7,000m diamond core drilling was planned, with 7,300m or 47 holes being completed. Lithium bearing minerals (spodumene and minor lepidolite) have been identified in c.60% of the total

holes completed and importantly the programme has only covered just over 1% of the 23km² that Bradda holds in Arizona.

Following receipt of the final assay results in May 2023, the results not only demonstrate significant intersections of pegmatites with visible lithium minerals in the Northern Claim blocks, but also that the Company has intersections of visible spodumene at the Central Claim blocks too (Lower Jumbo and Jumbo), strengthening the presence of a 9km mineralised trend.

Highlights from the assay results include:

Central Claims:

5.94m @ 1.22% Li₂O in SD-DH23-046
4.72m @ 0.67% Li₂O in SD-DH23-038a
9.54m @ 1.85% Li₂O, 3.02m @ 1.49% Li₂O, and 2.90m @ 3.03% Li₂O in SD-DH23-037
7.35m @ 0.68% Li₂O, 4.79m @ 0.87% Li₂O, 3.20m @ 1.22% Li₂O, and 3.21m @ 0.75% Li₂O in SD-DH23-036
9.85m @ 0.86% Li₂O in SD-DH23-034
4.02m @ 1.27% Li₂O in SD-DH23-035

Northern Claims:

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
6.52m @ 1.24% Li₂O in SD-DH23-041
2.74m @ 2.12% Li₂O in SD-DH23-042
1.77m @ 1.10% Li₂O in SD-DH23-040
3.75m @ 2.37% Li₂O, 0.85m @ 2.44% Li₂O, 1.10m @ 0.82% Li₂O, and 0.67m @ 1.77% Li₂O in SD-DH22-025
3.35m @ 2.23% Li₂O in SD-DH22-018
3.20m @ 1.70% Li₂O, 1.89m @ 2.89% Li₂O, and 2.75m @ 0.67% Li₂O in SD-DH22-019
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 Company also completed an extensive soil sampling programme across the majority of the 23km² landholding. The final figures were received post year-end, with very promising results showing priority targets along the complete 9km mineralised trend. Alongside of soil sampling, Bradda's geologists, following a review of the GPR work carried out in 2021/2022, initiated a structural mapping programme to help with drill hole targeting for the follow-up drill programme at San Domingo designed to start in Q3 2023.

Post year-end, the Company extended its project area at San Domingo, acquiring three inlier lode claims for a total increase in project area of 60 acres. Bradda Head is in the process of finalising a follow-up drilling programme to start in Q3 of this year aimed at testing additional ground within the much wider 23km² of lithium pegmatite claims and leases held in Arizona. The acquisition of the inlier claims strengthens our position and funds are already in place for this planned work, and ongoing exploration work by our geologists suggests that we have only just scratched the surface of what we have at San Domingo with just over 1% of the area tested from this first programme.

Nevada Lithium Brine Projects

Wilson Project and Eureka Project

Work programmes have been focused on our Arizona pegmatite and clay projects over the last year to conserve funds and maximise potential return for shareholders. Discussions are underway on the potential for joint venture interest in our Nevada based brine projects, and Bradda will update the market when any developments are secured.

Financial Review

For the year ended 28 February 2023, the Company recorded a net loss of US\$ 3,887,588 (28 February 2022: US\$ 3,554,468). Expenditure totalling US\$ 547,916 (28 February 2022: US\$ 1,022,837) is considered to be one-off items, as these related directly to the Canadian TSX-V Exchange listing, completed on 10 November 2022.

As at year end, cash balance stood at US\$ 7,746,519 (28 February 2022: US\$ 7,327,303), capitalised deferred mining, exploration, licence, and permit costs stood at US\$ 9,574,266 (28 February 2022: US\$ 5,732,820), and total assets were US\$ 18,198,559 (28 February 2022: US\$ 13,354,840). The Company is in a net asset position of US\$ 16,984,940 (28 February 2022: US\$ 12,257,165).

The Company continues the process of actively pursuing recovery of the US\$ 600,000 fraudulent payment made to an unidentified party, as disclosed in the prior year accounts. The Board will provide an update once further progress has been made.

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 is 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 to monitor risks facing the Company.

Financing

On 13 April 2022, the Company completed an over-subscribed secondary fundraise, with shares commencing to trade on 20 April 2022. The Company raised total gross proceeds of US\$ 12.9 million, issuing 73,195,560 new ordinary shares to institutional and other investors. All subscribers were issued with warrants on a 1:1 basis, with 73,195,560 warrants being issued with an exercise price of £0.21. Listing related expenditures amounted to US\$ 547,916 and these are considered to be non-recurring items. The fair value applied to the shareholder warrants has been classified as a financial liability. At year end, the warrant liability of US\$ 230,201 has been re-measured to fair value, with a corresponding gain recorded in profit and loss of US\$ 4,518,470 (28 February 2022: Nil).

On 10 November 2022, the Company's shares were admitted to trading on the Canadian TSX-V Exchange under the ticker BHLI.TSXV. Bradda Head's board of directors believes that the listing will be beneficial to the Company and its shareholders, in addition to the AIM listing, bringing the Company's lithium project portfolio to the attention of a robust resources market, and expanding Bradda Head's potential shareholder base.

Strategy and Outlook

Under the Biden administration, clean energy production will be ramped up in the USA, with lithium considered to be a key resource. Under the Inflation Reduction Act, US\$ 369 billion has been dedicated to foster a domestic clean-energy manufacturing base. Grants will be made available to produce key metals such as lithium. They are intended to reduce reliance of the US on countries such as China, which has been historically leading the way in lithium-ion batteries. The Company, with its portfolio of assets covering all three main lithium deposit types, is ideally positioned to take advantage of this demand growth. The projects held are in strategic locations with respect to end-users, power, rail and road transport, renewable electricity and gas infrastructure. Multiple lithium end users are located in the Western states close to the Company's projects, most notably the Tesla's Gigafactory in Nevada and, by 2025, LG Chem will be producing EV batteries at its US\$ 5.5 billion Arizona battery

complex. Tesla this year broke ground at its lithium refinery in Corpus Christi in Texas where it plans to produce battery grade lithium hydroxide, a sign of the increasing demand in the US for raw materials, like 6% spodumene concentrate, which is typically shipped from Australia to China for processing to Lithium hydroxide, a EV battery pre-cursor chemical.

The Board believes with its current portfolio, coupled with an extremely experienced and motivated team, it is in a strong position to both unlock value from its projects, and create significant value for shareholders.

Charles FitzRoy
Chief Executive Officer
24 August 2023

Directors' report

The Directors present their annual report and the consolidated financial statements for Bradda Head Lithium Limited (the "Company") for the year ended 28 February 2023.

Principal activity

Bradda Head Lithium Limited is a lithium exploration Group focused on developing its high-quality projects in the USA.

Results and transfers to reserves

The results and transfers to reserves for the year are set out on pages 30 to 34 of the consolidated financial statements.

The Company made a total comprehensive loss attributable to equity shareholders for the year after taxation of US\$ 3,887,588 (28 February 2022: US\$ 3,554,468).

Dividend

The Directors do not propose the payment of a dividend for the year (2022: US\$ Nil).

Policy and practice on payment of creditors

It is the policy of the Company to agree appropriate terms and conditions for its transactions with suppliers by means of standard written terms to individually negotiated contracts. The Company seeks to ensure that payments are always made in accordance with these terms and conditions.

Financial risks

Details relating to the financial risk management are set out in note 16 to the financial statements.

Directors

The Directors who served during the period and to date are:

Denham Eke
James Mellon
Ian Stalker
Euan Jenkins
Charles FitzRoy
Alex Borrelli

Directors' report (continued)

Directors' interests

As at 28 February 2023, the interests of the Directors and their families (as such term is defined in the AIM Rules for Companies) in the share capital of the Company are as follows:

	28 February 2023		28 February 2022	
	Number	% of issued share capital	Number	% of issued share capital
James Mellon ¹	65,097,004	16.67%	64,145,176	20.21%
Denham Eke	124,307	0.03%	124,307	0.04%
Ian Stalker ²	3,870,140	0.99%	3,616,267	1.14%
Charles FitzRoy	13,265	0.00%	11,091	0.003%
Euan Jenkins	2,198,934	0.56%	2,055,454	0.65%
Alex Borrelli	343,329	0.09%	315,649	0.10%
	71,646,979	18.34%	70,267,944	22.143%

¹ James Mellon's interest comprises of 63,879,831 (2022: 62,928,003) shares directly held by Galloway Limited, which is indirectly wholly owned by James Mellon. Denham Eke is a director of Galloway Limited. Burnbrae Limited holds 200,000 (2022: 200,000) shares, which is indirectly wholly owned by James Mellon. Denham Eke is a director of Burnbrae Limited. A total of 1,017,173 (2022: 1,017,173) shares are held directly by James Mellon.

