

STRIA LITHIUM INC.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended June 30, 2020

(Expressed in Canadian dollars)
(Unaudited)

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NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements.

Stria Lithium Inc.

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(in Canadian dollars)

As at		June 30, 2020	September 30, 2019
		\$	\$
ASSETS			
Current assets			
Cash		222,358	533
Sales tax recoverable		6,720	2,194
Tax credits and credit on duties receivable		344,180	344,180
Prepaid expenses		2,600	11,145
		<u>575,859</u>	<u>358,052</u>
Mineral exploration properties	(Note 5)	352,475	352,475
Exploration and evaluation assets	(Note 5)	1,770,416	1,067,858
		<u>2,698,749</u>	<u>1,778,385</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		998,461	377,007
Deferred premium on flow-through shares	(Note 6)	-	180,798
Amounts due to related parties	(Note 11)	11,555	79,717
		<u>1,010,016</u>	<u>637,522</u>
Non current liabilities			
Amounts due to related parties	(Note 11)	500,000	-
		<u>500,000</u>	<u>-</u>
		<u>1,510,016</u>	<u>637,522</u>
SHAREHOLDERS' EQUITY			
Share capital	(Note 8)	3,648,682	3,648,682
Warrants	(Note 9)	224,433	262,233
Contributed surplus		509,043	471,243
Deficit		(3,193,425)	(3,241,295)
		<u>1,188,733</u>	<u>1,140,863</u>
		<u>2,698,749</u>	<u>1,778,385</u>

Going concern (Note 2)

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

On behalf of the Board

(signed) "Gary Economo"
Gary Economo, Director

(signed) "Jeffrey York"
Jeffrey York, Director

Stria Lithium Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)

(in Canadian dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Expenses				
Consulting fees	-	9,600	-	29,715
Travel and promotion	-	9,904	2,276	23,248
Professional fees	31,552	1,388	73,390	27,286
Filing fees	1,300	3,877	18,619	10,743
Insurance	8,806	164	19,941	8,090
Stock-based compensation	-	40,620	-	40,620
Agent fees	3,345	2,592	9,415	3,632
Supplies expense	-	-	2,124	-
Rent expense	-	-	3,600	-
Government assistance	-	-	-	16,861
Other expenses	2,937	2,621	3,565	29,488
	(47,939)	(70,766)	(132,929)	(189,683)
Other income				
Other Income related to flow-through shares	-	-	180,798	-
Interest and other income	-	205	-	205
Net loss and total comprehensive loss	(47,939)	(70,561)	47,869	(189,478)
Basic and diluted loss per common share	(0.001)	(0.001)	0.001	(0.003)
Basic and diluted weighted average number of common shares outstanding	72,460,369	72,460,369	72,460,369	72,460,369

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

Stria Lithium Inc.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(in Canadian dollars)

	Share capital		Warrants	Contributed Surplus	Deficit	Total
	Number of shares	\$				
Balance, September 30, 2018	62,460,369	3,430,733	248,436	373,245	(3,000,714)	1,051,700
Shares issued for cash	10,000,000	500,000	-	-	-	500,000
Flow through share premium	-	(180,798)	-	-	-	(180,798)
Stock-based compensation	-	-	-	40,620	-	40,620
Warrant issued	-	(69,202)	71,175	-	-	1,973
Expiry of warrants	-	-	(57,378)	57,378	-	-
Share issuance costs	-	(32,051)	-	-	-	(32,051)
Net loss and total comprehensive loss	-	-	-	-	(240,581)	(240,581)
Balance, September 30, 2019	72,460,369	3,648,682	262,233	471,243	(3,241,295)	1,140,863
Expiry of warrants	-	-	(37,800)	37,800	-	-
Net loss and total comprehensive loss	-	-	-	-	124,654	124,654
Balance, December 31, 2019	72,460,369	3,648,682	224,433	509,043	(3,116,641)	1,265,517
Shares issued for cash	-	-	-	-	-	-
Flow through share premium	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-
Warrants issued	-	-	-	-	-	-
Expiry of warrants	-	-	-	-	-	-
Shares issuance costs	-	-	-	-	-	-
Net loss and total comprehensive loss	-	-	-	-	(28,845)	(28,845)
Balance, March 31, 2020	72,460,369	3,648,682	224,433	509,043	(3,145,486)	1,236,672
Shares issued for cash	-	-	-	-	-	-
Flow through share premium	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-
Warrants issued	-	-	-	-	-	-
Expiry of warrants	-	-	-	-	-	-
Shares issuance costs	-	-	-	-	-	-
Net loss and total comprehensive loss	-	-	-	-	(47,939)	(47,939)
Balance, June 30, 2020	72,460,369	3,648,682	224,433	509,043	(3,193,425)	1,188,733

