

# **STRIA LITHIUM INC.**

## **Condensed Consolidated Interim Financial Statements**

For the three and nine month periods ended June 30, 2023

*(Expressed in Canadian Dollars)*

---

### **Condensed Consolidated Interim Financial Statements**

Condensed Consolidated Interim Statements of Financial Position	2
Condensed Consolidated Interim Statements of Comprehensive Loss	3
Condensed Consolidated Interim Statements of Changes in Equity	4
Condensed Consolidated Interim Statements of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6 to 18

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)

*(Expressed in Canadian dollars)*

As at	June 30, 2023	September 30, 2022
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	1,947,899	2,734,971
Sales tax receivable	95,158	34,620
Other receivables (Note 6)	-	133,593
Tax credits	17,925	39,685
Prepaid expenses	43,905	36,258
	<b>2,104,887</b>	<b>2,979,127</b>
Mineral exploration properties (Note 6)	818,916	589,975
Exploration and evaluation assets (Note 6)	700,027	1,650,609
Total assets	<b>3,623,830</b>	<b>5,219,711</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	68,844	147,348
Deposits (Note 6)	-	1,350,000
Deferred government grant (Note 7)	41,250	41,250
Total liabilities	<b>110,094</b>	<b>1,538,598</b>
<b>EQUITY</b>		
Share capital (Note 8)	7,781,849	6,747,779
Warrants (Note 9)	2,064	10,092
Contributed surplus (Note 10)	2,106,492	1,917,734
Deficit	(6,376,669)	(4,994,492)
Total equity	<b>3,513,736</b>	<b>3,681,113</b>
Total liabilities and equity	<b>3,623,830</b>	<b>5,219,711</b>

Going concern (Note 2)

On behalf of the Board

(signed) "Dean Hanisch"  
Dean Hanisch, Director

(signed) "Jeffrey York"  
Jeffrey York, Director

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

**Stria Lithium Inc.**

## Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)

*(Expressed in Canadian dollars)*

	Three months ended June 30,		Nine months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating expenses				
Management and consulting fees	601,245	74,595	838,520	131,139
Travel and promotion	-	-	120,006	-
Professional fees	70,763	27,813	168,314	164,463
Insurance	5,873	4,461	17,431	6,730
Agent fees	7,724	6,238	22,861	12,573
Stock-based compensation	-	-	180,730	182,000
Other	19,906	11,861	67,806	32,134
Loss before other income (expenses)	(705,511)	(124,968)	(1,415,668)	(529,039)
Other expenses				
Interest and other income	19,367	-	33,491	7,255
Gain on settlement of amount due to related party (Note 12)	-	-	-	290,600
Accretion expense on amount due to related party (Note 12)	-	-	-	(60,616)
Net loss and total comprehensive loss	(686,144)	(124,968)	(1,382,177)	(291,800)
Basic and diluted net loss per common share	(0.03)	(0.01)	(0.06)	(0.02)
Basic and diluted weighted average number of common shares outstanding	25,645,212	16,211,037	24,983,142	15,554,429