² Ian Stalker's interest comprises of 3,786,717 (2022: 3,532,844) shares directly held by Promaco Limited, which is wholly owned by Ian Stalker. The balance of 83,423 shares are held directly in his name.

Significant shareholdings

Except for the interests disclosed in this note, the Directors are not aware of any holding of ordinary shares as at 28 February 2023 representing 3% or more of the issued share capital of the Company:

	Number of ordinary shares	Percentage of total issued capital
James Mellon ¹	65,097,004	16.67%
Zenith Minerals Limited	43,959,305	11.25%
Electrification and Decarbonization AIE	28,400,000	7.27%
Hargreaves Lansdown private clients	25,430,049	6.51%
Nigel Wray	20,375,000	5.22%
Lithium Royalty Corporation	19,481,475	4.99%
Anthony Baillieu	14,400,000	3.69%
Jason Macdonald ²	14,095,706	3.61%

¹ James Mellon's interest comprises of 63,879,831 (2022: 62,928,003) shares directly held by Galloway Limited, which is indirectly wholly owned by James Mellon. Denham Eke is a director of Galloway Limited. Burnbrae Limited holds 200,000 (2022: 200,000) shares, which is indirectly wholly owned by James Mellon. Denham Eke is a director of Burnbrae Limited. A total of 1,017,173 (2022: 1,017,173) shares are held directly by James Mellon.

² Jason Macdonald's interest comprises of 12,307,004 (2022: 12,307,004) shares directly held by the J&E Macdonald Trust, in which Jason Macdonald has a vested interest. The balance of 1,788,702 (2022: 1,788,702) shares is held directly in his name.

Auditors

PKF Littlejohn LLP, being eligible, have expressed their willingness to continue in office.

By order of the Board

Denham Eke

Director

24 August 2023

Corporate Governance Statement

The Board of Bradda Head Lithium Limited (the "Board") is committed to best practice in corporate governance throughout the Company (the "Company"). The Directors have agreed to comply with the provisions of the Quoted Companies Alliance ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations. This report illustrates how the Company complies with those principles.

QCA Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The strategy and business operations of the Company are set out in the Chairman's Statement and Chief Executive Officers operational review on pages 6 to 10.

The Company's strategy and business model and amendments thereto are developed by the Chairman and his senior management team and approved by the Board. The management team is responsible for implementing the strategy and managing the business at an operational level.

The Company operates in an inherently high-risk sector and this is reflected in the principal risks and uncertainties.

In executing the Company's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with these key risks and uncertainties and will seek to deploy the identified mitigation steps to manage these risks as they manifest themselves.

QCA Principle 2: Seek to understand and meet shareholder needs and expectations

The Company via the Chairman seeks to maintain a regular dialogue with both existing and potential new shareholders in order to communicate the Company's strategy and progress and to understand the needs and expectations of shareholders.

Beyond the Annual General Meeting, the Chairman and, where appropriate, other members of the senior management team or Board will meet with investors and analysts to provide them with updates on the Company's business and to obtain feedback regarding the market's expectations of the Company.

The Company's investor relations activities encompass dialogue with both institutional and private investors. From time to time, the Company attends private investor events, providing an opportunity for those investors to meet with representatives from the Company in a more informal setting.

QCA Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholders. These include the Company's advisors, suppliers and investee companies. The Company's operations and working methodologies take account of the need to balance the needs of all of these stakeholders while maintaining focus on the Board's primary responsibility to promote the success of the Company for the benefit of its members as a whole. The Company endeavours to take account of feedback received from stakeholders, and where appropriate, ensures any amendments are consistent with the Company's longer-term strategy.

The Company takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible.

QCA Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. Internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Company Audit, Risk and Compliance Committee, the effectiveness of these internal controls is reviewed annually.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Company's results, compared with the budget, are reported to the Board on a monthly basis.

The Company maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Company. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The senior management team meets at least quarterly to consider new risks and opportunities presented to the Company, making recommendations to the Board and/or Company Audit, Risk and Compliance Committee as appropriate.

QCA Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Company's Board currently comprises four Non-Executive Directors and two Executive Directors.

All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and will continue to seek re-election at least once every three years.

The Board is responsible to the shareholders for the proper management of the Company and intends to meet at least four times a year to set the overall direction and strategy of the Company, to review operational and financial performance and to advise on management appointments. All key operational decisions are subject to Board approval.

Alex Borrelli and Euan Jenkins, both Non-Executive Directors, are considered to be independent. The QCA Code suggests that a board should have at least two independent Non-Executive Directors. The Board considers that the current composition and structure of the Board of Directors is appropriate to maintain effective oversight of the Company's activities for the time being.

Directors receive their fees in the form of a basic cash emolument. The current remuneration structure for the Board's Executive and Non-Executive Directors is deemed to be proportionate.

QCA Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board considers that the Executive Directors and Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities and bring considerable experience in the operational and financial development of the Company.

The Directors' biographies are detailed on the Company's website www.braddaheadltd.com.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Company.

The Chairman, in conjunction with the Finance Director, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Company, its operational environment and to the Directors' responsibilities as members of the Board.

Directors' service contracts or appointment letters make provision for a Director to seek professional advice in furtherance of his or her duties and responsibilities, normally via the Company Secretary.

QCA Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Internal evaluation of the Board, the Committees and individual Directors is undertaken on an annual basis in the form of peer appraisal and discussions to determine their effectiveness and performance as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the Directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets is also assessed where relevant.

QCA Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are enshrined in the written policies and working practices adopted by all employees and contractors in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. The Executive Management regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations.

QCA Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Role of the Board

The Board is collectively responsible for the long-term success of the organisation. Its principal function is to determine the strategy and policies of the Company within an effective control framework which enables risk to be assessed and managed.

The Board ensures that the necessary financial and human resources are in place for the Company to meet its objectives and that business and management performance is reviewed. Furthermore, the Board ensures that the Company operates within its constitution, relevant legislation and regulation and that proper accounting records and effective systems of business control are established, maintained, documented and audited.

There are at least four formal Board meetings each year. All Board members have the benefit, at the Company's expense, of liability insurance in respect of their responsibilities as Directors and have access to independent legal or other professional advice if required. The Board has a formal schedule of matters which are reserved for its consideration and it has established three committees to consider specific issues in greater detail, being the Company Audit, Risk and Compliance, Remuneration and Nomination Committees. The Terms of Reference for each of these Committees are published on the Company's website.

The Chairman

The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role, promoting a culture of openness of debate and communicating with the Company's members on behalf of the Board. The Chairman sets the direction of the Board and promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations between Executive and Non-Executive Directors. The Chairman also ensures that Directors receive accurate, timely and clear information. In doing so, this fosters a positive corporate governance culture throughout the Company.

The Chief Executive Officer

The CEO is responsible for managing the Group's day to day business and operations within the parameters set by the Board.

Non-Executive Directors

The Non-Executive Directors are responsible for bringing independent judgement to the discussions held by the Board, using their breadth of experience and understanding of the business. Their key responsibilities are to constructively challenge and contribute to strategic proposals, and to monitor performance, resources, and standards of conduct, compliance and control, whilst providing support to executive management in developing the Company.

Board Committees

The Board has established a Company Audit, Risk and Compliance Committee ("ARCC"), and a Remuneration Committee with formally delegated duties and responsibilities.

Company Audit, Risk and Compliance Committee

The Company Audit, Risk and Compliance Committee (the "ARCC") meets at least two times each year and is chaired by Alex Borrelli. The external auditors attend by invitation. Its role is to be responsible for reviewing the integrity of the financial statements and the balance of information disclosed in the accompanying Directors' Report, to review the effectiveness of internal controls and risk management systems and recommend to the Board (for approval by the members) the appointment or re-appointment of the external auditor. The ARCC reviews and monitors the external auditor's objectivity, competence, effectiveness and independence, ensuring that if it or its associates are invited to undertake non-audit work it will not compromise auditor objectivity and independence.

Further information can be found within the Company Audit, Risk and Compliance Report contained within this Annual Report.

Remuneration Committee

The Remuneration Committee intends to meet at least once a year and comprises of two Non-Executive Directors. It is chaired by Euan Jenkins and is responsible for determining the remuneration of the Executive Directors, and other members of the management. Committee members do not take part in discussions concerning their own remuneration.

Further information can be found within the Remuneration Report contained within this Annual Report.

Re-election

The Company's Rules require that all Directors are submitted for election at the AGM following their first appointment to the Board. Thereafter all Directors will submit themselves for re-election at least once every three years, irrespective of performance.

Board and committee attendance

The number of formal scheduled Board and committee meetings held and attended by Directors during the year was as follows: -

<i>Name</i>	<i>Board</i>	<i>ARCC</i>	<i>Remuneration</i>
James Mellon	16	-	-
Denham Eke	16	-	-
Ian Stalker	16	5	-
Charles FitzRoy	16	-	-
Euan Jenkins	16	5	4
Alex Borrelli	16	5	4

QCA Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company places a high priority on regular communications with its various stakeholders and aims to ensure that all communications concerning the Company's activities are clear, fair and accurate. The Company's website is regularly updated, and users can register to be alerted when announcements or details of presentations and events are posted onto the website.

