
FULL CIRCLE LITHIUM CORP.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2023 AND FOR THE PERIOD FROM
MAY 24, 2022 (DATE OF INCORPORATION) TO JULY 31, 2022
(EXPRESSED IN UNITED STATES DOLLARS)
(UNAUDITED)**

NOTICE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a note indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Full Circle Lithium Corp. (the "Company") 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 condensed interim consolidated financial statements.

Full Circle Lithium Corp.
Condensed Interim Consolidated Statements of Financial Position
As at July 31, 2023 and October 31, 2022
(Expressed in United States Dollars)
(Unaudited)

	Notes	July 31, 2023	October 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 5,464,979	\$ 2,384,006
Restricted cash	6	291,386	-
Other receivables	7	64,273	10,517
Prepaid expenses and deposit	8	129,617	7,916
Total current assets		5,950,255	2,402,439
Property and equipment	9	2,342,009	1,117,201
Right-of-use assets	10	504,824	480,759
Total assets		\$ 8,797,088	\$ 4,000,399
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11, 18	\$ 310,326	\$ 144,430
Lease liability	12	496,989	5,876
Total current liabilities		807,315	150,306
Lease liability	12	-	484,618
Total liabilities		\$ 807,315	\$ 634,924
SHAREHOLDERS' EQUITY			
Share capital	13	\$ 10,366,594	\$ 3,569,287
Reserves	13, 14	2,179,758	237,718
Accumulated other comprehensive income (loss)		591	(143,599)
Accumulated deficit		(4,557,170)	(297,931)
Total shareholders' equity		7,989,773	3,365,475
Total liabilities and shareholders' equity		\$ 8,797,088	\$ 4,000,399

Nature of operations (Note 1)
Commitments and contingencies (Note 19)
Subsequent event (Note 23)

Approved by the Board of Directors on September 26, 2023

"Paul Fornazzari" Director

"Michael Cosic" Director

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

Full Circle Lithium Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended July 31, 2023 and for the period from May 24, 2022 (Date of Incorporation) to July 31, 2022
(Expressed in United States Dollars)
(Unaudited)

	Notes	Three months ended July 31, 2023	Nine months ended July 31, 2023	Period from May 24, 2022 (Date of Incorporation) to July 31, 2022
Operating expenses				
Professional fees	18	\$ 360,830	\$ 714,877	\$ 156
Salaries and wages	18	326,388	544,666	-
Building and equipment development	16	192,129	432,334	-
General and administrative		196,597	426,033	30
Share-based compensation	14, 18	183,132	412,848	-
Travel & accommodation		79,908	114,195	-
Transfer agent and filing fees		12,874	93,463	-
Battery development	17	7,526	46,472	-
Investor relations		4,572	34,030	-
Depreciation	9	675	675	-
Total operating expenses		(1,364,631)	(2,819,593)	(186)
Other items				
Interest income		5,569	75,715	-
Accretion expense	12	(9,546)	(27,430)	-
Interest expense		(125)	(28,286)	-
Foreign exchange loss		(64,257)	(69,812)	(2,348)
Listing expense	2	-	(1,389,833)	-
Net loss		\$ (1,432,990)	\$ (4,259,239)	\$ (2,534)
Other comprehensive income				
Foreign currency translation		204,790	144,190	2,064
Net and comprehensive loss		\$ (1,228,200)	\$ (4,115,049)	\$ (470)
Basic and diluted loss per common share		\$ (0.02)	\$ (0.07)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted		68,328,786	62,284,616	25,623,913

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

Full Circle Lithium Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended July 31, 2023 and for the period from May 24, 2022 (Date of Incorporation) to July 31, 2022
(Expressed in United States Dollars)
(Unaudited)

	Notes	Nine months ended July 31, 2023	Period from May 24, 2022 (Date of Incorporation) to July 31, 2022
Operating activities			
Net loss for the period		\$ (4,259,239)	\$ (2,534)
Adjustments for:			
Listing expenses	2	1,389,833	-
Share-based compensation	14	412,848	-
Depreciation	9	675	-
Changes in non-cash working capital items:			
Restricted cash		(291,386)	-
Other receivables		(52,443)	-
Prepaid expenses and deposit		(119,243)	-
Accounts payable and accrued liabilities		111,695	6,301
Net cash provided by (used in) operating activities		(2,807,260)	3,767
Investing activities			
Cash acquired in reverse take-over (RTO)		194,647	-
Purchase of property and equipment	9	(1,225,483)	-
Net cash used in investing activities		(1,030,836)	-
Financing activities			
Proceeds from issuance of shares, net of issuance cost		6,790,612	345,747
Proceeds received in advance for shares to be issued		-	116,507
Principal portion of lease liability payments	12	(17,570)	-
Net cash provided by financing activities		6,773,042	462,254
Effects of foreign currency translation		146,027	(3,123)
Net change in cash and cash equivalents		3,080,973	462,898
Cash and cash equivalents, beginning of period		2,384,006	-
Cash and cash equivalents, end of period		\$ 5,464,979	\$ 462,898
Supplemental information			
Shares issued in connection with reverse take-over (RTO)	2	\$ 1,535,887	\$ -