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

Stria Lithium Inc.

Condensed Consolidated Interim Statements of Cash Flow (Unaudited)

(in Canadian dollars)

	Three months ended June 30,		Nine months ended June 30,	
	2020	2019	2020	2019
OPERATING ACTIVITIES				
Net loss	(47,939)	(70,561)	47,869	(189,478)
Adjustment for:				
Interest on long term debt	1,055	-	1,055	-
Finance Fee	500	-	500	-
Interest Income	-	(205)	-	(205)
Stock based compensation	-	40,620	-	40,620
Other Income related to flow-through shares	-	-	(180,798)	-
Changes in working capital items	(191,690)	27,652	596,570	155,701
Cash flows from (used in) operating activities	(238,074)	(2,494)	465,196	6,638
INVESTING ACTIVITIES				
Exploration and evaluation costs	-	(2,472)	(702,558)	(400,747)
Cash flows from (used in) investing activities	-	(2,472)	(702,558)	(400,747)
FINANCING ACTIVITIES				
Amounts paid to related Parties	(43,479)	-	(43,479)	-
Proceeds from private placements	-	-	-	-
Flow through common shares issued	-	-	-	250,000
Warrants exercised	-	-	-	-
Share issuance costs	-	-	-	26,825
Interest Paid	(2,336)	-	(2,336)	-
Amounts received from related parties	505,000	-	505,000	(1,764)
Cashflows from (used in) financing activities	459,185	-	459,185	275,061
Increase (decrease) in cash	221,112	(2,494)	221,825	(119,048)
Cash, beginning of the period	1,246	17,009	533	111,206
Cash, end of the period	222,358	7,637	222,358	7,637

Supplemental information

Changes in working capital items consist of the following:

Sales tax recoverable	(665)	-	(4,526)	-
Account Receivable	-	41,598	-	1,585
Investment tax credits receivable	-	-	-	(251,875)
Amounts due to related parties	-	-	(57,381)	-
Prepaid expenses	4,481	9,193	8,545	(28,877)
Accounts payable and accrued liabilities	(195,505)	(23,139)	649,933	434,868
	(191,690)	27,652	596,570	155,701

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

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

1. NATURE OF OPERATIONS

Stria Lithium Inc. (the “Company” or “Stria”) was incorporated on May 24, 2011 under the Canada Business Corporations Act. The Company’s shares are listed on the TSX Venture Exchange under the symbol SRA. The head office of the Company is located at 945 Princess Street, Box # 118, Kingston, Ontario.

The Company is engaged in the acquisition, exploration and development of mineral properties in Quebec, Canada, as well as the development of processes to purify and recover lithium metal directly from ore and from brine liquids.

2. GOING CONCERN ASSUMPTION

These condensed consolidated Interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the exploration stage and has not earned revenue from operations. During the three months ended June 30, 2020, the Company incurred a net loss of \$47,939. In addition, the Company has a working capital deficiency of \$434,157 and a deficit of \$3,193,425.

The above factors indicate material uncertainties, which may cast significant doubt about the Company’s ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company’s own resources and external market conditions.