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

<b>Stria Lithium Inc.</b>							
Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)							
<i>(Expressed in Canadian dollars)</i>							
		Share capital		Warrants	Contributed surplus	Deficit	Total
	# of shares	\$	\$	\$	\$	\$	\$
<b>Balance, September 30, 2021</b>	<b>14,558,037</b>	<b>5,462,511</b>	<b>108,355</b>	<b>630,712</b>	<b>(3,660,995)</b>	<b>2,540,583</b>	
Shares issued on exercise of warrants	200,000	120,000	(20,000)	-	-	100,000	
Expiry of warrants	-	-	(80,327)	80,327	-	-	
Shares issued in settlement of amount due to related party	1,453,000	435,900	-	-	-	435,900	
Stock-based compensation	-	-	-	182,000	-	182,000	
Net loss	-	-	-	-	(291,800)	(291,800)	
<b>Balance, June 30, 2022</b>	<b>16,211,037</b>	<b>6,018,411</b>	<b>8,028</b>	<b>893,039</b>	<b>(3,952,795)</b>	<b>2,966,683</b>	
Shares issued for cash	4,274,999	641,250	-	-	-	641,250	
Share issuance costs	-	(24,382)	2,064	-	-	(22,318)	
Shares issued to acquire mineral property (Note 6)	750,000	112,500	-	-	-	112,500	
Shares issued in settlement of amount due to related party	-	-	-	290,600	(290,600)	-	
Stock-based compensation	-	-	-	734,095	-	734,095	
Net loss	-	-	-	-	(751,097)	(751,097)	
<b>Balance, September 30, 2022</b>	<b>21,236,036</b>	<b>6,747,779</b>	<b>10,092</b>	<b>1,917,734</b>	<b>(4,994,492)</b>	<b>3,681,113</b>	
Shares issued for cash	4,085,000	954,125	-	-	-	954,125	
Expiry of warrants	-	-	(8,028)	8,028	-	-	
Share issuance costs	-	(15,055)	-	-	-	(15,055)	
Shares issued to acquire mineral property (Note 6)	500,000	95,000	-	-	-	95,000	
Stock-based compensation (Note 10)	-	-	-	180,730	-	180,730	
Net loss	-	-	-	-	(1,382,177)	(1,382,177)	
<b>Balance, June 30, 2023</b>	<b>25,821,036</b>	<b>7,781,849</b>	<b>2,064</b>	<b>2,106,492</b>	<b>(6,376,669)</b>	<b>3,513,736</b>	

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

**Stria Lithium Inc.**

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

*(Expressed in Canadian dollars)*

	Nine months ended June 30,	
	2023	2022
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(1,382,177)	(291,800)
Adjustments for:		
Stock-based compensation	180,730	182,000
Gain on settlement of amount due to related party	-	(290,600)
Accretion expense on amount due to related party	-	60,616
Changes in non-cash working capital items (Note 11)	(13,096)	(145,098)
<b>Net cash flows from operating activities</b>	<b>(1,214,543)</b>	<b>(484,882)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of mineral exploration property (Note 6)	(133,941)	-
Exploration and evaluation costs	(67,343)	(19,297)
Tax credits and mining duties received	39,685	547,618
<b>Net cash flows from investing activities</b>	<b>(161,599)</b>	<b>528,321</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares/units	604,125	-
Share issuance costs	(15,055)	-
<b>Net cash flows from financing activities</b>	<b>589,070</b>	<b>-</b>
(Decrease) increase in cash	(787,072)	43,439
Cash, beginning of the period	2,734,971	1,106,211
<b>Cash, end of the period</b>	<b>1,947,899</b>	<b>1,149,650</b>

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

## **Stria Lithium Inc.**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

*(Expressed 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.

### **2. GOING CONCERN ASSUMPTION**

The condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that 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 nine month period ended June 30, 2023, the Company had a net loss of \$1,382,177 and had negative cash flows from operations of \$1,214,543. In addition, the Company has a deficit of \$6,376,669.

The above factors indicate that a material uncertainty exists that 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 obligations and continue its exploration activities over the next twelve months 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 favorable to the Company.

The condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for the condensed consolidated interim financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the condensed consolidated interim statements of financial position.

### **3. BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS**

The condensed consolidated interim financial statements for the three and nine month periods ended June 30, 2023 are expressed in Canadian dollars, which is the functional currency of the Company. They have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). They do not include all of the information and disclosures required in annual financial statements in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s consolidated financial statements for the years ended September 30, 2022 and 2021.

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies used in the Company’s financial statements for the years ended September 30, 2022 and 2021.

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management. The judgments, estimates and assumptions applied in the condensed consolidated interim

## **Stria Lithium Inc.**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

*(Expressed in Canadian dollars)*

---

financial statements, including the key sources of estimation uncertainty, were consistent with those applied in the Company's consolidated financial statements for the years ended September 30, 2022 and 2021.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 28, 2023.

#### **4. RISK MANAGEMENT AND CAPITAL MANAGEMENT**

##### *Risk management*

The Company thoroughly 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.