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

Full Circle Lithium Corp.
Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended July 31, 2023 and for the period from May 24, 2022 (Date of Incorporation) to July 31, 2022
(Expressed in United States Dollars)
Unaudited

	Shares	Share capital	Obligation to issue shares	Reserves	Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity
Balance, May 24, 2022	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued in private placements	31,900,000	351,918	-	-	-	-	351,918
Subscriptions received in advance	-	-	116,507	-	-	-	116,507
Shares issue cost	-	(6,171)	-	-	-	-	(6,171)
Foreign currency translation	-	-	-	-	2,064	-	2,064
Net loss for the period	-	-	-	-	-	(2,534)	(2,534)
Balance, July 31, 2022	31,900,000	\$ 345,747	\$ 116,507	\$ -	\$ 2,064	\$ (2,534)	\$ 461,784
Balance, October 31, 2022	50,854,000	\$ 3,569,287	\$ -	\$ 237,718	\$ (143,599)	\$ (297,931)	\$ 3,365,475
Shares issued in private placements	13,974,786	6,021,996	-	1,283,718	-	-	7,305,714
Share issuance costs	-	(760,576)	-	245,474	-	-	(515,102)
Shares issued connection with RTO	3,500,000	1,535,887	-	-	-	-	1,535,887
Share-based compensation	-	-	-	412,848	-	-	412,848
Foreign currency translation	-	-	-	-	144,190	-	144,190
Net loss for the period	-	-	-	-	-	(4,259,239)	(4,259,239)
Balance, July 31, 2023	68,328,786	\$ 10,366,594	\$ -	\$ 2,179,758	\$ 591	\$ (4,557,170)	\$ 7,989,773

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

Full Circle Lithium Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended July 31, 2023 and for the period from May 24, 2022 (Date of Incorporation)
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1. Nature of Operations

Nature of business

Full Circle Lithium Corp. (formerly ESG Capital 1 Inc.) (“FCL”, or the “Company”) was incorporated in the Province of Ontario, Canada on March 8, 2021 pursuant to the Business Corporation Act (Ontario) (the “OBCA”). The common shares of the Company are listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “FCLI”. The Company’s registered office is located at Suite 902, 18 King Street East, Toronto, ON, M5C 1C4. The principal business of the Company is lithium and battery material reintegration.

2. Reverse Take-Over Transaction

On April 14, 2023, the Company completed a qualifying transaction (the “Qualifying Transaction”) with Full Circle Lithium Inc. (“FCLI”) by way of a “three-cornered amalgamation”, resulting in the reverse take-over of the Company by FCLI’s former shareholders.

The Qualifying Transaction was completed in accordance with the terms of the definitive agreement (the “Definitive Agreement”) entered on January 17, 2023, between the Company, FCLI and 1000412731 Ontario Inc. (“the Company Subco”), a wholly-owned subsidiary of the Company.

On closing of the Qualifying Transaction, the Company consolidated all of its issued and outstanding common shares on a 1.17:1 basis, and FCLI amalgamated with the Company Subco to form a new corporation, which became a wholly-owned subsidiary of the Company continuing under the name “Full Circle Canada Inc.” and which in turn will own all of the shares of Full Circle Lithium (US) Inc., the Company’s wholly owned subsidiary, which holds all of the Company’s assets and conducts the business of the Company. In consideration for the Qualifying Transaction, the Company issued a total of 50,854,000 common shares of the Company to shareholders of FCLI. The former shareholders of the Company retained 3,500,000 common shares after the completion of the combined entity. Each share retained by the former shareholders of the Company was valued at \$0.44 (CAD\$0.59) per share, for consideration of \$1,535,887. This valuation was based on the value of the subscription receipts issued for concurrent financing as part of the Qualifying Transaction, where each subscription receipt is issued at CAD\$0.70 and consists of one unit of the Company’s shares and one-half of one common share purchase warrant, and warrant valuation is made using the Black-Scholes option pricing model (Note 15).