Notices of General Meetings of the Company can be found here: <https://www.braddaheadltd.com/investor-centre/regulatory-news/>

The results of voting on all resolutions in general meetings are posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

Approval

This report was approved by the Board of Directors and signed on its behalf by:

Denham Eke
Finance Director
24 August 2023

Audit, Risk and Compliance Committee Report

The Directors ensure the Company complies with the provisions of the Quoted Companies Alliance ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations.

This report illustrates how the Company complies with those principles in relation to its Audit, Risk and Compliance Committee (the "ARCC").

Membership

The members of the ARCC are Ian Stalker, Alex Borrelli ("AB") and Euan Jenkins ("EJ"), with AB and EJ being the independent Non-Executive directors, with Alex Borrelli being the Chairman. The composition of the Committee has been reviewed during the year and the Board is satisfied that the Committee members have the relevant financial experience and the expertise to resource and fulfil its responsibilities effectively, including those relating to risk and controls.

Meetings

The Committee meets at least two times a year, including the review of the interim and full year results. Other Directors and representatives from the external auditors attend by invitation.

Duties

The Committee carries out the duties below for the Company, as appropriate:

- Monitors the integrity of the financial statements of the Company, including annual and half-yearly reports, interim management statements, and any other formal announcement relating to financial performance, reviewing significant financial reporting issues and judgements which they contain.
- Reviews and challenges the consistency of the information presented within the financial statements, compliance with stock exchange or other legal requirements, accounting policies and the methods used to account for significant or unusual transactions.
- Keeps under review the effectiveness of the Company's internal controls and risk management systems.
- Oversee the relationship with the external auditors, PKF Littlejohn LLP, including meetings when considered appropriate to discuss their remit and review the findings and any issues with the annual audit. It will also review their terms of appointment, and plans to meet them once a year independent of management and will consider and make recommendations to the Board, to be put to the Company for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor. There are no contractual restrictions in place in respect of the auditor choice.
- The Committee is governed by a Terms of Reference and a copy of this is available on the Company's website.

During the year, ARCC confirms that it has received sufficient, reliable and timely information from management and the external auditors to enable it to fulfil its responsibilities.

The Committee has satisfied itself that there are no relationships between the auditor and the Company which could adversely affect the auditor's independence and objectivity.

All internal control and risk issues that have been brought to the attention of ARCC by the external auditors have been considered and the Committee confirms that it is satisfied that management has addressed the issues or has plans to do so.

The Company has a number of policies and procedures in place as part of its internal controls and these are subject to continuous review and as a minimum are reviewed by ARCC on an annual basis.

- ARCC has reviewed and discussed together with management and the external auditor the Company's financial statements for the year ended 28 February 2023 and reports from the external auditor on the planning for and outcome of their reviews and audit. The key accounting issues and judgements considered relating to the Company's financial statements and disclosures were as follows:
 - Carrying amount of capitalised deferred mining and exploration costs, and capitalised licences and permits - US\$ 9,574,266; and
 - Going concern - ARCC reviewed the going concern position of the Company, taking into account the 12-month cash flow forecasts. ARCC is satisfied that preparing the financial statements on a going concern basis is appropriate. Disclosures are included in note 2.

Alex Borrelli

Chairman of Audit, Risk and Compliance Committee

24 August 2023

Report of the Remuneration Committee

As a BVI registered company there is no requirement to produce a Directors' Remuneration Report. However, the Board follows best practice and therefore has prepared such a report.

The Directors have agreed to comply with the provisions of the Quoted Companies Alliance ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies (2018) to the extent which is appropriate to its nature and scale of operations.

This report illustrates how the Company complies with those principles in relation to Directors' remuneration.

The Level and components of employee remuneration

The Remuneration Policy reflects the Company's business strategy and objectives as well as sustained and long-term value creation for shareholders. In addition, the policy aims to be fair and provide equality of opportunity, ensuring that:

- the Company is able to attract, develop and retain high-performing and motivated employees in the competitive local and wider markets;
- employees are offered a competitive remuneration package to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contribution to the success of the Company;
- it reflects the Company's culture and values; and
- there is full transparency of the Remuneration Policy.

In line with the Board's approach, which reflects that adopted within other comparable organisations, the Remuneration Policy provides for the reward of the employees through salary and other benefits.

Executive Director's Emoluments

The remuneration for the Executive Directors reflects their responsibilities. It comprises basic salary, eligibility to participate in an annual bonus scheme when this is considered appropriate, private healthcare and share option incentives.

Annual bonus scheme payments are not pensionable and are not contracted.

As with staff generally, whose salaries are subject to annual reviews, the basic salary payable to the Executive Directors are reviewed each year with reference to jobs carrying similar responsibilities in comparable organisations, market conditions generally and local employment competition in view of the Group's geographical position.

The Committee believes that share ownership by executives strengthens the link between their personal interests and those of shareholders. Options are granted to executives periodically at the discretion of the Remuneration Committee. The grant of share options is not subject to fixed performance criteria. This is deemed to be appropriate as it allows the Committee to consider the performance of the Group and the contribution of the individual executives and, as with annual bonus payments, illustrates the relative importance placed on performance-related remuneration.

The Group does not intend to contribute to the personal pension plans of Directors in the forthcoming year.

Executive Directors' Contractual Terms

The service contract of the Executive Directors provides for a notice period of six months.

Non-Executive Directors' Remuneration

Non-Executive Directors do not receive any benefits other than their fees and travelling expenses for which they are reimbursed. The level of fees payable to Non-Executive Directors is assessed using benchmarks from a group of comparable organisations.

The Procedure for Determining Remuneration

The Remuneration Committee, comprising two Non-Executive Directors, is responsible for setting the remuneration of the Executive Directors. Committee members do not take part in discussions concerning their own remuneration. The basic Non-Executive Director fee is set by the Chairman. The Chairman of the Committee reports at the Board meeting following a Committee meeting.

It is the view of the Committee that Directors' remuneration awarded across the Company for the year has been in accordance with the Company's stated Remuneration Policy and, on behalf of the Committee I recommend that you endorse this report. An analysis of Directors' emoluments is as follows:

Directors' Emoluments

	Fees US\$	Share based payment remuneration US\$	2023 Total US\$	2022 Total US\$
Executive - salary				
Denham Eke	57,345	-	57,345	40,956
Charles FitzRoy	169,105	576,243	745,348	544,983
Non-Executive - fees				
Jim Mellon	47,333	-	47,333	30,000
Ian Stalker	142,000	432,182	574,182	1,020,494
Alex Borrelli	47,333	29,572	76,905	30,000
Euan Jenkins	47,333	29,572	76,905	40,000
Aggregate emoluments	510,449	1,067,569 *	1,578,018	1,706,433

* represents the share-based payment charge for share options granted..

Approval

The report was approved by the Board of directors and signed on behalf of the Board.

Euan Jenkins

Chairman of Remuneration Committee

24 August 2023

Statement of Directors' responsibilities in respect of the Directors' report and the consolidated financial statements

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law.

The Directors are required to prepare financial statements for each financial year. They have elected to prepare the financial statements in accordance with International Financial Reporting Standards, and applicable law.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing each of the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRADDA HEAD LITHIUM LIMITED

Opinion

We have audited the group financial statements of Bradda Head Lithium Limited (the 'group') for the year ended 28 February 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 28 February 2023 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the cash flow forecasts prepared by management for the period up to 31 December 2024 for reasonableness and agreeing these to corroborating evidence; and, by providing challenge on key assumptions and inputs, including an assessment of the likelihood of raising additional funds and performing sensitivity analysis;
- Assessing and evaluating the liquidity of existing assets as of the year end;
- Reviewing and assessing the cash flows forecasts for plausible scenarios;
- Reviewing post-year end Regulatory News Service (RNS) announcements impacting going concern; and
- Assessing the adequacy of going concern disclosures within the Annual Report and Consolidated Financial Statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality in both planning and performing the audit and evaluating the effect of misstatements. For the purposes of determining whether the group financial statements are free from material misstatements, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the group financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriate level the probability that the aggregate of uncorrected and

undetected misstatements exceeds materiality for the group financial statements as a whole. When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the group financial statements as a whole.

The materiality applied to the group financial statements was \$183,000, based on a 1% of gross assets, as we consider gross assets to be the most relevant performance indicator for an exploration group having no trade.

A benchmark of 65% for performance materiality during our audit of the group was applied, being \$118,000, as we believe that this would provide sufficient coverage of significant and residual risks.

