

ESSTRA INDUSTRIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Six Month Period Ended

November 30, 2022

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements. The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

ESSTRA INDUSTRIES INC.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	November 30, 2022	May 31, 2022
	(\$)	(\$)
ASSETS		
Current assets		
Cash	27,599	64,132
Marketable securities (Note 4)	42,775	60,622
	70,374	124,754
Long-term investment (Note 5)	1	1
	70,375	124,755
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	98,013	82,493
Shareholders' equity (deficiency)		
Share capital (Note 7)	562,000	562,000
Deficit	(589,638)	(519,738)
	(27,638)	42,262
	70,375	124,755

Nature of operations (Note 1)

On behalf of the Board of Directors:

"Peter G. Dickson" Director

"David Atkinson" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ESSTRA INDUSTRIES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Month Period Ended November 30, 2022	Three Month Period Ended November 30, 2021	Six Month Period Ended November 30, 2022	Six Month Period Ended November 30, 2021
	(\$)	(\$)	(\$)	(\$)
Expenses				
Filing fees	2,803	2,190	3,369	5,442
Foreign exchange gain	-	25	454	(2,004)
Rent	959	1,439	2,399	2,879
Office and administration	11,825	5,825	19,740	16,892
Professional fees	23,751	21,659	26,751	24,659
	(39,338)	(31,138)	(52,713)	(47,868)
Other items				
Change in fair value of marketable securities (Note 4)	2,281	(21,868)	(17,847)	(64,965)
Realized gain on sale of marketable securities (Note 4)	-	-	660	4,945
Loss and comprehensive loss for the period	(37,057)	(53,006)	(69,900)	(107,888)
Basic and diluted loss per common share	(0.00)	(0.01)	(0.01)	(0.01)
Weighted average common shares outstanding	8,202,501	8,202,501	8,202,501	8,202,501

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ESSTRA INDUSTRIES INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Amount (\$)	Retained Earnings (Deficit) (\$)	Total Shareholders' Equity (Deficiency) (\$)
Balance at May 31, 2021	8,202,501	562,000	391	562,391
Loss for the period	-	-	(107,888)	(107,888)
Balance at November 30, 2021	8,202,501	562,000	(107,497)	454,503
Loss for the period	-	-	(412,241)	(412,241)
Balance at May 31, 2022	8,202,501	562,000	(519,738)	42,262
Loss for the period	-	-	(69,900)	(69,900)
Balance at November 30, 2022	8,202,501	562,000	(589,638)	(27,638)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ESSTRA INDUSTRIES INC.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Month Period Ended November 30, 2022 (\$)	Six Month Period Ended November 30, 2021 (\$)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period	(69,900)	(107,888)
Items not affecting cash:		
Change in fair value of marketable securities	17,847	64,965
Gain on sale of marketable securities	(660)	(4,945)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	15,520	15,755
	<u>(37,193)</u>	<u>(32,113)</u>
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	1,710	6,667
Acquisition of marketable securities	(1,050)	-
	<u>660</u>	<u>6,667</u>
Change in cash during the period	(36,533)	(25,446)
Cash, beginning of period	64,132	141,971
Cash, end of period	27,599	116,525
Taxes paid during the period	-	-
Interest paid during the period	-	-

During the six month periods ended November 30, 2022 and 2021, the Company had no significant non-cash investing or financing activities.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ESSTRA INDUSTRIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

Six Month Period Ended November 30, 2022

1. NATURE OF OPERATIONS AND GOING CONCERN

Esstra Industries Inc. ("the Company") was incorporated on September 6, 1996 under the laws of Alberta. Effective February 23, 2018 the continued from Alberta to British Columbia. The Company is classified as a real estate entity and currently holds investments in marketable securities. The Company's registered office is 40440 Thunderbird Ridge B1831, Garibaldi Highlands, BC, V0N 1T0. The Company's shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol "ESS".

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations. If for any reason, the Company is unable to continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements and such adjustments could be material.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no sources of revenue, ongoing losses and a deficit of \$589,638. The above conditions may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION**Statement of compliance with IFRS**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and therefore should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2022, prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors of the Company on December 16, 2022.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and marketable securities which are measured at fair value.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

ESSTRA INDUSTRIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

Six Month Period Ended November 30, 2022

2. BASIS OF PRESENTATION (continued)**Basis of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiary, 412688 B.C. Ltd. The results of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

Use of Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other facts and circumstances. Actual results could differ from these estimates.

The significant assumption about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relates to, but is not limited to, the following:

Deferred income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Deferred tax assets, including those arising from tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. The Company has adequately provided for all income tax obligations; however, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the Company's provision for deferred income taxes.