The Company’s ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative expenses and continue its exploration and research activities in fiscal 2020, is dependent upon Management’s ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available or that it can be obtained on terms favourable to the Company.

These condensed consolidated Interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed consolidated Interim financial statements, then adjustments would be necessary to the carrying amount of assets and liabilities, the reported expenses, and the statement of financial position classifications used.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”).

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the years ended September 30, 2019 and 2018, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 28, 2020.

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are expressed in Canadian dollars, which is also the Company's functional currency.

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated statements for the years ended September 30, 2019 and 2018.

c) Judgments, estimates and assumptions

When preparing the financial statements, Management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires Management to assess whether it is probable that sufficient taxable income will exist in the foreseeable future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, Management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Tax credits and mining duties

The Company is eligible to claim certain credits on eligible exploration expenditures; determining the eligibility of the amounts and the credit to be received requires management's judgement.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of mineral exploration properties and exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and exploration and evaluation assets requires Management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources

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(in Canadian dollars)

in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment or a reversal of an impairment loss exists, the recoverable amount of the individual asset or cash-generating units must be estimated.

Share based payments

The estimation of stock-based compensation and warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the estimated life of stock options and warrants granted and the time of exercise of those stock options and warrants. The valuation model used by the Company is the Black-Scholes model.

The Company allocates values to share capital and to warrants on the residual basis when the two are issued together as a unit. As this allocation is based upon the share price at the time of issuance and the stock is thinly-traded, the actual value of the components may differ from this allocation.

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments at June 30, 2020 consist of cash, accounts payable and accrued liabilities, amounts due to related parties, amounts due from related parties and other current liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term nature except for the long-term portion of amounts due to related parties where the fair value approximates its carrying value due to being subject to market rate interest.

Carrying amounts of financial assets and liabilities

Financial assets	June 30, 2020	September 30, 2019
	\$	\$
Measured at amortized cost		
Cash	222,358	533
Financial liabilities		
Measured at amortized cost		
Accounts payable and accrued liabilities	998,461	377,007
Amounts due to related parties	511,555	79,717

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(in Canadian dollars)

Risk management

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's only significant financial asset exposed to credit risk is cash and maximum exposure is equal to the carrying value of this asset. The Company's cash is held at a Canadian chartered bank. It is Management's opinion that the Company is not exposed to significant credit risk. There has been no change to Management's assessment of credit risk compared with the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business as well as any anticipated transactions. The Company has a working capital deficiency of \$434,157 at June 30, 2020, including \$222,358 in cash and current liabilities totalling \$1,010,016 due within the next 12 months. There has been no change to Management's assessment of liquidity risk compared with the prior year.

	LIABILITIES			
	Within 1 year	1 to 3 years	4 to 5 years	Total
June, 2020	710,192	299,824	-	1,010,016
September 30, 2019	439,325	17,399	-	456,724

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity. 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 attempt to issue new shares or acquire or dispose of assets. The Company is not subject to any external capital requirements, neither regulatory nor contractual. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

5. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	June 30, 2020		September 30, 2019	
	Mineral exploration properties	Exploration and evaluation assets	Mineral exploration properties	Exploration and evaluation assets
	\$	\$	\$	\$
Pontax-Lithium	352,475	1,770,416	352,475	1,067,858
Total	352,475	1,770,416	352,475	1,067,858

a) Pontax-Lithium

On December 6, 2013, the Company acquired a 100% interest in the Pontax-Lithium property from Khalkos Exploration Inc. ("Khalkos") in consideration for a cash payment of \$100,000 and the issuance of 833,333 common shares. The property was recorded at a value of \$350,000 upon initial recognition, based on the fair value of the property received and consideration paid. The Pontax-Lithium property is comprised of a group of 82 contiguous mining claims located in the James Bay Territory of Northern Quebec. Other acquisition costs of \$2,475 have been included in the cost of the property.