We agreed with the audit committee that we would report to them all audit differences identified during the course of our audit in excess of \$9,000. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

In designing our audit, we determined materiality and assessed the risk of material misstatement in the consolidated financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by management, such as the recoverability of exploration and evaluation assets.

We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalisation and assessment of impairment of deferred mining and exploration costs and exploration permits and licenses (refer note 2 'critical accounting estimates and judgements', note 7 'Deferred mining and exploration costs' and note 8 'Exploration permits and licenses'.	How our scope addressed this matter
<p>The group has reported deferred mining and exploration costs and exploration permits and licenses of \$7.5m and \$2.1m respectively. There is a risk that the carrying values of these non-current assets are not fully recoverable and should be impaired in line with IFRS 6.</p> <p>This risk also relates to the appropriate capitalisation of exploration costs in accordance with IFRS 6.</p> <p>The group capitalises all expenditure incurred directly relating to exploratory activities as deferred mining or exploration costs once a licence or permit has been obtained for exploratory activities.</p> <p>The estimated recoverable amount of these assets requires judgement in determining whether future economic benefits will arise either from future exploitation or sale. The costs are</p>	<p>Our audit work in this area included:</p> <ul style="list-style-type: none"> • Substantive testing of a sample of additions to assess their eligibility for capitalisation under IFRS 6 by corroborating to the original source documentation; • Confirming the group has good title to the permits and claims; • Ensuring, where applicable, that any specific requirements contained within the permits and claims have been met, to include minimum expenditure clauses; • Making enquiries of management regarding future plans for each project including obtaining cashflow projections;

capitalized to the extent that they do not exceed the estimated economically recoverable amount from mineral interests.

- Considering whether there are indications of impairment on a project-by-project basis in accordance with IFRS 6 criteria;

The costs relate to projects which are at an early stage of exploration and there is no certainty as to whether commercially viable quantities of mineral resources will be discovered, whether the group will continue its exploration activities in each of its licence areas or whether the group will have sufficient funding to undertake the required exploration activities.

- Reviewing management's impairment paper in respect of the carrying value of assets and providing challenge, corroborating any key assumptions used; and
- Evaluating the independence and competence of the experts engaged by management to calculate the mineral resource estimates.

Other information

The other information comprises the information included in the annual report, other than the group financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the consolidated financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities,

including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, as well as the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from AIM rules, CSE rules, the QCA Corporate Governance Code, the operating terms set out in the mining licenses, as well as local laws and regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
 - enquiries of management;
 - review of minutes of board meetings;
 - review of stock exchange announcements; and
 - review of legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations.
- We also identified the risks of material misstatement of the group financial statements due to fraud at the group level. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the impairment assessment of non-current exploration and evaluation assets. We addressed this by challenging the assumptions and judgements made by management when evaluating any indicators of impairment.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with our engagement letter dated 5 June 2023. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Registered Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

24 August 2023

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF BRADDA HEAD LITHIUM LIMITED IN RESPECT OF CANADIAN NATIONAL INSTRUMENT 52-107 (ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS) FOR THE YEAR ENDED 28 FEBRUARY 2023

Opinion

We have audited the group financial statements of Bradda Head Lithium Limited (the "group") for the year ended 28 February 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IAASB").

In our opinion, the group financial statements:

- present fairly, in all material respects, the financial position of the group as at 28 February 2023 and 28 February 2022 and its financial performance and its cash flows for the years then ended; and
- the group financial statements have been properly prepared in accordance with IFRSs as issued by the IAASB.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by the International Auditing and Assurance Standards Board (IAASB) and applicable law.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the group financial statements in the UK, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included a review of budgets and cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, including challenge of management on the basis of preparation, together with ascertaining the most recent cash position of the group, and identifying subsequent events impacting the going concern position.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the

overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<p>Capitalisation and assessment of impairment of deferred mining and exploration costs and exploration permits and licenses (refer note 2 'critical accounting estimates and judgements', note 7 'Deferred mining and exploration costs', and note 8 'Exploration permits and licenses'.</p> <p>The group has reported deferred mining and exploration costs and exploration permits and licenses of \$7.5m and \$2.1m respectively. There is a risk that the carrying values of these non-current assets are not fully recoverable and should be impaired in line with IFRS 6.</p> <p>This risk also relates to the appropriate capitalisation of exploration costs in accordance with IFRS 6.</p> <p>The group capitalises all expenditure incurred directly relating to exploratory activities as deferred mining or exploration costs once a licence or permit has been obtained for exploratory activities.</p> <p>The estimated recoverable amount of these assets requires judgement in determining whether future economic benefits will arise either from future exploitation or sale. The costs are capitalized to the extent that they do not exceed the estimated economically recoverable amount from mineral interests.</p> <p>The costs relate to projects which are at an early stage of exploration and there is no certainty as to whether commercially viable quantities of mineral resources will be discovered, whether the group will continue its exploration activities in each of its licence areas or whether the group will have sufficient funding to undertake the required exploration activities.</p>	<p>Our audit work in this area included:</p> <ul style="list-style-type: none"> • Substantive testing of a sample of additions to assess their eligibility for capitalisation under IFRS 6 by corroborating to the original source documentation; • Confirming the group has good title to the permits and claims; • Ensuring, where applicable, that any specific requirements contained within the permits and claims have been met, to include minimum expenditure clauses; • Making enquiries of management regarding future plans for each project including obtaining cashflow projections; • Considering whether there are indications of impairment on a project-by-project basis in accordance with IFRS 6 criteria; • Reviewing management's impairment paper in respect of the carrying value of assets and providing challenge, corroborating any key assumptions used; and • Evaluating the independence and competence of the experts engaged by management to calculate the mineral resource estimates.

Other information

The other information comprises the information included in the annual report and the management discussion and analysis, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the group's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditors' report is David Thompson.

David Thompson (Engagement Partner)
for and on behalf of PKF Littlejohn LLP
Registered Auditor

24 August 2023

Consolidated Statement of Comprehensive Income

for the year ended 28 February 2023

	Notes	Year ended 28 February 2023 US\$	Year ended 28 February 2022 US\$
Expenses			
General and administrative	4	(5,880,205)	(3,459,272)
Exceptional cost	4	-	(600,000)
Foreign exchange losses		(1,408,001)	(231,613)
Share based payments	15	(1,148,456)	(1,433,749)
Impairment	8	(19,470)	(230,230)
Other income		-	20,000
Operating loss		(8,456,132)	(5,934,864)
Other income			
Gain on sale	5	-	2,383,003
Unrealised gain on investment	13	37,804	30,225
Warrant fair value re-measurement	15, 16	4,518,470	-
Loss before finance costs		(3,899,858)	(3,521,636)
Finance income		12,270	-
Finance costs		-	(32,832)
Loss before income tax		(3,887,588)	(3,554,468)
Income tax expense	6	-	-
Total loss and total comprehensive loss for the year		(3,887,588)	(3,554,468)

Basic and diluted loss per share (cents)	19	(1.018)	(2.855)
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The notes on pages 35 to 59 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 28 February 2023

	Notes	28 February 2023 US\$	28 February 2022 US\$
Non-Current assets			
Deferred mining and exploration costs	7	7,461,851	4,183,744
Exploration permits and licences	8	2,112,415	1,549,076
Plant and equipment	12	79,602	54,170
Advances and deposits	10	104,192	88,594
Investment at fair value through profit or loss	13	91,761	53,957
Total non-current assets		9,849,821	5,929,541
Current assets			
Cash and cash equivalents		7,746,519	7,327,303
Advances and deposits	10	385,624	-
Trade and other receivables	10	216,595	97,996
Total current assets		8,348,738	7,425,299
Total assets		18,198,559	13,354,840
Equity			
Share premium	14	30,616,373	23,434,385
Retained deficit		(13,631,433)	(11,177,220)
Total equity		16,984,940	12,257,165
Current liabilities			
Trade and other payables	11	983,418	1,097,675
Warrant liability	16	230,201	-
Total current liabilities		1,213,619	1,097,675
Total equity and liabilities		18,198,559	13,354,840

The notes on pages 35 to 59 form an integral part of these consolidated financial statements.