##### *(i) 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 financial assets exposed to credit risk include cash and other receivables and maximum exposure is equal to the carrying value of these assets, totalling \$1,947,899 at June 30, 2023. The Company's cash is held at a Canadian chartered bank with high external credit ratings. The exposure to credit risk for the Company's other receivables is considered immaterial. It is management's opinion that the Company is not exposed to significant credit risk.

Management considers that all the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality. There are no financial assets that are past due but not impaired for the periods presented.

##### *(ii) 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 anticipated transactions. As at June 30, 2023, the Company had working capital of \$1,994,793, including \$1,947,899 in cash and current liabilities of \$110,094 due within the next 12 months. There has been no change to management's assessment of liquidity risk compared with the prior period.

##### *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 as well as ensuring that all flow-through monies obtained are utilized in exploration activities and spent by the required deadline. As long as the Company is in the exploration stage with its mineral properties, it is not the intention of the Company to contract additional debt obligations to finance its work programs. 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. When financing conditions are not optimal, the Company may enter into option agreements or find other solutions to continue its activities or may slow its activities until conditions improve. While the Company is not subject to any external capital requirements, neither regulatory nor contractual, funds from flow-through financings to be spent on the Company's exploration properties are restricted for this use. 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 month periods ended June 30, 2023

(Expressed in Canadian dollars)

### 5. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, other receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short-term nature.

The classification of financial instruments is as follows:

As at	June 30, 2023	September 30, 2022
	\$	\$
<b>Financial assets</b>		
Amortized cost		
Cash	1,947,899	2,734,971
Other receivables	-	133,593
<b>Total financial assets</b>	<b>1,947,899</b>	<b>2,868,564</b>
<b>Financial liabilities</b>		
Amortized cost		
Accounts payable and accrued liabilities	(68,844)	(147,348)
<b>Total financial liabilities</b>	<b>(68,844)</b>	<b>(147,348)</b>

### 6. MINERAL EXPLORATION PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

	June 30, 2023		September 30, 2022	
	Mineral exploration properties	Exploration and evaluation assets	Mineral exploration properties	Exploration and evaluation assets
	\$	\$	\$	\$
a) Pontax Central (formerly Pontax-Lithium)	352,475	604,777	352,475	1,590,585
b) Romer	237,500	85,556	237,500	60,024
c) Pontax II	228,941	9,694	-	-
	<b>818,916</b>	<b>700,027</b>	<b>589,975</b>	<b>1,650,609</b>

#### a) Pontax Central (formerly Pontax-Lithium)

On December 6, 2013, the Company acquired a 100% interest in the Pontax Central 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 Central property is comprised of a group of 68 contiguous mining claims located in the James Bay Territory of Northern Quebec.

On October 17, 2022, the Company announced the execution of a definitive agreement (the "Definitive Agreement") with Cygnus Metals Limited (formerly Cygnus Gold Limited) (ASX: CY5) ("Cygnus") following the execution of a binding term sheet between the parties dated July 26, 2022. Pursuant to the Definitive

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

---

Agreement, Cygnus has been granted the sole and exclusive option (the "Option") to acquire up to a 70% undivided interest in Stria's Pontax Central property (the "Property") under a two-stage option for total cash payments of \$6,000,000 and exploration expenditure commitments totaling \$10,000,000 (the "Transaction"). Following the exercise of the Option, the parties will form a joint venture (the "Joint Venture") with each of Cygnus and Stria holding an undivided interest of 70% and 30% respectively, with Cygnus acting as operator of the Joint Venture. Stria's interest in the Joint Venture will be free carried until Cygnus delivers a feasibility study on the property.

In consideration for the Option, Cygnus paid cash consideration of \$1,000,000 and subscribed for 1,400,000 common shares of the Company at a price of \$0.25 per common share for aggregate gross proceeds of \$350,000 (Note 8). During the 2022 fiscal year, Stria received a total of \$1,350,000 from Cygnus in respect of these conditions, which was included in deposits in the consolidated statement of financial position at September 30, 2022, pending the execution of the Definitive Agreement and closing of the subscription for shares, both of which occurred in October 2022.

