

ESSTRA INDUSTRIES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Three Month Period Ended

August 31, 2023

**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 Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

As at:	August 31, 2023	May 31, 2023
ASSETS		
Current		
Cash	\$ 59,743	\$ 25,700
Marketable securities (Note 4)	15,916	7,813
	75,659	33,513
Long-term investment (Note 5)	1	1
Total assets	\$ 75,660	\$ 33,514
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 91,287	\$ 109,906
Loan payable (Note 7)	61,184	-
	152,471	109,906
Total liabilities	152,471	109,906
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 8)	562,000	562,000
Deficit	(638,811)	(638,392)
Total shareholders' deficiency	(76,811)	(76,392)
Total liabilities and shareholders' deficiency	\$ 75,660	\$ 33,514

Nature of operations and going concern (Note 1)

Approved by the Board of Directors

"Peter G. Dickson"

Director

"David Atkinson"

Director

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

ESSTRA INDUSTRIES INC.Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	August 31,	August 31,
For the periods ended:	2023	2022
Expenses		
Filing fees	\$ 1,247	\$ 566
Foreign exchange loss (gain)	-	454
Office and administration	91	7,915
Professional fees	6,000	3,000
Rent	-	1,440
	<u>(7,338)</u>	<u>(13,375)</u>
Change in fair value of marketable securities (Note 4)	8,103	(20,128)
Interest expenses (Note 7)	(1,184)	-
Realized gain on sale of marketable securities (Note 4)	-	660
	<u>6,919</u>	<u>(19,468)</u>
Loss and comprehensive loss for the period	<u>(419)</u>	<u>(32,843)</u>
Weighted average number of common shares outstanding	8,202,501	8,202,501
Basic and diluted loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

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

ESSTRA INDUSTRIES INC.

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

(Unaudited - Expressed in Canadian Dollars)

	Number of shares issued	Share capital	Retained earnings (deficit)	Total shareholders' equity (deficiency)
Balance, May 31, 2022	8,202,501	\$ 562,000	\$ (519,738)	\$ 42,262
Loss for the period	-	-	(32,843)	(32,843)
Balance, August 31, 2022	8,202,501	\$ 562,000	\$ (552,581)	\$ 9,419
Balance, May 31, 2023	8,202,501	\$ 562,000	\$ (638,392)	\$ (76,392)
Loss for the period	-	-	(419)	(419)
Balance, August 31, 2023	8,202,501	\$ 562,000	\$ (638,811)	\$ (76,811)

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

ESSTRA INDUSTRIES INC.
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

For the periods ended:	August 31, 2023	August 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (419)	\$ (32,843)
Adjustments for items not affecting cash:		
Change in fair value of marketable securities	(8,103)	20,128
Realized loss (gain) on sale of marketable securities	-	(660)
Interest expenses	1,184	-
Changes in non-cash working capital item:		
Accounts payable and accrued liabilities	(18,619)	(3,065)
Net cash used in operating activities	(25,957)	(16,440)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	-	660
Net cash provided by investing activities	-	660
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from loan	60,000	-
Net cash provided by financing activities	60,000	-
Change in cash during the period	34,043	(15,780)
Cash, beginning of the period	25,700	64,132
Cash, end of the period	\$ 59,743	\$ 48,352

During the periods ended August 31, 2023 and 2022, the Company had no significant non-cash investing or financing activities

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

ESSTRA INDUSTRIES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
THREE MONTHS ENDED AUGUST 31, 2023

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 Company 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 2110 – 650 West Georgia Street, Vancouver, BC V6B 4N8. 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.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred ongoing losses and has negative working capital. 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. The above conditions may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance with IFRS

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC”).

These financial statements were approved by the Board of Directors of the Company on October 25, 2023.

Basis of presentation

These 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 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 FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
THREE MONTHS ENDED AUGUST 31, 2023

2. BASIS OF PRESENTATION (continued)

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 FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
THREE MONTHS ENDED AUGUST 31, 2023

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, 2023. Accordingly, these condensed interim financial statements for the three month period ended August 31, 2023 should be read together with the annual audited consolidated financial statements as at and for the year ended May 31, 2023

4. MARKETABLE SECURITIES

Carrying Value May 31, 2023	Additions	Dispositions	Unrealized Gain (Loss)	Realized Gain (Loss)	Fair Value August 31, 2023
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
7,813	-	-	8,103	-	15,916

Carrying Value May 31, 2022	Additions	Dispositions	Unrealized Gain (Loss)	Realized Gain (Loss)	Fair Value May 31, 2023
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
60,622	1,050	(39,874)	(5,508)	(8,477)	7,813

5. LONG-TERM INVESTMENT

In July 2020, the Company acquired a 5% ownership interest in ExSorbtion Inc. (“ExSorbtion”), 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 during the year ended May 31, 2022, the Company wrote down the investment to a nominal value of \$1 and recorded a write-down of \$352,133.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2023	May 31, 2023
Trade payable	\$ 1,257	\$ 23,391
Accrued liabilities	90,030	86,515
	\$ 91,287	\$ 109,906

7. LOAN PAYABLE

During the three months ended August 31, 2023, the Company entered into a loan agreement with an advisor (the “Lender”) wherein it borrowed \$60,000 (the “Loan”). The Loan bears interest at 10% per annum and is due upon written demand from the Lender. The Company accrued \$1,184 interest expenses for the three month period ended August 31, 2023.

ESSTRA INDUSTRIES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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THREE MONTHS ENDED AUGUST 31, 2023

8. 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

Three months ended August 31, 2023

There was no share capital activity.

Year ended May 31, 2023

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 three months ended August 31, 2023 or the year ended May 31, 2023.

d) Share purchase warrants

As at August 31, 2023, the following warrants were outstanding

Number of warrants outstanding & exercisable	Weighted average exercise price	Expiry date	Weighted Average Life (periods)
2,620,000	\$ 0.10	October 9, 2023	0.11 ⁽ⁱ⁾
2,620,000	\$ 0.10		0.11

(i) Subsequent to the three months ended August 31, 2023, the outstanding warrants expired unexercised.

ESSTRA INDUSTRIES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian Dollars)
THREE MONTHS ENDED AUGUST 31, 2023

8. SHARE CAPITAL (continued)

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

	Warrants outstanding	Weighted average exercise price
Balance, May 31, 2022	3,370,000	\$ 0.17
Expired	(750,000)	0.40
Balance, May 31 2023	2,620,000	\$ 0.10
Balance, August 31 2023	2,620,000	\$ 0.10

9. 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 public 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 ExSorbition (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 ExSorbition 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.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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. The Company is exposed to liquidity risk.

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.

10. 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.

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THREE MONTHS ENDED AUGUST 31, 2023

10. MANAGEMENT OF CAPITAL (continued)

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 three month period ended August 31, 2023.

11. RELATED PARTY TRANSACTIONS

There were no related party transactions during the three months ended August 31, 2023 and 2022.

As at August 31, 2023 and May 31, 2023, there were no amounts owing to related parties of the Company.

12. SEGMENTED INFORMATION

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