

FULL CIRCLE LITHIUM CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2023
(EXPRESSED IN UNITED STATES DOLLARS)**

September 26, 2023

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the consolidated financial position and results of the operations of Full Circle Lithium Corp. ("FCL", "Full Circle" or the "Company") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company for the three and nine months ended July 31, 2023. This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited 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 and the related notes thereto, as well as the annual MD&A and audited consolidated financial statements of the Company for the period from May 24, 2022 (date of incorporation) to October 31, 2022, together with the notes thereto. Results are reported in United States dollars, unless otherwise noted.

The unaudited condensed interim consolidated financial statements (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for annual financial statements required by IFRS. Information contained herein is presented as of September 26, 2023, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of FCL common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Additional information related to the Company is available for view on SEDAR+ at www.sedarplus.ca.

The Company's reporting currency is the United States ("US") dollar and all amounts in this MD&A are expressed in US dollars unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this document constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", and "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Company's performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events, or developments.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the Risk and Uncertainties does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

FULL CIRCLE LITHIUM CORP.

Management's Discussion and Analysis

Three and Nine Months Ended July 31, 2023

Dated - September 26, 2023

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

NATURE OF BUSINESS

The Company

Full Circle Lithium Corp. (formerly ESG Capital 1 Inc.) ("FCL", "Full Circle", 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 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.

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.

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.

FULL CIRCLE LITHIUM CORP.**Management's Discussion and Analysis****Three and Nine Months Ended July 31, 2023****Dated - September 26, 2023**

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.

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

Description of the Business

With a fully permitted and operational plant in Georgia, USA, Full Circle is a specialty chemical recycling and processing company focused on lithium and battery materials reintegration to meet expected demand growth for battery-grade raw materials in the United States. The primary focus of Full Circle is on recycling and processing high purity battery materials including lithium, copper, aluminum, nickel, cobalt, manganese, iron phosphate and graphite.

Full Circle is pursuing the following three business divisions to source and recover lithium and other battery metals, as applicable:

- **battery recycling** - from end-of-life lithium-ion batteries (LIBs);
- **feedstock recycling** - from third-party industrial and chemical feedstock; and
- **lithium refinery** - from upstream (ex. petro-brine miners) feedstock.

Full Circle's engineers have leading technical expertise with over 70 years of combined experience in lithium extraction and processing and its management has proven capital markets experience within the lithium industry at Neo Lithium Inc. and Lithium Americas Corp., two successful lithium brine mining projects. Neo Lithium Inc. was recently acquired by Zijin Mining for just under C\$1B and Lithium Americas (NYSE - \$3.4B market cap) is completing its mine and chemical processing facilities in Argentina in partnership with Gang Feng Lithium to commence commercial production.

Principal Products and Services

Full Circle currently leases a scalable, fully permitted, and operational lithium processing plant in Georgia, USA (the “**Georgia Facility**”), with an option to purchase 100% of the plant. The Georgia Facility has the capacity to produce up to 2,000 tonnes per year of battery-grade lithium carbonate (“**LC**”). Full Circle has the technology and know-how to recover and process lithium from lithium-ion batteries, as well as 3rd party industrial and upstream (i.e. mining) feedstock. In addition to lithium processing, which is Full Circle’s current main focus, the future intention is for the Georgia Facility to also recover and process other battery materials, such as high purity copper, aluminum, nickel, cobalt, manganese, iron phosphate and graphite.

Technology & Product Development

Full Circle’s process system implemented at the Georgia Facility has the capacity to take different lithium bearing feedstock and produce battery-grade LC. Full Circle has fully retrofitted and expanded an up to ~2,000 tonne per year lithium carbonate processing facility at the Georgia Facility. In addition, the Company’s innovative recycling approach also lends itself to modular expansion within the Georgia Facility as well as modular lithium processing plants set up at other 3rd party facilities for feedstock recycling and/or lithium refinery purposes.

Battery Recycling

Lithium-ion batteries (“LIB”) are widely used in a variety of devices and are becoming increasingly important for the storage of renewable energy. However, as the number of LIB in use grows, so does the need for efficient and environmentally responsible recycling processes. Overall, LIB recycling is an important aspect of responsible battery usage and is crucial for reducing the environmental impact of this rapidly growing industry.