Immediately after the completion of the transaction, the former holders of FCLI’s shares own 94% of the shares of the combined entity, and the existing shareholders of the Company own 6% of the total combined entity shares. As a result of the Qualifying Transaction, the former shareholders of FCLI acquired control of the Company, thereby constituting a reverse take-over of the Company. The reverse take-over is considered a purchase of the Company’s net assets by the shareholders of FCLI.

The Company did not meet the definition of a business due to a lack of substantive processes. Therefore, the Qualifying Transaction was outside the scope of IFRS 3 – Business Combinations. Instead, the Qualifying Transaction was accounted for under IFRS 2 – Share-Based Payment. The Company is considered to be a continuation of FCLI, with the net assets of FCLI deemed to have been acquired. FCLI were the deemed acquirer for accounting purposes and therefore its assets, liabilities and operations are included in the condensed interim consolidated financial statements at their historical carrying value. The Company’s operations are considered to be a continuance of the business and operations of FCLI. The Company’s results of operations are those of FCLI, with the Company’s operations being included from April 14, 2023, the closing date of the Qualifying Transaction, onward. Following the reverse take-over, on May 1, 2023, the Company commenced trading on the TSX-V under the trading symbol FCLI.

Full Circle Lithium Corp.
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2. Reverse Take-Over Transaction (continued)

Immediately prior to the Qualifying Transaction taking effect, the Company changed its name to "Full Circle Lithium Corp.". Upon the completion of the Qualifying Transaction, the former directors and officers of the Company resigned from all offices with the Company and new directors and officers were appointed.

A summary of the costs in regard to the Qualifying Transaction are listed below:

Net assets of FCL	
Cash and restricted cash	\$ 1,126,225
Accounts payable	(48,747)
Subscription receipts payable	(931,424)
	\$ 146,054
Consideration	
3,500,000 shares of FCLI at a value of \$0.44 (CAD\$0.59) per share	\$ 1,535,887
Listing expense	\$ 1,389,833

3. Basis of Presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the presentation of the condensed interim consolidated financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared on the historical cost basis, except for financial assets classified at fair value through profit or loss which are measured at fair value. These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements are presented in United States dollars.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on September 26, 2023.

Certain prior year and prior quarter amounts have been reclassified for consistency with current period presentation. These reclassifications had no effect on the reported results of operations or cash flow.

Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the parent company, Full Circle Lithium Corp., and pursuant to having completed the Qualifying Transaction, its subsidiaries, Full Circle Canada Inc., and Full Circle Lithium (US) Inc., a corporation domiciled in the State of Georgia, United States.

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company. All intercompany transactions have been eliminated upon consolidation.

Full Circle Lithium Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended July 31, 2023 and for the period from May 24, 2022 (Date of Incorporation)
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4. Summary of Significant Accounting Policies

Functional currency

The functional currency determination is based on management's assessment of the primary economic environment in which the entities operate. The functional currency of the Company and Full Circle Canada Inc., is the Canadian dollar. The functional currency of Full Circle Lithium (US) Inc., is the United States dollar.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted earnings (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to purchase common shares at the average market price during the period.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Company has one operating segment.

Foreign currency translation

The reporting currency of the Company is the US dollar ("USD") and the functional currency is the Canadian dollar ("CAD"), respectively. The functional currency of Full Circle Lithium (US), Inc. is USD. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date.

Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of foreign entities to reporting currency on consolidation, which are recognized in other comprehensive income.

On consolidation, the assets and liabilities of entities are translated into the reporting currency at the rate of exchange at the reporting date and the consolidated statement of loss and comprehensive loss are translated at the average exchange rates for the period. The exchange differences arising on translation for consolidation purposes are recognized in other comprehensive loss.

4. Summary of Significant Accounting Policies (continued)

Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; any differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property and equipment

Property and equipment are recognized as an asset when it is probable that an associated future economic benefit will flow to the Company and the cost can be measured reliably. Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes costs incurred initially to acquire or construct a capital asset and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognized in the carrying amount of a capital asset, the carrying amount of the replaced part is derecognized. Property and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

As of July 31, 2023, property and equipment are in progress to further development and not available for use.

Full Circle Lithium Corp.
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4. Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

Cash and equivalents

Cash and equivalents include cash on hand and, when applicable, short-term, highly liquid deposits which are either cashable or with original maturities of less than three months at the date of their acquisition.

