ESSTRA INDUSTRIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Expressed in Canadian Dollars)

Three Month Period Ended
August 31, 2022

Report Date – October 21, 2022

The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Esstra Industries Inc. (the "Company") for the three month period ended August 31, 2022. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three month period ended August 31, 2022, which were prepared in accordance with International Financial Accounting Standards ("IFRS"). All amounts disclosed in this MD&A are in Canadian dollars, which is the Company's presentation currency and functional currency, unless otherwise noted.

Additional information relating to the Company, including the condensed interim financial statements and the audited annual financial statements are available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at **www.sedar.com.**

Forward-Looking Statements

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of investments or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, including fluctuations in equity and commodity prices; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in investing operations; and changes in tax laws and incentive programs relating to the investment industry. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

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(Expressed in Canadian Dollars)

OUR BUSINESS

Esstra Industries Inc. (the "Company" or "Esstra") is listed on the TSX Venture Exchange ("TSX-V") under the symbol "ESS". The Company was incorporated on September 6, 1996 under the laws of the Province of Alberta, and was continued into British Columbia on February 23, 2018.

The Company's business, registered and records office is located at 40440 Thunderbird Ridge B1831, Garibaldi Highlands, BC, V0N 1T0.

The Company is classified as a real estate entity and currently holds investments in marketable securities.

OVERALL PERFORMANCE

Three Month Period Ended August 31, 2022

During the three month period ended August 31, 2022, the Company experienced a decline in the value of some of its investments which increased the overall loss for the period. The Company has no active revenue generating business, and it reported a net loss of $32,843 as compared to a net loss of $54,882 in the corresponding period in the prior year.

The Company incurred approximately the same operating costs in the current period but reported a larger unrealized loss on its investments.

The Company has cash of $48,352 as at August 31, 2022 (May 31, 2022 - $64,132)

SELECTED ANNUAL INFORMATION

The following table sets forth selected audited financial information of the Company for the last three completed financial years:

	May 31, 2022	**May 31, 2021**	**May 31, 2020**
	($)	**($)**	**($)**
Net Income (Loss)	(520,129)	(145,647)	(27,879)
Earnings (Loss) Per Share	(0.06)	(0.02)	(0.00)
Total Assets	124,755	638,262	420,669

(Expressed in Canadian Dollars)

RESULTS OF OPERATIONS

During the three month period ended August 31, 2022 (the "Current Period"), the Company reported a net loss of $32,843 compared to a net loss of $54,882 for the three month period ended August 31, 2021 (the "Prior Period").

Operating Expenses

Operating expenses for the Current Period were $3,355 (20%) lower than the Prior Period but this difference is not significant on total dollar basis.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited quarterly financial information for each of the last eight most recently completed quarters:

	QUARTERS ENDED			
	August 31, 2022	**May 31, 2022**	**February 28, 2022**	**November 30, 2021**
	($)	**($)**	**($)**	**($)**
Total assets	88,847	124,755	507,148	546,129
(Loss) income for the period	(32,843)	(381,642)	(30,599)	(53,006)
(Loss) per share [(1)]	(0.00)	(0.04)	(0.00)	(0.01)

	August 31, 2021	**May 31, 2021**	**February 28, 2021**	**November 30, 2020**
	($)	**($)**	**($)**	**($)**
Total assets	589,199	638,262	722,833	692,253
(Loss) income for the period	(54,882)	(149,251)	32,873	17,067
(Loss) per share [(1)]	(0.01)	(0.02)	0.00	0.00

(1) Presented on an undiluted basis.

INVESTMENTS

The Company holds a variety of investments in private and publicly traded enterprises.

In September 2020, the Company completed the acquisition of a 5% equity interest in ExSorbtion Inc. ("ExSorbtion"), a private Nevada corporation developing lithium extraction technology, in exchange for a cash payment of US$263,160. In conjunction with the investment, the Company was to receive a license (the "License") to utilize ExSorbtion's patented selective-adsorption technology on one lithium brine resource selected by the Company. To maintain the License, the Company is required to make annual payments to ExSorbtion equal to the greater of a) a sliding scale royalty that starts at 5% of annual gross revenue until US$2,000,000 has been paid, then decreasing to 2% and continuing thereafter once US$6,000,000 has been paid; and b) minimum royalty payments commencing in the third year after ExSorbtion demonstrates a fully functioning commercial pilot plant starting at US$100,000 and increasing by US$50,000 each year thereafter until the sixth year. On December 11, 2020, the Company entered into a non-binding letter of intent to acquire the remaining ownership of ExSorbtion.

The proposed transaction was cancelled in April 2021. The Company continues to hold its 5% ownership interest.

On May 31, 2022, the Company reviewed its investment in Exsorbtion for indicators of possible impairment and it was determined that impairment indicators were present. Accordingly, the Company has recorded an impairment charge of $352,133 and written down the investment to a nominal value of $1.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash totaling $48,352 and a working capital position of $9,419 as at August 31, 2022 versus $64,132 and $42,261, respectively, as at May 31, 2022.

The Company is continuing to explore various sources of financing, but is satisfied that it has sufficient capital to fund operations and evaluate new investment and business opportunities for the next twelve months. However, if additional funds are required to complete a transaction, then there can be no assurances that funds will be available on terms acceptable to the Company.

TRANSACTIONS WITH RELATED PARTIES

The were no related party transaction during the three month periods ended August 31, 2022 and 2021.

As at August 31, 2022 and 2021, there were no amounts owing to related parties of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at August 31, 2022.

FINANCIAL INSTRUMENTS

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 and accounts payable and accrued liabilities.

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

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

Financial instrument risk exposure

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

Credit risk

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

FINANCIAL INSTRUMENTS (continued)

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 a business account which is available on demand. The Company is exposed to liquidity risk.

Interest rate risk

The Company is not exposed to interest rate risk. The Company does not have any variable interest rate 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.

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 maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk. The Company is not subject to any externally imposed capital requirements.

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

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

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

There have been no changes to the Company's approach to capital management during the period ended August 31, 2022.

SUBSEQUENT EVENT

There were no material events subsequent to August 31, 2022.

RECENT ACCOUNTING PRONONOUNCEMENTS

The Company didn't adopt any new accounting policies during the period ended August 31, 2022.

SHARE CAPITAL INFORMATION

Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value.

Shares Issued and Outstanding

As at August 31, 2022 and the Report Date, there were 8,202,501 common shares issued and outstanding.

Warrants

A total of 750,000 share purchase warrants expired without being exercised during the period ended August 31, 2022.

As at August 31, 2022 and the Report Date, the Company had 2,620,000 share purchase warrants outstanding which are exercisable at $0.10 per share until October 9, 2023.

Stock options

As at August 31, 2022 and the Report Date, the Company had no incentive stock options outstanding.

OTHER INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

CORPORATE INFORMATION

Directors:	Peter Dickson David Atkinson Virginia Olnick Greg Kuenzel
Officers:	Virginia Olnick, CEO and Corporate Secretary David Atkinson, CFO
Auditor:	Davidson and Company LLP Chartered Professional Accountants Suite 1200 – 609 Granville Street Vancouver, BC V7Y 1G6
Transfer Agent:	Computershare Trust Company of Canada 2nd Floor – 510 Burrard Street Vancouver, BC V6C 3B9