The market size of LIB recycling is expected to grow significantly in the coming years. The increasing demand for electric vehicles and renewable energy storage systems is driving the growth of the LIB market, and as a result, the demand for recycling services is also expected to increase. According to market research firm Markets and Markets, the global LIB recycling market size was valued at \$1.06 billion in 2020 and is projected to grow at a compound annual growth rate (“CAGR”) of 22.4% from 2021 to 2028, reaching a market size of \$4.72 billion by 2028. However, it is worth noting that the market size of LIB recycling is highly dependent on several factors, including the growth of the lithium-ion battery market, the development of new recycling technologies, and the implementation of recycling policies and regulations. Nevertheless, the growing need for environmentally responsible and economically viable solutions for the recycling of lithium-ion batteries is expected to drive continued growth in this market.

Following initial successful lab scale dismantling of LIBs and production of battery grade lithium therefrom, FCL is working on large scale pilot LIB dismantling and processing at the plant to develop what the Company calls a commercial battery processing unit (a “BPU”). For this purpose, 50,000 lbs of LIBs have been secured and the Company is currently processing them to determine the safest and most economical methods (including automation of parts of the process) for the dismantling and processing of lithium and other battery materials contained therein at a commercial scale. The Company is concurrently working on securing additional future supply agreements for LIBs for the Georgia Facility.

A number of proprietary processes and products have been or are being developed in relation to this technical work, which are in the process of being assessed for patent protection.

Generally speaking, Full Circle’s process is focused on minimizing raw materials and waste (high recovery) with the lowest carbon intensity possible. Its technical processes are focused on mitigating the three process safety risks of LIB recycling: (i) discharge of batteries, (ii) hydrogen generation, and (iii) fluoride process/recovery.

FULL CIRCLE LITHIUM CORP.

Management's Discussion and Analysis

Three and Nine Months Ended July 31, 2023

Dated - September 26, 2023

Feedstock Recycling and Primary Refinery

After considerable technical work over the past year, Full Circle has: (i) completed all proto-type/beta scale work to the satisfaction of a third-party multinational chemical company for the recycling of this third party's lithium-rich effluent stream, which includes having extracted and purified lithium that meets all the specs required by this third-party for its chemical process, (ii) signed a detailed term sheet with binding exclusivity that permits Full Circle to install its modular demonstration plant at the chemical company's chemical facility, and (iii) completed the construction, shipped and is installing a large-scale modular demonstration plant to be operated at the chemical company's site, expected by Q4 of this year. Upon Full Circle's modular demonstration plant performing as expected and the parties signing a definitive agreement, Full Circle will install a commercial scale plant at the client's chemical plant and expects to begin generating revenues from recycling the lithium from the client's effluent stream and reselling the purified lithium to the client at a discount to market price, targeted between Q4 2023 and Q1 2024.

Certain key aspects of the Company's technical know-how related to this line of business are in the process of being assessed for patent protection.

Full Circle is also working on a similar opportunity with another large US-based specialty chemical company and an additional potential for expansion in Europe, and is testing its extraction and processing technology on lithium-rich brine from a US petro-brine exploration company.

CORPORATE HIGHLIGHTS

The Company has a fully permitted lithium processing plant in Georgia, USA with a seasoned group of lithium experts. FCL is a lithium processor focused on lithium and battery materials reintegration to meet the demand for crucial battery-grade raw materials, utilizing proprietary technology and know-how. The Company is focused on three complementary battery material processing divisions: battery recycling from end-of-life lithium-ion batteries, lithium mid-stream recycling from industrial and chemical feedstock, and lithium refinery from upstream feedstock.

Currently, the Company continues to focus on its modular demonstration plant ramp-up, the continued and rapid progress of its recently announced specialty lithium fire suppressant solution as well as its lithium carbonate plant and facilities in Georgia, USA.

During fiscal 2023, the Company announced the following strategic and financial accomplishments:

April – Completed its go-public transaction, received proceeds of C\$9.8M financing, and commenced trading on the TSX Venture Exchange under the ticker "FCL";

May – Installed its first lithium recycling demo processing plant at multinational chemical company's site;

June – Provided an update on the lithium recycling demo plant buildout and related LEP technology;

July – Developed a fire suppressant solution for fighting lithium-based fires.

Modular Demonstration Plant Ramp-Up

The Company's specialized modular demonstration lithium extraction and processing plant utilizing its proprietary extraction and processing technology (or "LEP" technology), has been installed at the client's US chemical facility. This type of plant is designed to sit at clients' sites and extract and purify lithium from clients' lost lithium-rich effluents. Initial extraction and purification of lithium at the demo plant has been positive, and has verified that FCL's LEP is able to reduce impurities to the client's specifications and recover high levels of lithium. FCL is now in the process of ramping up the demo plant to full capacity. Upon successful ramp-up and verification by client that the product meets its specifications, and subject to definitive agreement with the client, FCL will enlarge the demo plant to a commercial scale plant with an annual capacity of 500 tonnes of lithium per year.