Financial instruments

Financial Instrument	Classification
Cash and cash equivalents	Amortized cost
Subscriptions receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), amortized cost, or fair value through other comprehensive income ("FVTOCI"). The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

iii. Fair value through other comprehensive income ("FVTOCI")

All financial assets not classified at amortized cost or FVTOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial liabilities

Financial liabilities are classified as either financial liabilities at amortized cost or FVTPL. The Company determines the classification of its financial liabilities at initial recognition.

4. Summary of Significant Accounting Policies (continued)

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following five categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above. Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Related party transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Leases and right-of-use assets

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the leases as an operating expense on a straight-line basis over the term of the lease.

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price.

A right-of-use asset (a "lease asset") and a lease liability are recognized in the statement of financial position at the lease commencement date.

4. Summary of Significant Accounting Policies (continued)

Leases and right-of-use assets (continued)

Right-of-use assets

A lease asset is initially recognized at cost, which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made or any lease incentives received at or before the commencement date, plus any initial direct costs incurred by the Company and an estimate of costs to be incurred in dismantling, removing or restoring the asset or site, as required by the terms and conditions of the lease.

The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

4. Summary of Significant Accounting Policies (continued)

Accounting standards issued but not yet effective

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place “at the end of the reporting period”
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishments of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim consolidated financial statements are discussed below:

Business combinations

At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Control

At the time of acquisition, the Company assesses whether it has control over the acquiree. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Where control exists, the Company consolidates the results of the acquired entity.

In the acquisition of FCLI, it was determined that control resides with FCLI as the former shareholders of FCLI became the majority shareholders of the combined entity. As a result, the transaction was accounted for as a reverse takeover.

5. Significant Accounting Judgments, Estimates and Assumptions (continued)

Fair value of consideration in reverse takeover transaction

The fair value of consideration to acquire the Company in the reverse take-over transaction comprised of common shares, for which the fair value at the date of issuance is a significant estimate. In determining the estimate, management considered recent financings and the Company's previous trading price as ESG Capital 1 Inc. The Company applied IFRS 2 Share-based Payment in accounting for the acquisition.

Term and incremental borrowing rate of lease

In determining lease terms, the Company used its judgment to determine if the extension and purchase options would be exercised. Furthermore, the Company does not believe the interest rate implicit in its leases can be readily determined. It therefore used its judgment to determine the incremental borrowing rate and used it as the discount rate to establish its lease liability. For every lease, management makes a judgment to determine the appropriate lease term. Management considers all relevant facts and circumstances that create an economic incentive for the Company to exercise a renewal option or not to exercise a termination option, including, for example, investments in extensive leasehold improvements. The periods covered by the renewal options are included in the lease term only if management is reasonably certain it will renew the lease. Management considers reasonable certainty to be a high threshold. Changes in the economic environment can have an impact on management's lease term assessments, and any changes in the estimates that management makes for lease terms could have a significant impact on the Company's condensed interim consolidated statement of financial position and condensed interim consolidated statement of net loss and comprehensive loss. Management considers the best economic information available to split the fair value of the lease between building and land.

Estimation of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the plant. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

6. Restricted Cash

Restricted cash represents funds held as financial assurance as required by 40 CFR §261.143 and other regulations set forth by the United States Environmental Protection Agency, in connection to the coverage of the estimated cost of closure of the lithium-ion battery recycling facility to be operated by the Company in Nahunta, Georgia, United States.

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7. Other Receivables

	July 31, 2023	October 31, 2022
HST receivable	\$ 63,987	\$ -
Subscriptions receivable	-	10,517
Accrued interest	286	-
	\$ 64,273	\$ 10,517

8. Prepaid Expenses and Deposit

	July 31, 2023	October 31, 2022
Prepaid expenses	\$ 109,487	\$ -
Deposit	20,130	7,916
	\$ 129,617	\$ 7,916

9. Property and Equipment

	Computers	Equipment	Leasehold improvement	Total
Cost				
Balance, May 24, 2022	\$ -	\$ -	\$ -	\$ -
Additions	-	445,587	671,614	1,117,201
Balance, October 31, 2022	-	445,587	671,614	1,117,201
Additions	4,594	456,435	764,454	1,225,483
Balance, July 31, 2023	\$ 4,594	\$ 902,022	\$ 1,436,068	\$ 2,342,684
Accumulated Depreciation				
Balance, May 24, 2022 and October 31, 2022	\$ -	\$ -	\$ -	\$ -
Depreciation	675	-	-	675
Balance, July 31, 2023	\$ 675	\$ -	\$ -	\$ 675
Net Book Value				
Balance, October 31, 2022	\$ -	\$ 455,587	\$ 671,614	\$ 1,117,201
Balance, July 31, 2023	\$ 3,919	\$ 902,022	\$ 1,436,068	\$ 2,342,009

Certain additions of equipment and leasehold improvements are related party transactions. See Note 18 for further details.