The terms of the two-stage option are as follows:

(1) Option to acquire a 51% undivided interest ("First Option")

Under the First Option, Cygnus is required to incur exploration expenditures on the Property in the amount of \$4,000,000 over a period of 18 months. Following completion of such expenditures, in order to complete the First Option, Cygnus shall pay Stria a cash amount of \$2,000,000. Subsequent to quarter end, in July 2023, Cygnus completed its obligations under the First Option and earned a 51% interest in the property (Note 15).

(2) Option to acquire an additional 19% interest ("Second Option")

Under the Second Option, conditional upon the exercise of the First Option, Cygnus shall incur additional exploration expenditures in the amount of \$6,000,000 over a period of 30 months from the date of exercise of the First Option. Following completion of such expenditures, in order to complete the Second Option, Cygnus shall pay Stria an additional cash amount of \$3,000,000. Upon the exercise of the Second Option, Cygnus shall have acquired a 70% undivided interest in the Property. In the event Cygnus elects not to proceed with, or otherwise fails to exercise the Second Option, the parties will form the Joint Venture with Cygnus automatically transferring a 2% undivided interest back to Stria for a nominal consideration. Each of Cygnus and Stria shall thereafter hold an undivided Joint Venture interest of 49% and 51% respectively, with Stria becoming operator of the Joint Venture

In addition, during the year ended September 30, 2022, Stria incurred exploration expenditures on the Pontax Central property in the amount of \$133,593, which were reimbursed by Cygnus in December 2022. As at September 30, 2022, the amount was included in other receivables in the consolidated statements of financial position.

b) Romer

On August 11, 2022, the Company completed the acquisition of the Romer property from Braille Energy Systems Inc. ("BESI"), a related party which shares common management, for total consideration of \$237,500, comprised of \$125,000 in cash and 750,000 common shares of Stria with a fair value of \$112,500. The Romer property is an early-stage exploration project located in the Labrador Trough sector of Nunavik, the northern division of the Nord-du-Québec administrative region.

BESI retained a net smelter royalty ("NSR") of 1.0%, half of which Stria has the option to purchase such that the NSR is reduced from 1.0% to 0.5% (the "Partial NSR Buyout Option"). The Partial NSR Buyout Option may be exercised at any time by Stria for consideration of \$500,000 payable in cash or stock or a combination thereof at Stria's discretion.

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

---

### c) Pontax II

- (i) In April 2023, the Company entered into two Mineral Property Acquisition Agreements (the “Agreements”) to acquire a 100% interest in two mineral properties close to its Pontax Central property in the James Bay Territory of Northern Quebec, for the following consideration:

- \$125,000 in cash at closing (paid in May 2023)
- 500,000 common shares of the Company at closing (issued in May 2023 at a value of \$95,000)
- a minimum of \$92,000 of exploration work on the properties, to be conducted within 14 months of closing
- \$312,500 in cash, to be paid within 14 months of closing
- 1,875,000 common shares of the Company, to be issued within 14 months of closing

The completion of each agreement is conditional on the completion of the other agreement. The transfer of the properties will not occur until the full consideration has been paid by the Company. In the event that a payment is not made as per the timeline above, the vendors can cancel the transaction and retain all prior payments received.

- (ii) In June 2023, the Company entered into an additional Mineral Property Acquisition Agreement (the “VCT Agreement”) to acquire a 100% interest in 24 claims adjacent to the mineral properties to be acquired pursuant to the Agreements, for the following consideration:

- \$25,000 in cash at closing (paid in July 2023)
- 100,000 common shares of the Company at closing (issued in July 2023)
- \$40,000 in cash, to be paid within 18 months of closing
- 250,000 common shares of the Company, to be issued within 18 months of closing

In the event that a payment is not made as per the timeline above, the vendor can cancel the transaction and retain all prior payments received.

- (iii) In June 2023, the Company staked additional claims in the area for \$8,941.