The following table reflects changes to mineral exploration properties between October 1, 2018 and June 30, 2020:

	June 30, 2020	September 30, 2019
	\$	\$
Balance, beginning and end of period	352,475	352,475

The following table reflects changes to exploration and evaluation assets between October 1, 2018 and June 30, 2020:

	June 30, 2020	September 30, 2019
	\$	\$
Balance, beginning of period	1,067,858	667,111
Additions		
Drilling	-	-
Metalurgy	700,000	650,000
Property maintenance	2,558	2,622
	702,558	652,622
Tax credits and duties		(251,875)
Balance, end of period	1,770,416	1,067,858

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

6. OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	June, 2020	September 30, 2019
	\$	\$
<u>Deferred premium on flow through shares (1)(2)</u>	<u>-</u>	<u>180,798</u>

- (1) On December 12, 2018, the Company closed a flow-through private placement (Note 8) for gross proceeds of \$150,000. The proceeds from the financing were allocated between share capital (\$75,000), warrants (\$19,875) and a deferred liability (\$55,125) using the residual method. The liability component represents the Company's obligation to pass on the tax deductions to investors. Further to the renunciation of the tax deductions to investors in February 2019, effective December 31, 2018, the Company will proportionately reduce the initial liability by the percentage of the required exploration expenditures which have been incurred. As at December 31, 2019 the liability has been paid in full.
- (2) On December 27, 2018, the Company closed a flow-through private placement (Note 8) for gross proceeds of \$350,000. The proceeds from the financing were allocated between share capital (\$175,000), warrants (\$49,327) and a deferred liability (\$125,673) using the residual method. The liability component represents the Company's obligation to pass on the tax deductions to investors. Further to the renunciation of the tax deductions to investors in February 2019, effective December 31, 2018, the Company will proportionately reduce the initial liability by the percentage of the required exploration expenditures which have been incurred. As at December 31, 2019 the liability has been paid in full.

7. FLOW-THROUGH INTEREST AND TAX EXPENSE

The Company is permitted, under Canadian income tax legislation, to renounce flow-through related resources expenditures to investors in advance of the Company incurring all of the expenditures. In accordance with this legislation, the Company has twelve months following the effective date of renunciation to incur the remaining expenditures. The Company begins incurring interest charges for unspent funds after two months following renunciation.

In November and December 2017 the Company completed flow-through private placements for gross proceeds of \$477,500. In February 2018, the related tax deductions were renounced to investors with an effective date of December 31, 2017. As at September 30, 2018, the Company incurred all of the required flow-through expenditures by the December 31, 2018 deadline and incurred an amount of \$1,769 for Part XII.6 tax and tax on deemed expenses in Quebec, which is calculated on the monthly balance of unspent flow through funds.

In December 2018 the Company completed flow-through private placements for gross proceeds of \$500,000. In February 2019, the related tax deductions were renounced to investors with an effective date of December 31, 2018. As at December 31, 2019, the Company has incurred any of the required flow-through expenditures.

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

8. SHARE CAPITAL

Unlimited number of common shares, voting, participating and without par value

Issued and fully paid

Common shares

	Number of Shares	\$
Balance, September 30, 2017	47,710,369	2,838,748
Shares issued for cash	14,550,000	740,000
Warrants	-	61,500
Shares issued on exercise of warrants	200,000	10,000
Share issuance costs	-	96,515
Balance, September 30, 2018	62,460,369	3,430,733
Shares issued for cash	10,000,000	500,000
Warrants	-	69,202
Flow through share premium	-	180,798
Share issuance costs	-	32,051
Balance, Sept 30, 2019, Dec 31, 2019, Mar 31, 2020 and June 30, 2020	72,460,369	3,648,682