As at July 31, 2023, the property and equipment are in development and are not available for use and therefore is not being depreciated.

10. Right-of-Use Assets

	Land	Building	Total
Balance, May 24, 2022	\$ -	\$ -	\$ -
Additions	60,095	420,664	480,759
Balance, October 31, 2022	\$ 60,095	\$ 420,664	\$ 480,759
Lease modification (Note 12)	3,008	21,057	24,065
Balance, July 31, 2023	\$ 63,103	\$ 441,721	\$ 504,824

Management allocated the value between land and building based on their stand-alone fair values. As at July 31, 2023, the building is in development and is not available for use and therefore is not being depreciated.

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11. Accounts Payable and Accrued Liabilities

	July 31, 2023	October 31, 2022
Accounts payable	\$ 182,651	\$ 96,390
Accrued liabilities	127,675	48,040
	\$ 310,326	\$ 144,430

12. Lease Liability

The lease of the Company relates to a piece of land and building in Nahunta, Georgia, United States, where the lithium-ion battery recycling facility will be situated. The term of the lease commenced on June 9, 2022 for monthly rent of \$2,500, and expires on June 7, 2032. There is an option to extend the term for an additional 10 years, for a monthly rent of \$5,000.

The lease includes an option to purchase the property by the Company, (i) if exercised prior to June 9, 2023, for a price of \$250,000; or, (ii) if exercised on or after June 9, 2023, for a price of \$250,000 upon transfer of title, and a further \$250,000 contingent upon the receipt by the Company of a legal opinion from a law firm that the lien on the property has been extinguished. The Company expects to exercise the option to purchase the property by March 2024 and the present value of the lease liability takes into account the payments required to exercise the option to purchase the property.

At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date and the exercise of a purchase option estimated to be made in June of 2024. The lease payments are discounted using an interest rate of 7.0%, which is the Company's incremental borrowing rate based on estimated commercial mortgage rates in the United States. The effective interest rate is 7.72%. The continuity of the lease liabilities is presented in the table below:

	Total	
Balance, May 24, 2022	\$	-
Additions		480,759
Accretion expense		14,735
Lease payments		(5,000)
Balance, October 31, 2022	\$	490,494
Lease modification		24,065
Accretion expense		27,430
Lease payments		(45,000)
Balance, July 31, 2023	\$	496,989
Allocated as:	July 31, 2023	October 31, 2022
Current	\$ 496,989	\$ 5,876
Non-current	-	484,618
	\$ 496,989	\$ 490,494

The lease that the Company entered into is a related party transaction. See Note 18 for further details.

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12. Lease Liability (continued)

Undiscounted remaining cash flows	July 31, 2023	October 31, 2022
Less than one year	\$ 520,000	\$ 30,000
Greater than one year	-	517,500
Total undiscounted lease liability	520,000	547,500
Amount representing implicit interest	(23,011)	(57,006)
Lease liability	\$ 496,989	\$ 490,494

The lease of property is subject to a general lien up to \$250,000.

On May 7, 2023, the Company entered into a term sheet in connection to negotiations with the landlord regarding a potential transaction wherein the purchase option would be exercised for the Company to acquire ownership of the property under lease. Subsequent to July 31, 2023, the Company entered into an agreement with the landlord to purchase the property under lease (Note 23). In accordance with the term sheet between the parties, an advance payment of \$30,000 was made by the Company, which is being applied against the rent of the property for six months starting in May 2023, due to the transaction not yet being completed as of May 31, 2023.

After the completion of a reverse take-over of the Company and the listing of its shares, in May 2023, the lease was modified for an increase of monthly lease payment to \$5,000 per month. The lease liability was remeasured at the present value of the lease payments that were not paid at that date, and the exercise of the purchase option is estimated to be made in March 2024. The lease payments are discounted using an interest rate of 7.0%, which is the Company's incremental borrowing rate based on estimated commercial mortgage rates in the United States. The effective interest rate is 7.72% upon modification.