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

The following table reflects changes to mineral exploration properties between October 1, 2021 and June 30, 2023:

	Nine months ended June 30, 2023	Year ended September 30, 2022
	\$	\$
Balance, beginning of the period	589,975	352,475
Acquisition of mineral exploration property	228,941	237,500
Balance, end of the period	818,916	589,975

The following table reflects changes to exploration and evaluation assets between October 1, 2021 and June 30, 2023:

	Nine months ended June 30, 2023	Year ended September 30, 2022
	\$	\$
Balance, beginning of the period	1,650,609	1,573,273
Additions		
Drilling	-	9,780
Independent technical studies	1,200	-
Geochemical survey	45,301	97,498
Metallurgical analysis	-	4,145
Property maintenance	20,842	5,598
	67,343	117,021
Option payment received	(1,000,000)	-
Tax credits and credit on duties	(17,925)	(39,685)
Balance, end of the period	700,027	1,650,609

## 7. DEFERRED GOVERNMENT GRANT

In July 2022, the Company was awarded a \$275,000 grant by the government of Quebec's Ministry of Energy and Natural Resources (MERN). The grant will be used to finance a geometallurgical study of lithium-bearing spodumene pegmatites at the Company's Pontax property.

As at June 30, 2023, \$41,250 was included in deferred government grant in the consolidated statements of financial position. This amount, representing 15% of the total grant, was received by the Company in September 2022 and has been deferred until the related work has been conducted.

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

### 8. SHARE CAPITAL

#### Authorized

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

#### Issued and fully paid

Common shares

#### Share Consolidation

On May 12, 2022, the Company announced that the TSX-V had approved the consolidation of the Company's common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares. The Company's shares began trading on a post-consolidated basis effective at the opening of the market on May 16, 2022. All share capital, warrant and stock option data has been retroactively restated to reflect the share consolidation in these condensed consolidated interim financial statements.

	<b>Number of shares</b>	
		\$
<b>Balance, September 30, 2021</b>	<b>14,558,037</b>	<b>5,462,511</b>
Shares issued for cash (1)	4,274,999	641,250
Shares issued on exercise of warrants	200,000	120,000
Shares issued in settlement of amount due to related party (2)	1,453,000	435,900
Shares issued to acquire mineral exploration property (Note 6)	750,000	112,500
Share issuance costs	-	(24,382)
<b>Balance, September 30, 2022</b>	<b>21,236,036</b>	<b>6,747,779</b>
Shares issued for cash (3)(4)	4,085,000	954,125
Shares issued to acquire mineral exploration property (Note 6)	500,000	95,000
Share issuance costs	-	(15,055)
<b>Balance, June 30, 2023</b>	<b>25,821,036</b>	<b>7,781,849</b>

- (1) On August 19, 2022, the Company completed a private placement for gross proceeds of \$641,250. The private placement was comprised of 4,274,999 units at a price of \$0.15 per unit. Each unit is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.50 until August 19, 2024. In connection with the financing, the Company paid cash finders' fees of \$7,200 and issued, as additional consideration, 48,000 non-transferable broker warrants, each broker warrant entitling the holder to acquire one common share of the Company at a price of \$0.50 until August 19, 2024. The proceeds from the financing (\$641,250) were allocated entirely to share capital (\$641,250), after which there was no residual amount to allocate to the warrants. The warrants issued as commissions have been recorded at a value of \$2,064 based on the Black-Scholes option pricing model, using the following assumptions: stock price of \$0.16, risk-free interest rate of 3.42%, expected life of warrants of 2 years, annualized volatility of 224% and dividend rate of 0%. The underlying expected stock price volatility is based on historical data of the Company's shares over the last two years. The risk-free interest rate is based on the yield of a Government of Canada benchmark bond in effect at the time of issuance with an expiry commensurate with the expected life of the warrants. Other share issuance costs total \$15,118. The value

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

of the broker warrants, cash finders' fees and other share issuance costs were presented as a reduction of share capital.

- (2) On January 27, 2022, the Company settled outstanding indebtedness to JJJY Holdings Inc., a company controlled by a Director of the Company, in the amount of \$726,500, through the issuance of 1,453,000 common shares of the Company at a deemed price of \$0.50 per share. In connection with the debt settlement, the Company recognized an amount of \$290,600 in contributed surplus, representing the difference between the debt that was settled (\$726,500) and the fair value of the shares issued in settlement of the debt (\$435,900).
- (3) On October 17, 2022, the Company completed a private placement for gross proceeds of \$350,000. The private placement was comprised of 1,400,000 shares at a price of \$0.25 per share.
- (4) On November 7, 2022, the Company completed a private placement for gross proceeds of \$604,125. The private placement was comprised of 2,685,000 units at a price of \$0.225 per unit. Each unit is comprised of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.50 until November 7, 2024.