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

Denham Eke
Director
24 August 2023

Consolidated Statement of Changes in Equity

for the year ended 28 February 2023

	Share premium US\$	Retained deficit US\$	Total equity US\$
Balance at 1 March 2022	23,434,385	(11,177,220)	12,257,165
Total comprehensive loss for the year			
Loss for the year	-	(3,887,588)	(3,887,588)
Total comprehensive income for the year	-	(3,887,588)	(3,887,588)
Transactions with owners of the Company			
Issue of ordinary shares (note 14)	7,729,904	-	7,729,904
Capitalised share issue costs	(547,916)	-	(547,916)
Equity settled share-based payments (note 15)	-	1,433,375	1,433,375
Total transactions with owners of the Company	7,181,988	1,433,375	8,615,363
Balance at 28 February 2023	30,616,373	(13,631,433)	16,984,940

The notes on pages 35 to 59 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

for the year ended 28 February 2023

	Share premium US\$	Retained deficit US\$	Foreign currency translation reserve US\$	Total equity US\$
Balance at 1 March 2021	9,443,676	(9,056,687)	186	387,175
Total comprehensive loss for the year				
Loss for the year	-	(3,554,468)	-	(3,554,468)
Total comprehensive income for the year	-	(3,554,468)	-	(3,554,468)
Transactions with owners of the Company				
Issue of ordinary shares (note 14)	14,404,440	-	-	14,404,440
Capitalised share issue costs	(413,731)	-	-	(413,731)
Equity settled share-based payments (note 15)	-	1,433,749	-	1,433,749
Transfer to retained deficit	-	186	(186)	-
Total transactions with owners of the Company	13,990,709	1,433,935	(186)	15,424,458
Balance at 28 February 2022	23,434,385	(11,177,220)	-	12,257,165

The notes on pages 35 to 59 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 28 February 2023

	Notes	Year ended 28 February 2023 US\$	Year ended 28 February 2022 US\$
Cash flows from operating activities			
Loss before income tax		(3,887,588)	(3,554,468)
<i>Adjusted for non-cash and non-operating items:</i>			
Depreciation	12	33,240	1,548
Unrealised loss/(profit) on investment	13	(37,804)	(30,225)
Finance income		(12,270)	-
Non-cash interest expense		-	32,832
Equity settled share based payments expense	15	1,148,456	1,433,749
Impairment of deferred mining and exploration costs and licences and permits	7, 8	19,470	230,230
Deferred mine exploration and licence and permit costs written off	7, 8	-	116,997
Warrant fair value re-measurement		(4,518,470)	-
Unrealised FX on cash balances		-	203,562
		(7,254,966)	(1,565,775)
Change in trade and other receivables		(519,824)	(106,913)
Change in trade and other payables		(114,253)	1,068,414
Net cash flows from operating activities		(7,889,043)	(604,274)
Cash flows from investing activities			
Amounts paid for deferred mining and exploration costs		(3,278,107)	(2,501,853)
Amounts paid for licences and permits		(582,809)	(1,119,455)
Interest received		12,270	-
Plant and equipment purchased		(58,672)	(55,718)
Net cash flows from investing activities		(3,907,318)	(3,677,026)
Cash flows from financing activities			
Related party loans received		-	60,000
Related party loans settled		-	(20,000)
Cash received from share issues		12,782,135	12,098,924
Share issue commissions paid		(566,558)	(413,731)
Net cash flows from financing activities		12,215,577	11,725,193
Increase in cash and cash equivalents		419,216	7,443,893
Cash and cash equivalents at beginning of year		7,327,303	86,972
Effect of movements in exchange rates		-	(203,562)
Cash balances at end of year		7,746,519	7,327,303

The notes on pages 35 to 59 form an integral part of these consolidated financial statements.

Bradda Head Lithium Limited

Notes

forming part of the annual report consolidated financial statements for the year ended 28 February 2023 (continued)

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".

Bradda Head Lithium Limited is a lithium exploration Group focused on developing its projects in the USA.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement

Functional and Presentation Currency

The consolidated financial statements of the Group are presented in US Dollars (US\$), which is also the functional currency of all entities in the Group. All financial information presented in US Dollars has been rounded to the nearest dollar.

Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant estimates and assumptions include those related to recoverability of mineral properties and determination as to whether costs are expensed or deferred.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable mineral reserves. Including whether a commercially feasible means of extraction from clay deposits is established. The recoverability of carrying amounts for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the financing necessary to complete exploration and development, and the success of future development of the properties. It is also dependent on all claims being properly legally established.

Judgement is required in applying the Company's accounting policy for exploration and evaluation assets in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review when assessing impairment. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalised is written off to profit and loss in the period when the new information becomes available. In situations where indicators of impairment are present for the Company's exploration and evaluation assets, estimates of recoverable amount must be determined as the higher of the estimated value in use or the estimated fair value less costs to sell. Refer to notes 3, 7 and 8.

Impact of Ukraine conflict on the financial statements

The Directors have considered the ongoing conflict in Ukraine, and its impact on the Group's operations and information included in these financial statements. The Group's operations are largely based in the USA, which currently has seen no direct impact due to the conflict. The Directors are aware of increases in global oil and gas prices, which could have an impact on fuel and electricity prices in the USA, and knock-on price impacts on the Group's USA based suppliers and contractors. Management is in regular communication with suppliers and contractors, and no significant impact has been seen relating to this.

The Group is in a net asset position of US\$ 16,984,940 as at 28 February 2023 (28 February 2022: US\$ 12,257,165). Given the early exploration stage of the Group's projects, the Group is not yet generating any revenue and is incurring expenditure in progressing its exploration work. Accordingly, the Group incurred a loss attributable to equity shareholders of US\$ 3,887,588 for the year ended 28 February 2023 (28 February 2022: loss of US\$ 3,554,468). As at 28 February 2023, the Group had cash balances of US\$ 7,746,519 (2022: US\$ 7,327,303).

Further expenditure will be necessary in order for the Group to progress the projects to a stage where their feasibility can be assessed and where they may potentially be able to ultimately generate revenue, if economically viable. Continued operations of the Group and further progressing its exploration and evaluation activities is dependent on the Company's ability to obtain additional financing and generate profitable operations in the future.

Following the successful completion of the IPO and raising of the target funds, and an additional fundraise completed during April 2022, the Group expects to have sufficient cash resources to be able to complete its existing and ongoing exploration programmes, and meet any committed operational expenditures as they fall due, for a period of at least 12 months from the date of signing the financial statements. If necessary, adjustments can be made to defer the Group's discretionary exploration expenditure, based on results of its exploration activities and cash resource levels whilst maintaining good title to its licenses and permits, with the level of exploration activities and related expenditure being full controllable by the Company.

Based on forecasts prepared by Directors, they believe it remains appropriate to prepare the financial statements on a going concern basis, taking into consideration the level of cash held by the Group. The Directors are confident that further funds can be raised and have a reasonable expectation that the Group will have adequate resources for its continuing existence and projected activities for the foreseeable future, and for these reasons, continue to adopt the going concern basis in preparing the financial statements for the year ended 28 February 2023.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities for the period ended 28 February 2023.

Basis of consolidation

The consolidated financial statements for the year ended 28 February 2023 incorporate the financial information of the Company and entities controlled by the Company (its "subsidiaries"). The results of subsidiaries are included in the consolidated statement of comprehensive income from the date on which control is obtained, and up to the date control is lost.

Business combination

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-Current Assets

Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets which are generally at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is adjusted for the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency transactions

Transactions in foreign currencies are translated into functional currency based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into functional currency at the exchange rate prevailing at the reporting date. Gains or losses arising from foreign currency transactions are recognised in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined or if measured at historical cost are translated using the exchange rate at the date of transaction.

Consolidation of foreign operations

The assets and liabilities of foreign operations are translated to US Dollars at exchange rates at the reporting date while income and expenses are translated at exchange rates at date of transactions although if not practically available, the average rate for the period is used.

Deferred mine exploration costs

The Group deems that all expenditure incurred in the country of the project, directly relating to exploratory activities, in addition to the acquisition costs of an existing, granted exploration permit or license, is capitalisable as deferred mine costs once a license or permit has been obtained for exploratory activities. Pre-license costs are expensed in the period in which they are incurred. License costs paid in connection with a right to explore in an existing exploration area are capitalised.

Exploration expenditures relate to the initial search for mineral deposits with economic potential as well as expenditures incurred for the purposes of obtaining more information about existing mineral deposits. Exploration expenditures typically comprise costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies;
- exploratory drilling and sampling for the purposes of obtaining core samples and the related metallurgical assay of these cores; and
- drilling to determine the volume and grade of deposits in an area known to contain mineral resources or for the purposes of converting mineral resources into proven and probable reserves.

The assessment of probability is based on the following factors: results from previous drill programmes; results from a geological study; results from a mine scoping study confirming economic viability of the resource; and preliminary estimates of the volume and grade of the deposit, and the net cash flows expected to be generated from its development. The application of the Group's accounting policy for

exploration and evaluation expenditure requires judgment in determining whether future economic benefits will arise either from future exploitation, or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Deferred mine exploration cost are capitalised to the extent that they do not exceed the estimated economically recoverable amount from mineral interests. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established.

Estimates and assumptions made may change if new information becomes available. If after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the consolidated statement of comprehensive income in the period when the new information becomes available. Management reviews the carrying values of its deferred mine exploration costs at least annually and whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognised when the carrying value of those assets is not recoverable and exceeds their fair value.