13. Share Capital

Authorized share capital

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

Issued shares

For the nine months ended July 31, 2023:

On January 18, 2023, the Company closed the private placement of 13,974,786 units of subscription receipts at CAD\$0.70 per unit, for aggregate proceeds of \$7,305,714 (CAD\$9,782,350) (the "Financing"). Upon the completion of the Qualifying Transaction (Note 2), each unit of subscription receipt is exchanged for one common share of the Company, and one-half of one common share purchase warrant of the Company (the "Warrant"). Each Warrant is exercisable at a price of CAD\$1.10 per common share for 24 months from the date of satisfaction of the escrow release conditions. The Warrants were assigned a fair value of \$1,283,718 (CAD\$1,718,899) estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD\$0.70, exercise price – CAD\$1.10; risk-free interest rate – 3.56%; expected volatility – 100%, using comparable companies; dividend yield – 0%; and expected life – 2.0 years.

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13. Share Capital (continued)

Issued shares (continued)

For the nine months ended July 31, 2023 (continued):

In connection with the Financing, and pursuant to the terms of an agency agreement dated January 17, 2023, entered into by the Agents, the Company and FCLI, the Agents are entitled to: (i) a cash commission of \$451,062 (CAD\$608,647) (the "Cash Fee"); and (ii) 869,495 compensation options (the "Compensation Options"). In addition, the Company paid legal fees of \$59,499 (CAD\$79,431) included in share issuance cost. Each Compensation Option is exercisable for one common share of the Company and one half of one warrant to purchase a common share of the Company (a "Compensation Warrant"), at a price of CAD\$0.70 subject to adjustment, for a period of 24 months commencing upon satisfaction of the Escrow Release Conditions, with each Compensation Warrant underlying the Compensation Options being exercisable into one common Share at a price of CAD\$1.10 until the date that is 24 months following the satisfaction of the Escrow Release Conditions. The Compensation Options were assigned a fair value of \$245,474 (CAD\$328,690) estimated by using the Black-Scholes option pricing model, using the following assumptions: share price CAD\$0.70, exercise price – CAD\$1.10; risk-free interest rate – 3.56%; expected volatility – 100%, using comparable companies; dividend yield – 0%; and expected life – 2.0 years.

On April 14, 2023, the Company closed the Qualifying Transaction, and exchanged the subscription receipts for shares and warrants, respectively, of the Company on a one-for-one basis.

For the period from May 24, 2022 (date of incorporation) to July 31, 2022:

On May 24, 2022, the Company founders issued 7,050,000 common shares at US\$0.0001 per common share, for aggregate proceeds of \$705.

On June 6, 2022, the Company completed a non-brokered private placement of 13,850,000 common shares at US\$0.01 per common share, for aggregate proceeds of \$138,500.

On June 16, 2022, the Company completed a non-brokered private placement of 11,000,000 common shares at CAD\$0.025 per common share, for aggregate proceeds of \$212,713 (CAD\$275,000).

14. Stock Options ("Options")

On August 2, 2022, the Company's Option Plan was approved by the Board of Directors (the "Board"). Pursuant to the terms of the Options, the Board may designate directors, officers, employees and consultants of the Company eligible to receive options to acquire such numbers of common shares as the Board may determine, the term of each option is specified by the Board, up to a maximum of ten years from the date of grant. The maximum number of common shares reserved for issuance for the instruments granted under the Options at any time is 10% of the issued and outstanding common shares of the Company.

For the nine months ended July 31, 2023:

On April 26, 2023, the Company granted 2,000,000 Options to management, employees and a consultant with an exercise price of CAD \$0.70. Of these Options, 20% vested immediately, and 20% vests every six months afterwards for a period of 24 months. A fair value of CAD\$1,038,541 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD\$0.70; dividend yield – 0%; expected volatility 97.21%, using comparable companies; risk free interest rate – 2.80%; and expected life – 5.0 years.

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14. Stock Options (“Options”) (continued)

For the period from May 24, 2022 (date of incorporation) to July 31, 2022:

There were no stock options granted during the period from May 24, 2022 (date of incorporation) to July 31, 2022.

During three and nine months ended July 31, 2023, the Company recorded share-based compensation of \$183,132 and \$412,848 (period from May 24, 2022 (date of incorporation) to July 31, 2022 - \$nil), respectively.