Investment in ExSorbtion

ExSorbtion is a Nevada incorporated company that is not listed for trading on any public stock exchange. Accordingly, the Company uses level 3 of the fair value hierarchy to estimate the value of its investment.

Valuation of marketable securities

The Company holds a number of investments in publicly listed companies. Accordingly, the Company uses level 1 of the fair value hierarchy to estimate the fair value of its marketable securities.

There were no significant judgments made by management for the reporting period.

ESSTRA INDUSTRIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

Six Month Period Ended November 30, 2022

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statements at May 31, 2022

4. MARKETABLE SECURITIES

Carrying Value May 31, 2022	Additions	Dispositions	Unrealized Gain (Loss)	Realized Gain (Loss)	Fair Value November 30, 2022
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
60,622	1,050	(1,710)	(17,847)	660	42,775

Carrying Value May 31, 2021	Additions	Dispositions	Unrealized Gain (Loss)	Realized Gain (Loss)	Fair Value May 31, 2022
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
144,157	-	(6,667)	(81,813)	4,945	60,622

5. LONG-TERM INVESTMENT

In July 2020, the Company acquired a 5% ownership interest in ExSorbtion Inc., a private Nevada company developing lithium extraction technology for \$352,134 (US\$263,160). On May 31, 2022, the Company reviewed its investment in ExSorbtion and the fair value was nominal. Accordingly, the Company wrote down the investment to a nominal value of \$1 and recorded a write-down of \$352,133 during the year ended May 31, 2022.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2022	May 31, 2022
	(\$)	(\$)
Trade payables	29,713	6,893
Accrued liabilities	68,300	75,600
	98,013	82,493

ESSTRA INDUSTRIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

Six Month Period Ended November 30, 2022

7. SHARE CAPITAL**a) Authorized share capital**

Unlimited common shares without par value.
Unlimited Class I preferred voting shares
Unlimited Class II preferred non-voting shares
Unlimited Class III preferred voting shares

b) Issued share capital

Six month period ended November 30, 2022

There was no share capital activity.

Year ended May 31, 2022

There was no share capital activity.

c) Stock options

The Company has a shareholder approved stock option plan (the "Plan"), which is in compliance with the Exchange's policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of grant of options. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant. Vesting terms are at the discretion of the directors.

There were no stock options issued or outstanding during the six month period ended November 30, 2022 or the year ended May 31, 2022.

d) Share purchase warrants

As at November 30, 2022, there were 2,620,000 share purchase warrants outstanding and exercisable at \$0.10 per share until October 9, 2023.

The continuity of the Company's share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2021 and 2022	3,370,000	0.17
Expired	(750,000)	0.40
Balance, November 30, 2022	2,620,000	0.10

ESSTRA INDUSTRIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

Six Month Period Ended November 30, 2022

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT*Financial risk management*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, marketable securities, long-term investments and accounts payable and accrued liabilities.

The fair values of cash and marketable securities are measured using level one of the fair value hierarchy. The fair value of accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

The Company's investment in ExSorbtion Inc. (Note 5) does not have a quoted market price in an active market and has assessed the fair value to be nominal. The fair value is classified within level 3 of the fair value hierarchy. The process of estimating the fair value of ExSorbtion Inc. is based on inherent measurement uncertainties and is based on techniques and assumptions that emphasize both qualitative and quantitative information.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments. The Company manages credit risk for cash by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company does not believe it has a material exposure to credit risk.

Liquidity risk

The Company seeks to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash, short-term assets, and liabilities. The Company's cash is invested in business accounts which are available on demand. As at the balance sheet date, the Company had sufficient cash to meet its current obligations and was not exposed to significant liquidity risk.

ESSTRA INDUSTRIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Six Month Period Ended November 30, 2022

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The Company is not exposed to interest rate risk as it does not have any variable interest rate assets or liabilities.

Currency risk

The Company is not exposed to significant foreign currency risk.

Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

9. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt or acquire and/or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing operations, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury invested in demand certificates of deposit with major financial institutions.

There have been no changes to the Company's approach to capital management during the period ended November 30, 2022.

10. RELATED PARTY TRANSACTIONS

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and certain directors and officers and companies controlled or significantly influenced by them. There were no related party transactions during the six month periods ended November 30, 2022 and 2021. Furthermore, there were no amounts owing to related parties as at November 30, 2022 or May 31, 2022.

11. SEGMENTED INFORMATION

The Company currently operates in Canada and trades and holds investments.