These costs are carried forward provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has not expired during the period or will expire in the near future, and is expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is either budgeted or planned;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Upon reaching commercial production, these capitalised costs will be transferred from development properties to producing properties on the Consolidated Statement of Financial Position and will be amortised using the unit-of-production method over the estimated period of economically recoverable reserves.

Exploration permits

Exploration permits acquired by way of an asset acquisition or business combination are recognised if the asset is separable or arises from contractual or legal rights. On acquisition of a mineral property in the exploration stage, an estimate is prepared of the fair value attributable to the exploration potential, including mineral resources, if any, of that property. The fair value of the exploration permits is recorded as an intangible asset (acquired exploration permits) as at the date of acquisition. When an exploration stage property moves into development, any acquired exploration intangible asset balance attributable to that property is transferred to non-depreciable mining interests within property, plant and equipment. Impairment testing and the reversal of impairments are conducted in accordance with the accounting policy adopted for deferred mine exploration costs.

Mineral property expenses

Mineral property expenses are costs incurred that do not qualify for capitalisation and are therefore expensed to the profit or loss as incurred. These include payments for costs incurred prior to obtaining licenses.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An

intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Measurement

Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Trade and other receivables

Trade and other receivables are stated at amortised costs using the effective interest method less impairment losses.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised costs and are due on demand.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised costs using the effective interest method.

Fair value of financial instruments

The Company determines fair values using other valuation techniques in compliance with IFRS9: Financial Instruments, IFRS13: Fair Value Measurement, and based on the International Private Equity and Venture Capital Valuation Guidelines ("IPEV").

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; or
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Various valuation techniques may be applied in determining the fair value of investments held as Level 3 in the fair value hierarchy. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Share premium

Ordinary shares are classified as equity. The ordinary shares of the Company have a nil par value. As such all proceeds received for the issue of shares has been credited to share premium. Proceeds from the exercise of stock options or conversion of share purchase warrants are recorded in share premium at the amount received on exercise or conversion. Commissions paid to underwriters or agents and other related share issue costs, such as legal, accounting and printing, are charged to share premium.

Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is calculated using the Black-Scholes option pricing model (where no fair value of the service or assets provided is evident). The fair value determined at the grant date of the equity settled share-based payment is expensed based on the vesting period and based on the Company's estimate of the number of shares that will eventually vest.

On determining fair values, terms and conditions attaching to the instruments are taken into account. Management is also required to make certain assumptions and estimates regarding such items as the life of instruments, volatility and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being exploration for lithium in the USA. Information presented to the Board of Directors for the purpose of decision making is based on this single segment.

Property and equipment

Property and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of fixed assets commences when the asset is available for use. The Company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Owned vehicles - 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Gain on sale of mining interest

The Group may monetise its future revenue streams by entering into royalty agreements with investment companies for a given percentage royalty. This transaction represents a disposal of a portion

of the relevant mineral interest which is subject to the royalty, which is represented by deferred mine exploration costs and exploration permits and licences in the financial statements.

Where the consideration in exchange for the sale of the interest is variable, the IFRS 15 variable consideration guidance is applied and the consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal of revenue will not occur ('the constraint').

A gain/loss on the sale is recognised in profit or loss.

Royalty payments due, under the royalty agreements, are recognised as a reduction of revenue as amounts become due and payable.

3 Significant accounting policies (continued)

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the current period ended, and have not been applied in preparing these consolidated historical financial statements:

<i>New/revised International Accounting Standards / International Financial Reporting Standards ("IAS/IFRS")</i>	<i>Effective date (accounting periods commencing on or after)</i>
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	
Definition of Accounting Estimates (Amendments to IAS 8)	
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Company's financial statements in the period of initial application.	

4 General and administrative and exceptional cost

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

	Year ended 28 February 2023 US\$	Year ended 28 February 2022 US\$
Auditors' fees	113,173	134,042
Directors and management fees and salaries	599,824	430,667
Legal and accounting	492,041	667,392
Contractor costs	2,933,852	1,131,515
Professional and marketing costs	1,012,171	802,454
Other administrative costs	729,144	293,202
Total	5,880,205	3,459,272

5 Gain on sale

On 21 December 2021, the Company completed a royalty agreement with the Lithium Royalty Corporation ("LRC"). Key terms of the royalty agreement are:

- LRC has been granted a 2% gross overriding royalty (GOR) over Bradda Head's sedimentary lithium claims in Arizona (Wikieup project and Basin project) leaving the Company's pegmatite and brine projects unencumbered;
- LRC has paid to the Company upon closing the sum of US\$2.5 million for granting of the Royalty;
- LRC will pay to the Company an additional US\$2.5 million upon the Company publicly reporting a 1 million tonne lithium carbonate equivalent (LCE) Mineral Resource with a minimum lithium grade of 800 parts per million (ppm);
- LRC will pay to the Company an additional US\$3 million upon the Company publicly reporting a 2.5 million tonne LCE Mineral Resource with a minimum lithium grade of 800ppm.

In addition, LRC has also subscribed for US\$2 million of new ordinary shares (along with US\$0.5 million via a further subscription from a LRC director) alongside the royalty closing. See note 14 for details.

Reconciliation of gain on sale

	Year ended 28 February 2022
	US\$
Initial proceeds received from royalty sale	2,500,000
Less: Deferred mine exploration costs disposal (note 7)	(85,383)
Less: Exploration permits and licences disposal (note 8)	(31,614)
	2,383,003

6 Taxation

Income tax

The British Virgin Islands under the International Business Companies Act 2004 imposes no corporate taxes or capital gains taxes.

Zenolith USA LLC, Gray Wash LLC and Verde Grande LLC are Delaware (USA) limited liability companies that have elected to be taxed as standard corporations. To date, these companies have been loss making and therefore no corporation tax is applicable.

The maximum deferred tax asset that could be recognised at year end is approximately US\$ 683,943 (2022: US\$ 478,138). The Group has not recognised any asset as it is not reasonably known whether the Group will recover such deferred tax assets.

7 Deferred mine exploration costs

The schedule below details the current projects of the Group and the related exploration costs capitalised:

	Total US\$
Cost and net book value	
At 29 February 2021	1,767,274
Capitalised during the year	2,501,853
Disposal under royalty agreement *	(85,383)
At 28 February 2022	4,183,744
Capitalised during the year	3,278,107
At 28 February 2023	7,461,851
Cost and net book value	
At 28 February 2023	7,461,851
At 28 February 2022	4,183,744

* In terms of the LRC royalty agreement, the Company has sold a 2% royalty on future sales from its lithium clay assets. The Company has effectively sold 2% of its capitalised deferred mine exploration costs to date, with this adjustment being recorded to reflect this. See note 5 and 14.

All the deferred mining and exploration expenditure has been incurred by Zenolith USA LLC, a subsidiary of Bradda Head Limited. See notes 8 and 9.

Deferred mine exploration costs ("DMEC") represent intangible assets. Refer to note 8 for details on exploration permits and licences held.

The recoverability of the carrying amounts of exploration and evaluation assets is dependent 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 28 February 2023.

The Board reviewed the projects held and 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.

8 Exploration permits and licences

The schedule below details the current projects of the Group and the related exploration permit and licence costs capitalised:

	Total US\$
Cost and net book value	
At 28 February 2021	691,465
Capitalised during the year	1,119,455
Disposal under royalty agreement *	(31,614)
Impairment	(230,230)
At 28 February 2022	1,549,076
Capitalised during the year	582,809
Impairment	(19,470)
At 28 February 2023	2,112,415
Cost and net book value	
At 28 February 2023	2,112,415
At 28 February 2022	1,549,076

* In terms of the LRC royalty agreement, the Company has sold a 2% royalty on future sales from its lithium clay assets. The Company has effectively sold 2% of its capitalised deferred mine exploration costs to date, with this adjustment being recorded to reflect this. See note 5 and 14.

The licences and permits are held through indirect subsidiaries of the Company. See note 9.

The Group assessed the carrying amount of the licences and permits held for impairment as at 28 February 2023. Upon review, 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 (28 February 2022: US\$ 230,230).

The Board reviewed the rest of the projects held and 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.

USA

The USA exploration permits and licences are held by Zenolith (USA) LLC ("Zenolith"), Gray Wash LLC and Verde Grande LLC, subsidiaries of Bradda Head (see note 9). Zenolith holds licences and permits over land in the states of Nevada and Arizona, USA, which provide Zenolith with exclusive rights to explore for lithium. Gray Wash and Verde Grande hold licences over land in the state of Arizona.

9 Investment in subsidiary undertakings

As at 28 February 2023 and 28 February 2022, 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 28 February 2023, and up to the date that control ceases.