## 9. WARRANTS

The following table reflects the continuity of warrants outstanding:

	Number of warrants	Weighted average exercise price \$
<b>Balance, September 30, 2021</b>	<b>7,671,800</b>	<b>0.51</b>
Issued	2,185,500	0.50
Exercised	(200,000)	0.50
Expired	(2,223,800)	0.54
<b>Balance, September 30, 2022</b>	<b>7,433,500</b>	<b>0.50</b>
Issued	1,342,500	0.50
Exercised	-	0.00
Expired	(48,000)	0.50
<b>Balance, June 30, 2023</b>	<b>8,728,000</b>	<b>0.50</b>

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

As at June 30, 2023, the following warrants were issued and outstanding:

Number of warrants	Allocated value	Exercise price	Expiry date
	\$	\$	
5,200,000	-	0.50	June 24, 2025
2,137,500	-	0.50	August 19, 2024
48,000	2,064	0.50	August 19, 2024
1,342,500	-	0.50	November 7, 2024
<b>8,728,000</b>	<b>2,064</b>		

In June 2023, the Company extended the expiry date of 5,200,000 warrants, exercisable at \$0.50, by 24 months. The warrants now have an expiry date of June 24, 2025.

As at September 30, 2022, the following warrants were issued and outstanding:

Number of warrants	Allocated value	Exercise price	Expiry date
	\$	\$	
5,200,000	-	0.50	June 24, 2023
48,000	8,028	0.50	June 24, 2023
2,137,500	-	0.50	August 19, 2024
48,000	2,064	0.50	August 19, 2024
<b>7,433,500</b>	<b>10,092</b>		

## 10. STOCK OPTIONS

The following table reflects the continuity of stock options outstanding:

	Number of stock options	Weighted average exercise price
		\$
<b>Balance, September 30, 2021</b>	<b>442,868</b>	<b>0.62</b>
Granted (1)(2)(3)	4,345,000	0.24
Expired	(307,118)	0.68
<b>Balance, September 30, 2022</b>	<b>4,480,750</b>	<b>0.25</b>
Granted (4)	530,000	0.35
<b>Balance, June 30, 2023</b>	<b>5,010,750</b>	<b>0.26</b>

(1) On March 8, 2022, 910,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of \$0.50 per share, which all vested immediately and expire on March 8, 2027.

(2) On August 24, 2022, 2,195,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of \$0.17 per share, which all vested immediately and expire on August 24, 2027.

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

(3) On August 29, 2022, 1,240,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of \$0.175 per share, which all vested immediately and expire on August 29, 2027.

(4) On November 11, 2022, 530,000 stock options were granted to Directors, Officers, employees and consultants at an exercise price of \$0.35 per share, which all vested immediately and expire on November 11, 2027.

As at June 30, 2023, the following stock options were outstanding and exercisable:

Exercise price	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price \$	Number exercisable	Weighted average exercisable exercise price \$
\$0.17	2,195,000	4.15	0.17	2,195,000	0.17
\$0.175	1,240,000	4.17	0.175	1,240,000	0.175
\$0.350	530,000	4.37	0.35	530,000	0.35
\$0.50	1,045,750	3.32	0.50	1,045,750	0.50
	<b>5,010,750</b>	<b>4.00</b>	<b>\$0.26</b>	<b>5,010,750</b>	<b>\$0.26</b>

As at September 30, 2022, the following stock options were outstanding and exercisable:

Exercise price	Outstanding			Exercisable	
	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average outstanding exercise price \$	Number exercisable	Weighted average exercisable exercise price \$
\$0.17	2,195,000	4.90	0.17	2,195,000	0.17
\$0.175	1,240,000	4.92	0.175	-	-
\$0.50	1,045,750	4.06	0.50	1,045,750	0.50
	<b>4,480,750</b>	<b>4.71</b>	<b>\$0.25</b>	<b>3,240,750</b>	<b>\$0.28</b>