The following table reflects the continuity of Options from May 24, 2022 (date of incorporation) to July 31, 2023:

	Number of Options	Weighted average exercise price CAD (\$)
Balance, May 24, 2022	-	\$ -
Granted	1,500,000	0.25
Balance, October 31, 2022	1,500,000	\$ 0.25
Granted	2,869,495	0.70
Balance, July 31, 2023	4,369,495	\$ 0.55

The following table reflects the actual Options issued and outstanding as at July 31, 2023:

Expiry date	Exercise price CAD (\$)	Weighted average remaining contractual life (years)	Total options	Options exercisable
January 17, 2025	0.70	1.47	869,495	869,495
August 2, 2027	0.25	4.01	1,500,000	600,000
April 26, 2028	0.70	4.74	2,000,000	400,000
		3.84	4,369,495	1,869,495

15. Warrants

The following table reflects the continuity of warrants from May 24, 2022 (date of incorporation) to July 31, 2023:

	Number of warrants	Weighted average exercise price CAD (\$)
Balance, May 24, 2022	-	\$ -
Issued (Note 13)	1,314,400	0.25
Balance, October 31, 2022	1,314,400	\$ 0.25
Issued (Note 13)	6,987,393	1.10
Balance, July 31, 2023	8,301,793	\$ 0.97

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15. Warrants (continued)

The following table reflects the actual share purchase warrants issued and outstanding as at July 31, 2023:

Expiry date	Exercise price CAD (\$)	Remaining contractual life (years)	Grant date fair value (\$)	Number of warrants outstanding
January 17, 2025	1.10	1.47	1,283,718	6,987,393
April 14, 2025	0.25	1.67	151,620	1,314,400
			1,435,338	8,301,793

16. Building and Equipment Development

Details of the Company's expenditures related to its building and equipment development are summarized as follows:

	Three months ended July 31, 2023	Nine months ended July 31, 2023	Period from incorporation on May 24, 2022 to July 31, 2022
Wages and salaries	\$ 52,425	\$ 182,355	\$ -
Materials and supplies	121,178	162,688	-
Analysis and other costs	18,526	82,366	-
Equipment rental and transportation	-	4,925	-
	\$ 192,129	\$ 432,334	\$ -

17. Battery Development

Details of the Company's expenditures related to its battery development are summarized as follows:

	Three months ended July 31, 2023	Nine months ended July 31, 2023	Period from incorporation on May 24, 2022 to July 31, 2022
Wages and salaries	\$ -	\$ 6,000	\$ -
Materials and supplies	1,885	10,690	-
Analysis and other costs	5,641	16,143	-
Equipment rental and transportation	-	13,639	-
	\$ 7,526	\$ 46,472	\$ -

18. Related Party Transactions

Key management includes directors and other key personnel, including the Chief Executive Officer ("CEO"), Chief Operating Officer ("COO"), Chief Technology Officer ("CTO"), and former Chief Financial Officer ("former CFO"), who have authority and responsibility for planning, directing, and controlling the activities of the Company.

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured, and have no fixed terms of repayments.

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18. Related Party Transactions (continued)

Related party transactions with directors and companies controlled by directors include the following:

	Three months ended July 31, 2023		Nine months ended July 31, 2023		Period from incorporation on May 24, 2022 to July 31, 2022
Share-based compensation					
Independent directors ⁽¹⁾	\$ 74,410	\$	160,199	\$	-
Professional fees					
Company, which Chairman is a partner ⁽²⁾	47,999		61,213		-
	\$ 122,409	\$	221,412	\$	-

(1) Share-based compensation was issued to four independent directors of the Company.

(2) The Chairman of the Company is a partner at Fasken Martineau DuMoulin LLP ("Fasken"). Professional fees were paid by the Company for services relating to general corporate management matters rendered by Fasken to the Company.

Related party transactions with other management personnel and former management personnel and companies controlled by those management personnel include the following:

	Three months ended July 31, 2023		Nine months ended July 31, 2023		Period from incorporation on May 24, 2022 to July 31, 2022
Share-based compensation					
CEO	\$ 39,309	\$	92,103	\$	-
COO	37,723		87,503		-
CTO	12,310		28,401		-
Former CFO ⁽¹⁾	2,038		4,038		-
Consulting fees					
Company controlled by CEO ⁽²⁾	-		60,347		-
COO	70,000		118,000		-
CTO	15,000		33,000		-
Professional fees					
Company, which former CFO is a senior employee ⁽³⁾	58,528		72,234		-
Salaries and wages					
CEO	56,241		56,241		-
Purchase of property and equipment					
Company controlled by COO ⁽⁴⁾	-		20,840		-
Company controlled by COO ⁽⁵⁾	-		1,400		-
Lease payment					
Company controlled by COO ⁽⁶⁾	30,000		45,000		-
	\$ 321,149	\$	619,107	\$	-

(1) The former CFO of the Company ceased to be CFO effective July 31, 2023.

(2) The CEO is the owner of Vamp Financial Corp ("Vamp"). Consulting fees were paid by the Company for services relating to general corporate management matters rendered by Vamp to the Company.