10 Prepayments and advances and deposits

Non-current

	28 February 2023	28 February 2022
	US\$	US\$
Advances and deposits	104,192	88,594

Current

	28 February 2023	28 February 2022
	US\$	US\$
Prepayments	216,595	97,996
Advances and deposits	385,624	-

11 Trade and other payables

	28 February 2023	28 February 2022
	US\$	US\$
Accounts payable	904,944	1,019,175
Accrued expenses and other payables	78,474	78,500
	983,418	1,097,675

12 Plant and equipment

	Motor vehicle	Total
	US\$	US\$
Cost		
As at 1 March 2022	55,718	55,718
Additions during the year	58,672	58,672
As at 28 February 2023	114,390	114,390

	Motor vehicle	Total
	US\$	US\$
<i>Accumulated depreciation</i>		
As at 1 March 2022	(1,548)	(1,548)
Depreciation charge for the year	(33,240)	(33,240)
	<hr/>	<hr/>
As at 28 February 2023	(34,788)	(34,788)
	<hr/>	<hr/>
Carrying amount		
As at 28 February 2023	79,602	79,602
As at 28 February 2022	54,170	54,170
	<hr/>	<hr/>

13 Investment at fair value through profit or loss

On 1 July 2011, the Company acquired, by way of private placement, a strategic investment in Crazy Horse Resources Inc. (which changed its name to Rockwealth Resources Inc ("RWR"), a copper and gold company traded on the TSX Venture Exchange, which owns the Taysan Project, an advanced copper gold porphyry deposit located 100 km south of Manila in the Philippines. On 6 December 2021, RWR changed its name to Strathmore Plus Energy Corp. On 22 September 2022, Strathmore Plus Energy Corp changed its name to Strathmore Plus Uranium Corp and its TSX-V ticker to SUU.

As at 28 February 2023, the Company holds 249,688 shares in SUU (2022: 249,688 shares).

This investment is classified as financial asset at fair value through profit or loss. For valuation purposes, it was valued using the closing bid price as at the reporting period.

	28 February 2023	28 February 2022
Total number of shares held	249,688	249,688
	US\$	US\$
Market value of investment at closing bid price	91,760	53,957
Total cost	(5,861,409)	(5,861,409)
	<hr/>	<hr/>
Unrealised loss on investment	(5,769,649)	(5,807,452)
	<hr/>	<hr/>

In line with IFRS13: Fair Value Measurement, and based on the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"), the investment held is considered to be level 2 in the fair value hierarchy, due to there being a lack of an active market for the traded shares.

The unrealised loss on the investment in SUU charged to the Consolidated Statement of Comprehensive Income and movement in investment fair value is as follows:

	US\$
Balance at 28 February 2021	23,732
	<hr/>
Change in fair value	30,225
	<hr/>
Balance at 28 February 2022	53,957
	<hr/>
Change in fair value	37,804
	<hr/>
Balance at 28 February 2023	91,761
	<hr/>

14 Share premium

Authorised

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

	Shares	Share capital	Share premium
		US\$	US\$
Issued ordinary shares of US\$0.00 each			
At 28 February 2021	75,040,282	-	9,443,676
Shares issued for cash	158,499,941	-	12,098,924
Shares issued to settle loans	48,618,529	-	2,159,722
Shares issued in lieu of Directors fees	3,037,362	-	145,794
Shares issued to Zenith Minerals Limited	32,217,765	-	-
Share issue costs capitalised	-	-	(413,731)
At 28 February 2022	317,413,879	-	23,434,385
Shares issued for cash (note 16)	73,195,560	-	7,729,904
Share issue costs capitalised	-	-	(547,916)
At 28 February 2023	390,609,439	-	30,616,373

On 13 April 2022, the Company completed a fundraise, issuing 73,195,560 ordinary shares for gross proceeds of US\$ 12.9 million. Refer to note 16.

15 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.

Options and warrants

The total number of share options and warrants in issue as at the period end is set out below.

Recipient	Grant Date	Term in years	Exercise Price	Number at March 1, 2022	Number Issued	Number Lapsed/cancelled/expired	
<i>Options</i>							
Directors and Participants	April 2018	5	US\$ 0.15668	1,606,304	-	-	
Directors and Participants	June 2021	5	US\$ 0.048	18,000,000	-	-	
Directors and Participants	September 2021	5	£0.09	4,000,000	-	(500,000)	
Directors and Participants	April 2022	5	£0.18	-	9,200,000	(275,000)	
Directors and Participants	December 2022	5	£0.105	-	1,000,000	-	
<i>Warrants</i>							
Supplier warrants	July 2021	5	£0.0550	1,818,182	-	-	
Supplier warrants	July 2021	3	£0.0825	2,254,545	-	-	
Shareholder warrants	December 2021	2	£0.0885	1,185,687	-	-	

Supplier warrants	April 2022	2	£0.1350	-	3,244,331	-
			28,864,718	13,444,331	(775,000)	

Recipient	Grant Date	Term in years	Exercise Price	1 March 2021	Issued	Lapsed	Ex
Directors and Participants	April 2018	5	US\$ 0.15668	1,606,304	-	-	
Directors and Participants	June 2021	5	US\$ 0.048	-	18,000,000	-	
Directors and Participants	September 2021	5	£0.09	-	4,000,000	-	
				1,606,304	22,000,000	-	

The amount expensed in the income statement has been calculated by reference to the fair value at the grant date of the equity instrument and the estimated number of equity instruments to vest after the vesting period.

	28 Febraury 2023	28 February 2022
	US\$	US\$
	US\$	US\$
Share based payments charge	1,148,456	1,433,749

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans issued during the period are as follows:

<i>April 2022 options</i>	<i>Award date and exercise price</i>
Fair value at grant date	£0.09308
Exercise price	£0.180
Weight average expected volatility	81.90%
Weighted average expected life (years)	5
Risk-free interest rate (based on comparable companies)	1.52%

Terms of the issued options are as follows:

- 8,925,000 options have been granted and are subject to the three independent vesting conditions for 1/3 of the entitlement, relating to the successful fund raising in respect of the Group's operational budget, commencement of a drilling program in respect of the San Domingo project and resolution of certain Wickieup project title claims. All un-exercised

options expire after a period of 5 years from grant date. It is assumed that options are exercised within 5 years from date of grant. The applied volatility is based on historical volatility.

<i>December 2022 options</i>	<i>Award date and exercise price</i>
Fair value at grant date	£0.0486
Exercise price	£0.105
Weight average expected volatility	71.50%
Weighted average expected life (years)	5
Risk-free interest rate (based on comparable companies)	4.24%

Terms of the issued options are as follows:

- 1,000,000 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.

<i>April 2022 supplier warrants</i>	<i>Award date and exercise price</i>
Fair value at grant date	£0.06697
Exercise price	£0.135
Weight average expected volatility	81.90%
Weighted average expected life (years)	2
Risk-free interest rate (based on comparable companies)	0.80%

Terms of the issued warrants are as follows:

- As part of the fundraise completed during April 2022, certain service providers of the Company received warrants for services rendered. As a result, 3,244,331 warrants have been issued. All un-exercised warrants expire after a period of 2 years from grant date. It is assumed that warrants are exercised within 2 years from date of grant. The applied volatility is based on historical volatility.

16 Warrants

The cost of equity warrants granted during the period are 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 year ended 28 February 2023, the Company awarded warrants to investors who participated in the fundraise completed during April 2022.

The total number of 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>Warrants at 1 March 2022</i>	<i>Number of Warrants Issued</i>	<i>Number of Warrants Lapsed/cancelled/expired</i>	<i>Number of Warrants Exercised</i>	<i>Number of Warrants at 28 February 2023</i>	<i>Fair value</i>
<i>Warrants</i>									<i>US\$</i>
Shareholder warrants	April	2	£0.2100	-	73,195,560	-	-	73,195,560	230,201

-	73,195,5	-	-	73,195,5	230,201
	60			60	

The fair value applied to the shareholder warrants has been classified as a financial liability. At the date of grant the fair value of shareholder warrants of US\$ 4,748,671 was deducted from the gross proceeds raised against share premium. At period end, the warrant liability has been re-measured to fair value, with a corresponding entry to profit and loss of US\$ 4,518,470 (28 February 2022: Nil) within Warrant Fair Value Re-Measurement.

Reconciliation of warrant liability fair value:

Balance at March 1, 2022
Warrants issued during the period included within share premium
Fair value re-measurement through profit or loss

Balance at 28 February 2023

17 Financial instruments

Financial risk management

The Company has risk management policies that systematically review the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

The Company's principal financial instruments consist of cash, receivables and payables arising from its operations and activities. The main risks arising from the Company's financial instruments and the policies for managing each of these risks are summarised below.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by the Company by means of cash flow planning to ensure that future cash requirements are anticipated. All liabilities are due within one month and all cash maintained in call accounts. To date the Company has relied upon equity funding to finance operations. The carrying amount of financial assets and liabilities reported in the consolidated statement of financial position represents the maximum exposure to liquidity risk. Management is confident that adequate resources are available to meet current obligations. See note 2(b) in respect of the Board's going concern assessment, and note 19 regarding exploration commitments.