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

The following table reflects the weighted-average fair value of stock options granted between October 1, 2021 and June 30, 2023 and the related Black-Scholes option pricing model inputs that were used in the calculations:

	Nine months ended June 30, 2023	Year ended September 30, 2022
Stock options granted	530,000	4,345,000
Weighted average fair value	0.34	0.21
Weighted-average exercise price	0.35	0.24
Weighted-average market price at date of grant	0.345	0.21
Expected life of stock options (years)	5	5
Expected stock price volatility	224%	224%
Risk-free interest rate	3.31%	2.93%
Expected dividend yield	0%	0%

The underlying expected stock price volatility is based on historical data of the Company's shares over a period commensurate with the expected life of the options.

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.

Stock-based compensation of \$180,730 (all of which relate to equity-settled stock-based payment transactions) was included in the condensed consolidated interim statements of comprehensive loss for the nine month period ended June 30, 2023 (2022 - \$182,000) and credited to contributed surplus.

### 11. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended June 30, 2023	2022
	\$	\$
Changes in non-cash working capital are as follows:		
Sales taxes receivable	(60,538)	47,439
Other receivables	133,593	-
Prepaid expenses	(7,647)	(75,349)
Accounts payable and accrued liabilities	(78,504)	(117,188)
	(13,096)	(145,098)

## Stria Lithium Inc.

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

(Expressed in Canadian dollars)

---

### 12. RELATED PARTY TRANSACTIONS

Transactions with related parties 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.

#### Loan from JJY Holdings Inc.

On March 26, 2021, the Company received a \$750,000 loan from JJY, for general working capital purposes. The loan was non-interest bearing, included a lender fee in the amount of \$125,000 and was payable on maturity or earlier with no early payment penalty. During the year ended September 30, 2021, JJY exercised 97,000 warrants at \$0.50 per warrant for total proceeds to the Company of \$48,500 and during the year ended September 30, 2022, JJY exercised 200,000 warrants at \$0.50 per warrant for total proceeds to the Company of \$100,000. In lieu of paying the Company \$48,500 and \$100,000, respectively, for the exercise of these warrants, both parties agreed to instead reduce the balance of the loan by these amounts. On January 27, 2022, the Company issued 1,453,000 common shares at a deemed price of \$0.50 per share in settlement of the balance of the loan (\$726,500). In connection with the debt settlement, the Company recognized an amount of \$290,600 in contributed surplus, representing the difference between the debt that was settled (\$726,500) and the fair value of the shares issued in settlement of the debt (\$435,900). During the nine month period ended June 30, 2022, the Company recorded accretion expense in the amount of \$60,616 related to the \$750,000 loan.

#### Key management compensation

The following table reflects compensation of key management personnel (Directors and Officers of the Company):

	Three months ended June 30,		Nine months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consulting fees	520,937	15,000	612,812	20,000
Stock-based compensation	-	-	180,730	120,000
	<b>520,937</b>	<b>15,000</b>	<b>793,542</b>	<b>140,000</b>

### 13. CONTINGENT LIABILITY

During the year ended September 30, 2021, a legal claim was brought against the Company by a former officer of the Company. Pleadings are closed but productions have not been exchanged nor have examinations for discovery been completed. As such, it is too early to evaluate this claim.

### 14. COMPARATIVE FIGURES

Certain comparative figures in the condensed consolidated interim statements of comprehensive loss have been reclassified to conform to the current period presentation. The reclassification had no impact on the net loss of the Company.

## **Stria Lithium Inc.**

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and nine month periods ended June 30, 2023

*(Expressed in Canadian dollars)*

---

### **15. SUBSEQUENT EVENTS**

#### Receipt of Milestone Payment from Cygnus Metals Limited

On July 5, 2023, the Company announced receipt of the final milestone payment of \$2,000,000 from Cygnus Metals Limited (“Cygnus”), in the form of 9,129,825 shares in Cygnus at a deemed value of \$0.2191 per share. Following satisfaction of the \$2,000,000 payment, Cygnus has earned a 51% interest in the Pontax Central property, in accordance with the Definitive Agreement (Note 6).