- (1) On Nov 9, 2017, the Company completed a flow-through private placement for gross proceeds of \$307,500. The private placement was comprised of 6,150,000 flow-through units at a price of \$0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.05 until November 9, 2021. The proceeds from the financing (\$307,500) were allocated between share capital (\$246,000) and warrants (\$61,500), after which there existed no residual to allocate to the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. Other share issuance costs total \$17,331 and were presented as a reduction of share capital. Directors of the Company participated in the private placement for a total amount of \$150,000.
- (2) On December 8, 2017, the Company completed a flow-through private placement for gross proceeds of \$170,000. The private placement was comprised of 3,400,000 flow-through units at a price of \$0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.05 until December 9, 2021. In connection with the financing, the Company paid cash finders' fees of \$8,400 and issued, as additional consideration, 168,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of \$0.05 until December 8, 2021. The proceeds from the financing (\$170,000) were allocated to share capital (\$170,000), and after which there existed no residual to allocate to warrants or the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The warrants issued as commissions have been recorded at a value of \$6,520 based on the Black-Scholes option pricing model, using the following assumptions: stock price of \$0.05,

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(in Canadian dollars)

risk-free interest rate of 1.62%, expected life of warrants of 4 years, annualized volatility of 120% and dividend rate of 0%. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total \$11,243 and were presented as a reduction of share capital.

- (3) On January 22, 2018, the Company completed a private placement for gross proceeds of \$262,500. The private placement was comprised of 5,000,000 units at a price of \$0.0525 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.07 until January 22, 2022. In connection with the financing, the Company paid cash finders' fees of \$18,375 and issued, as additional consideration, 350,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of \$0.07 until January 22, 2021. The proceeds from the financing (\$262,500) was allocated entirely to share capital using the residual method. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The warrants issued as commissions have been recorded at a value of \$20,550 based on the Black-Scholes option pricing model, using the following assumptions: stock price of \$0.075, risk-free interest rate of 1.86%, expected life of warrants of 3 years, annualized volatility of 126% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last three years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total \$14,096 and were presented as a reduction of share capital.
- (4) On December 12, 2018, the Company completed a flow-through private placement for gross proceeds of \$150,000. The private placement was comprised of 3,000,000 flow-through units at a price of \$0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.055 until December 12, 2020. The proceeds from the financing (\$150,000) were allocated to share capital (\$75,000), warrants (\$19,875) and after which \$55,125 residual was allocated to the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The fair value of the warrants issued as a part of the private placement have been recorded at a value of \$19,875 based on the Black-Scholes option pricing model, using the following assumptions: stock price of \$0.025, risk-free interest rate of 2.05%, expected life of warrants of 2 years, annualized volatility of 86.25% and dividend rate of 0%. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total \$1,218 and were presented as a reduction of share capital. The entire amount of the proceeds was raised from directors of the Company.
- (5) On December 27, 2018, the Company completed a flow-through private placement for gross proceeds of \$350,000. The private placement was comprised of 7,000,000 flow-through units at a price of \$0.05 per unit. Each flow-through unit consists of one flow-through common share and one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.055 until December 27, 2020. In connection with the financing, the Company paid cash finders' fees of \$14,000 and issued, as additional consideration, 280,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of \$0.055 until December 27, 2020. The proceeds from the financing (\$350,000) were allocated to share capital (\$175,000), warrants (\$49,327) and after which \$125,673 residual was allocated to the flow-through liability. The fair value of the shares was determined based on the trading price of the Company's shares on the TSX-V. The fair value of the warrants issued as a part of the private placement and commissions have been recorded at a value of \$49,327 and \$1,973 respectively. This is based on the Black-Scholes option pricing model, using the following assumptions: stock price of \$0.025, risk-free interest rate of 1.90%, expected life of warrants of 2 years, annualized volatility of 89.37% and dividend rate of 0%. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the warrants. Other share issuance costs total \$4,044 and were presented as a reduction of share capital. \$175,000 of the proceeds raised were from directors of the Company.

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

9. WARRANTS

Outstanding warrants entitle the holders thereof to subscribe to an equivalent number of common shares.