(3) The former CFO is a senior employee of Marrelli Support Services Inc. ("MSSI"). Professional fees were paid by the Company for services relating to general accounting and financial reporting matters rendered by MSSI to the Company.

(4) Equipment and leasehold improvements were purchased from Southwest Technologies LLC ("SW LLC"), a company owned by the COO.

(5) Equipment and leasehold improvements were purchased from Full Circle Lithium, LLC ("FCL LLC"), a company owned by the COO.

(6) The Company entered into a lease agreement with FCL LLC, a Company owed by the COO for land and building. See Note 10 and 12 for further details.

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18. Related Party Transactions (continued)

Balances due to related parties include the following:

	July 31, 2023	October 31, 2022
Accounts payable and accrued liabilities		
CEO ⁽¹⁾	\$ 3,163	\$ -
Company, which former CFO is a senior employee ⁽²⁾	44,386	-
Company, which Chairman is a partner ⁽³⁾	25,548	-
	\$ 73,097	\$ -

(1) Amounts owing to the CEO relate to expense reimbursements, which are unsecured, non-interest bearing and due on demand.

(2) The former CFO is a senior employee of Marrelli Support Services Inc. ("MSSI"). Amounts were owed at July 31, 2023 for services relating to general accounting and financial reporting matters rendered by MSSI to the Company. Amounts owed are unsecured, non-interest bearing and due on demand.

(3) The Chairman of the Company is a partner at Fasken Martineau DuMoulin LLP ("Fasken"). Amounts were owed at July 31, 2023 for services relating to general corporate management matters rendered by Fasken to the Company. Amounts owed are unsecured, non-interest bearing and due on demand.

19. Commitments and Contingencies

The Company is party to a consulting agreement with the CTO of the Company whereby the CTO is eligible to be compensated of up to \$1,250,000 based on the completion of certain Company operational milestone achievements.

The Company is party to an agreement with the CEO of the Company whereby the CEO is eligible to be compensated 12 months of average monthly base salary and bonus (based on the last annual bonus paid by the Company) should the employment relationship be terminated without cause; or, 12 or 24 months of average monthly base salary and bonus (based on the last annual bonus paid by the Company), should the CEO resign, or should the employment relationship be terminated without cause, respectively, within six months of a change of control event at the Company.

20. Segment Information

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual at the Company making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company operates in only one reportable segment, being lithium and battery material reintegration.

Geographic information related to the Company's assets is as follows:

Assets	July 31, 2023	October 31, 2022
Canada	\$ 5,489,252	\$ 3,544,257
United States	3,307,836	456,142
Total	\$ 8,797,088	\$ 4,000,399

21. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash and cash equivalents, subscriptions receivables, and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

21. Financial Risk Management (continued)

The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

The financial instrument which potentially subjects the Company to concentration of credit risk is cash and cash equivalents. As at July 31, 2023, the balance of cash and cash equivalents held on deposit was \$5,464,979. The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash in bank accounts.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. In the long term, the Company may have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

The Company's financial liabilities of accounts payable and accrued liabilities are payable without repayment terms and are to be funded from cash provided by issuance of equity.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and price risk.

(a) Interest rate risk

The Company has cash and cash equivalents balances. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy. Management believes interest rate risk to be minimal.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and reporting currency is the United States dollar and is exposed to foreign currency risk with respect to its cash and cash equivalents, other receivables, prepaid expenses and deposit, and accounts payable and accrued liabilities held in a foreign currency.

(c) Price risk

The Company is exposed to price risk with respect to equity and commodity 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. Price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company.

22. Management of Capital Risk

The Company relies upon management to manage capital in order to accomplish the objective of:

- Ensuring sufficient financial flexibility to achieve ongoing business objectives, including funding of future growth opportunities, and pursuit of accretive acquisitions; and,
- Maximizing shareholder return through enhancing the share value.

The Company's current capital consists of equity funding through issuances of common shares. There have been no changes to the Company's policies around the management of its capital requirements from the period from May 24, 2022 (date of incorporation) to October 31, 2022.

23. Subsequent Event

On September 24, 2023, the Company entered into an agreement with the landlord of the property under lease (Note 12) to purchase the property for \$500,000 payable as follows:

- i) \$250,000 upon closing less a credit of \$30,000 paid in advance (Note 12); and
- ii) \$250,000 pursuant to an escrow agreement in which \$125,000 will be paid to the seller on March 28, 2024 and the remaining \$125,000 will be paid to the seller upon satisfaction of the lien on the property.