The residual undiscounted contractual maturities of financial liabilities are as follows:

28 February 2023

	Less than 1 month US\$	1-3 months US\$	3 months to 1 year US\$	1-5 years US\$	Over 5 years US\$
Trade and other payables	983,418	-	-	-	-

28 February 2022

	Less than 1 month US\$	1-3 months US\$	3 months to 1 year US\$	1-5 years US\$	Over 5 years US\$
Trade and other payables	1,097,675	-	-	-	-

Credit risk

Credit risk is the risk of loss associated with the counter-party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to receivables and cash balances with the maximum exposure being the reported balance in the statement of financial position. The Company holds available cash with licensed banks which have strong history. The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. All funds are available on demand.

The receivables are actively monitored to avoid significant concentration of credit risk and the Directors consider there to be no significant concentration of credit risk.

Interest rate exposure

Interest rate risk is the risk that the Company will sustain losses through adverse movements in interest bearing assets or liabilities; however, it is the Directors' opinion that the Company is not significantly exposed to interest rate risk. Any interest-bearing liabilities carry fixed interest rates and are not exposed to interest rate fluctuations.

Market price risk

Equity price risk arises from financial assets at fair value through profit or loss due to uncertainties about future values of the instrument. The investment at year end represents an interest held in the share capital of Strathmore Plus Uranium Corp, a company traded on the TSX Venture Exchange. The performance of this investment is monitored and reviewed by management on a regular basis. As at 28 February 2023, the fair value of equity security exposed to price risk was US\$ 91,760 (2023: US\$ 53,957). A 5% increase or decrease in the fair value of this listed investment, with all other variables constant, would have increased/decreased consolidated profit or loss and equity by US\$ 4,588 (2022: US\$ 2,698).

Foreign exchange risk

The Group was exposed to foreign currency risk on fluctuations related to financial assets and liabilities that are denominated in Pounds (GBP). The amounts exposed to foreign currency risk are as follows (in currency balance):

28 February 2023	Cash	GBP 4,374,471
28 February 2022	Cash	GBP 448,661

The impact of 10% strengthening of the GBP against the US Dollar to total comprehensive income/loss is set-out below. A 10% weakening in these currencies would have had the equal but opposite effect, on the basis that all other variables remain constant.

	28 February 2023	28 February 2022
US Dollars against:	US\$	US\$
GBP	<u>528,129</u>	<u>60,824</u>

There is no other impact on the Company's equity other than those already affecting the consolidated statement of comprehensive income/(loss).

Political risks

The Company's operations are subject to laws and regulations governing exploration activities. While the Company believes that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in laws and regulations could result in changes in legal requirements or in the terms of existing agreements applicable to the Company which could have a material adverse impact on the Company's current operations or planned implementation of its strategy.

Accounting classifications and fair value

Financial instruments comprise cash and trade and other receivables (classified as loans and receivables), accounts payable and accrued expenses (classified as trade and other payables), investments and convertible loan notes and working capital loan advances (classified as related party balances). The carrying amounts of loans and receivables and trade and other payables, reported in the consolidated statement of financial position, approximate their fair values due to the short-term nature of these accounts.

The related party balances consist of convertible loan notes, which have fixed interest rates and specified repayment terms and conditions. These have been classified as non-current. The convertible loan notes accrue interest, with the rate being charged considered to be similar to market related rates for similar type instruments. Fair value is therefore considered to approximate the carrying value of these instruments.

The working capital loan facility has a repayment term of one year, and has therefore been classified as a current asset.

Financial liabilities not measured at fair value

	<i>Carrying amount, measured at amortised cost</i>	
	28 February 2023	28 February 2022
	US\$	US\$
Trade and other payables	<u>983,418</u>	<u>1,097,675</u>

The fair value of investments is based on available market price data, taking into account the liquidity of the listed securities.

Capital Management

The Company manages its capital to maximise the return to the shareholders through the optimisation of equity. The capital structure of the Company at 28 February 2023 consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed.

The Company manages its capital structure and makes adjustments to it, in light of economic conditions and the strategy approved by shareholders. To maintain or adjust the capital structure, the Company may adjust any dividend payment to shareholders, return capital to shareholders or issue new shares and release the Company's share premium account. No changes were made in the objectives, policies or processes during the years ended 28 February 2022.

18 Related party transactions and balances

Key management personnel

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

	28 February 2023		
	US\$ Fees and salary	US\$ Share-based payment remuneration	US\$ Total
Charles FitzRoy	169,105	576,243	745,348
Ian Stalker	142,000	432,182	574,182
Euan Jenkins	47,333	29,572	76,905
Denham Eke	57,345	-	57,345
Jim Mellon	47,333	-	47,333
Alex Borrelli	47,333	29,572	76,905
	<u>510,449</u>	<u>1,067,569 *</u>	<u>1,578,018</u>

* The fair value of the options issued has been determined in line with the requirements of IFRS. Refer to note 3 and 15 for the basis of calculation.

	28 February 2022		
	US\$ Fees and salary	US\$ Share-based payment remuneration	US\$ Total
Charles FitzRoy	149,233	395,750	544,983
Ian Stalker	120,000	900,494	1,020,494
Euan Jenkins	40,000	-	40,000
Denham Eke	40,956	-	40,956
Jim Mellon	30,000	-	30,000
Alex Borrelli	30,000	-	30,000
	<u>410,189</u>	<u>1,296,244 *</u>	<u>1,706,433</u>

* The fair value of the options issued has been determined in line with the requirements of IFRS. Refer to note 3 and 15 for the basis of calculation.

The Directors hold the following number of shares in the Company as at 28 February 2023:

	28 February 2023			28 February 2022		
	Number	% of issued share capital	Options held	Number	% of issued share capital	Options held
James Mellon	65,097,004	16.67%	-	64,145,176	20.21%	-
Denham Eke	124,307	0.03%	-	124,307	0.04%	-
Ian Stalker	3,870,140	0.99%	17,250,000	3,616,267	1.14%	14,250,000
Charles FitzRoy	13,265	0.00%	10,000,000	11,091	0.003%	6,000,000
Euan Jenkins	2,198,934	0.56%	500,000	2,055,454	0.65%	-
Alex Borrelli	343,329	0.09%	500,000	315,649	0.10%	-
	<u>71,646,979</u>	<u>18.34%</u>	<u>28,250,000</u>	<u>70,267,944</u>	<u>22.143%</u>	<u>20,250,000</u>

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 is charged by Burnbrae, for the provision of the services. The service agreement was terminated effective from 31 May 2021.

During the year ended 28 February 2023, the Group incurred costs of US\$ Nil (2022: US\$ 47,065) under these agreements, of which US\$ Nil was outstanding as at the year-end (2022: US\$ Nil).

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 shall automatically be converted into shares in the capital of the Company on Admission at the Issue Price.

On 09 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 is to be converted into ordinary shares of the Company on the occurrence of either (i) a sale of the entire issued share capital of the Company (ii) a listing of the Company's shares or (iii) upon completion of a fundraising of \$1,000,000 or more in a single fundraise round. The number of shares to be issued upon conversion is determined as follows:

- On a fund raising a price per share being a 20% discount to the price per share paid by the investors on the Fund Raising; or
- On a share sale, a price per Share being a 20% discount to the price per share paid on the share sale; or
- On a listing, including by way of reverse takeover, a 20% discount to the price at which the shares are proposed to be admitted to listing (or the implied price per share paid by a buyer in the case of a reverse takeover); or
- In the event there is no eligible fund raising, or share sale or no listing by the maturity date the default price, being US\$ 0.05 per share.

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 9 April 2021, Galloway advanced US\$ 60,000 to the Company for working capital purposes.

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.

Edgewater Associates Limited ("Edgewater")

During the year, 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\$ 49,318 (2022: US\$ 45,139), of which US\$ 14,497 was prepaid as at the period end (2022: US\$ 13,646).

19 Basic and diluted loss per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares, on the assumed conversion of all dilutive share options.

An adjustment for the dilutive effect of share options in the current year has not been reflected in the calculation of the diluted loss per share, as the effect would have been anti-dilutive, due the Company recognising a loss for the year.

	28 February 2023 US\$	28 February 2022 US\$
Loss for the year	(3,887,588)	(3,554,468)
	No.	No.
Weighted average number of ordinary shares in issue	381,785,865	124,499,956
Dilutive element of share options if exercised (note 15)	33,031,304	23,606,304
Diluted number of ordinary shares	414,817,169	148,106,260
Basic earnings per share (cents)	(1.018)	(2.855)
Diluted earnings per share (cents)	(1.018)	(2.855)

The earnings applied are the same for both basic and diluted earnings calculations per share as there are no dilutive effects to be applied.

20 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\$ 432,029 during the next 12 months. This includes annual fees in respect of licence renewals. These obligations may be varied 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.

21 Subsequent events

No subsequent events have occurred that require disclosure.