The following table reflects the continuity of warrants:

	Number of Warrant	Weighted average exercise price
Balance, September 30, 2017	28,671,000	0.06
Issued	15,068,000	0.06
Exercised	-200,000	0.06
Balance, September 30, 2018	43,539,000	0.06
Issued	10,280,000	0.06
Expired	-4,646,000	0.1
Balance, September 30, 2019	49,173,000	0.06
Issued	-	-
Expired	-1,890,000	0.07
Balance Dec 31, 2019, Mar 31, 2020 and June 30, 2020	47,283,000	0.05

As at June 30, 2020, the following warrants were issued and outstanding:

Number of Warrants	Issue date fair value \$	Exercise price \$	Expiry date
7,100,000		0.050	April 13, 2021
8,880,000		0.050	January 27, 2022
640,000	32,307	0.050	January 27, 2022
5,000,000	25,000	0.050	July 20, 2020
315,000	7,381	0.050	July 20, 2020
6,150,000	61,500	0.050	November 9, 2021
3,400,000		0.050	December 9, 2021
168,000	6,520	0.050	December 8, 2021
5,000,000		0.050	January 22, 2022
350,000	20,550	0.070	January 22, 2021
3,000,000	19,875	0.070	December 12, 2020
280,000	1,973	0.055	December 27, 2020
7,000,000	49,327	0.055	December 27, 2020
47,283,000	224,433	0.054	

As at September 30, 2019, the following warrants were issued and outstanding:

Stria Lithium Inc.

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For the three and nine months ended June 30, 2020

(in Canadian dollars)

Number of Warrants	Issue date fair value \$	Exercise price \$	Expiry date
1,890,000	37,800	0.070	October 23, 2019
7,100,000		0.050	April 13, 2021
8,880,000		0.050	January 27, 2022
640,000	32,307	0.050	January 27, 2022
5,000,000	25,000	0.050	July 20, 2020
315,000	7,381	0.050	July 20, 2020
6,150,000	61,500	0.050	November 9, 2021
3,400,000		0.050	December 9, 2021
168,000	6,520	0.050	December 8, 2021
5,000,000		0.050	January 22, 2022
350,000	20,550	0.070	January 22, 2021
3,000,000	19,875	0.070	December 12, 2020
280,000	1,973	0.055	December 27, 2020
7,000,000	49,327	0.055	December 27, 2020
49,173,000	262,233	0.059	

10. STOCK OPTIONS

On November 7, 2011, the Company adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares, which are exercisable for a period to be determined by the Board at the time the option is granted. Vesting of options is made at the discretion of the Board of Directors at the time the options are granted.

The following table reflects the continuity of stock options:

	Number Outstanding	Weighted Average outstanding exercise price \$
Balance, September 30, 2017	1,578,451	0.08
Expired	(300,000)	0.05
Granted (1)	3,200,000	0.06
Balance, September 30, 2018	4,478,451	0.07
Expired	(50,000)	0.05
Granted (1)	2,500,000	0.06
Balance, September 30, 2019	6,928,451	0.06
Expired	(70,000)	0.05
Balance, Dec 31, 2019, Mar 31, 2019 & June 30, 2020	6,858,451	0.07

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

- (1) On April 9, 2018, 3,200,000 stock options were granted to a Directors, Officers, employees and consultants at an exercise price of \$0.06 per share, expiring on April 9, 2022.

As at June 30, 2020, the following stock options were outstanding and exercisable:

Exercise prices	Number outstanding	OUTSTANDING		EXERCISABLE	
		Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price \$	Number vested	Weighted average vested exercise price \$
\$ 0.06	3,120,000	2.53	0.06	3,120,000	0.06
\$ 0.10	1,028,451	2.36	0.10	1,028,451	0.10
\$ 0.05	2,710,000	4.30	0.05	2,710,000	0.05
	6,858,451	3.21	0.06	6,858,451	0.06

As at September 30, 2019, the following stock options were outstanding and exercisable:

Exercise prices	Number outstanding	OUTSTANDING		EXERCISABLE	
		Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price \$	Number vested	Weighted average vested exercise price \$
\$ 0.05	2,500,000	4.3	0.05	2,500,000	0.05
\$ 0.06	3,150,000	2.36	0.06	3,150,000	0.06
\$ 0.10	1,028,451	2.36	0.10	1,028,451	0.10
	6,678,451	3.21	0.06	6,678,451	0.06

The following table reflects the weighted-average fair value of stock options granted between October 1, 2017 and June 30, 2020 and the related Black-Scholes option pricing model inputs that were used in the calculations:

	Nine months ended June 30, 2020	Year ended September 30, 2019
Stock options granted	-	2,500,000
Weighted-average grant-date fair value	-	0.02
Weighted-average exercise price	-	0.05
Weighted-average market price at date of grant	-	0.025
Expected life of stock options (years)	-	5.00
Expected stock price volatility	-	100%
Risk-free interest rate	-	1.67%
Expected dividend yield	-	-

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of grant with an expiry commensurate with the expected life of the options.

In total, \$Nil of stock-based payments (all of which relate to equity-settled stock-based payment transactions) were included in profit or loss for the three months ended June 30, 2020 and credited to contributed surplus.

11. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in these financial statements are as follows:

Unless otherwise stated, none of these transactions incorporated special terms and conditions and no guarantees were given or received.

Focus Graphite Inc.

As at June 30, 2020, \$2,222 (\$2,222 – March 31, 2020) is included in accounts payable and accrued liabilities and \$5,000 (\$5,000 – March 31, 2020) is included in amount due to related parties owing to Focus Graphite Inc., which shares common management.

Grafoid Inc.

During the three months ended June 30, 2020, the company was charged \$Nil (\$Nil—March 31, 2020) by Grafoid Inc., which shares common management for consulting fees and \$Nil (\$1,163 – March 31, 2020) for general office expenses.

As at June 30, 2020, \$28,122 is included in accounts payable and accrued liabilities (\$28,122 March 31, 2020).

MuAnalysis.

During the three months ended June 30, 2020, the company was charged \$Nil (March 31, 2020 - \$Nil) by MuAnalysis, which shares common management, for rent expenses.

As at June 30, 2020, \$5,424 is included in accounts payable and accrued liabilities (March 31, 2020 - \$5,424).

Loan from Officer

As at June 30, 2020, included in amounts due to related parties is an amount of \$1,055 due to an Officer of the Company (\$30,815 - March 31, 2020). The amount due at June 30, 2020 is composed of a balance owing for \$1,055 of unpaid interest. The loan agreement was entered into between the Company and the Officer on December 22, 2017 from converting an outstanding balance of consulting fees of \$33,995 as at December 1, 2017 due to the Officer. The loan is repaid on May 27, 2020. The loan bears interest at a rate of 10% per annum and one time 2% setup fee due on the inception of the loan agreement and is secured by all assets of the Company. During the three months ended June 30, 2020, the company has been charged \$1,055 in interest charges (\$Nil - March 31, 2020).

Loan from 9174893 Canada Inc.

As at June 30, 2020, included in amounts due to related parties is an amount of \$5,500 due to 9174893 Canada Inc. (\$15,000 - March 31, 2020). The amount includes 10% finance fee. The company has made repayment of \$15,000 during the period of three months ended June 30, 2020 (March 31, 2020 - \$Nil).

Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine months ended June 30, 2020

(in Canadian dollars)

Loan from Director

Company received \$500,000 loan from a director for general operations on May 25, 2020 subject to 10% set up fee.

Key management compensation

As at June 30, 2020 \$Nil (including HST) is included in accounts payable and accrued liabilities (\$23,796 as at March 31, 2020). During the three months ended June 30, 2020, the company was charged \$22,510 (March 31, 2020 - \$Nil) by 9174893 Canada Inc. for consulting fees.

The costs noted above include an allocation of compensation paid to key management personnel.