FULL CIRCLE LITHIUM CORP.

Management's Discussion and Analysis

Three and Nine Months Ended July 31, 2023

Dated - September 26, 2023

Progress with Specialty Lithium Fire Suppressant Solution

The Company is testing its specialty lithium-ion battery fire suppressant solution ("FSS") with a US based third-party testing facility to verify the internal positive results of its FSS in fighting lithium battery fires. The FSS was initially developed by the Company, using its extensive lithium experience, to safely recycle batteries. Additional live testing of the FSS is being discussed with a US port authority and several auto manufacturers. Additional details to follow once the proposed live testing is confirmed. The Company continues its patent protection work concerning its FSS invention.

Lithium Carbonate Plant & Facilities

FCL's Georgia Facility has been fully refurbished, including employee offices and other operating facilities. The Company is awaiting long lead time equipment to finalize its on-site laboratory for product testing and R&D work. The Georgia Facility has been qualified for stated capacity of up to ~2,000 tonnes per year and is currently being retrofitted with an enhanced dryer system to improve heat and drying efficiency. FCL's battery recycling unit has now safely processed over 500 lithium-iron-phosphate (LFP) large format battery cells and is working to retrofit the current plant infrastructure to create a more robust battery processing system and producing battery grade Lithium Carbonate before year-end.

TRENDS AND ECONOMIC CONDITIONS

The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer term strategic decisions.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global commodity prices;
- Demand for base metals and the ability to explore for base metals;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on service provider availability, such as legal and accounting;
- Purchasing power of the Canadian dollar;
- Ability to obtain funding.

OVERALL PERFORMANCE

The Company focused its efforts for the nine months ended July 31, 2023 on the completion of the qualifying transaction resulting in the reverse take-over ("RTO") which completed on April 14, 2023. In connection with the RTO, the Company raised gross proceeds of approximately \$7.3 million which is being used on the Company's business divisions.

Net loss increased for the nine months ended July 31, 2023 compared to the period from May 24, 2022 (date of incorporation) to July 31, 2022 primarily because the comparative period is truncated and the initial few months after incorporation did not see any significant expenses as operations had not began.

The Company's cash flow for the nine months ended July 31, 2023 yielded a net increase of cash for \$3,080,973, primarily due to private placements completed as part of the qualifying transaction. This was partially offset by significant spending on property and equipment expenditures. During the period from May 24, 2022 (date of incorporation) to July 31, 2022, the Company's cash flow increased by \$462,898 which is a result of the completion of private placements during the period.

FULL CIRCLE LITHIUM CORP.
Management's Discussion and Analysis
Three and Nine Months Ended July 31, 2023
Dated - September 26, 2023

The Company's property and equipment increased as a result of the significant investment into operations during the nine months ended July 31, 2023 where the Company installed its first lithium recycling demo processing plant.

RESULTS OF OPERATIONS

For the three months ended July 31, 2023 compared to the period from May 24, 2022 (date of incorporation) to July 31, 2022:

	Three months ended July 31, 2023 (\$)	Period from May 24, 2022 (date of incorporation) to July 31, 2022 (\$)	Change (\$)
Operating expenses			
Professional fees	360,830	156	360,674
Salaries and wages	326,388	-	326,388
Building and equipment development	192,129	-	192,129
General and administrative	196,597	30	196,567
Share-based compensation	183,132	-	183,132
Travel & accommodation	79,908	-	79,908
Transfer agent and filing fees	12,874	-	12,874
Battery development	7,526	-	7,526
Investor relations	4,572	-	4,572
Depreciation	675	-	675
Total operating expenses	(1,364,631)	(186)	(1,364,445)
Other items			
Interest income	5,569	-	5,569
Accretion expense	(9,546)	-	(9,546)
Interest expense	(125)	-	(125)
Foreign exchange loss	(64,257)	(2,348)	(61,909)
Net loss	(1,432,990)	(2,534)	(1,430,456)

For the three months ended July 31, 2023, net loss increased by \$1,430,456 from the period from May 24, 2022 (date of incorporation) to July 31, 2022, which is primarily due to the following reasons:

Professional fees related to legal, consulting and accounting fees increased by \$360,674 as the Company began ramping up operations leading up to and following its RTO.

Salaries and wages increased by \$326,388 as the Company hired staff to work at its plant located in Nahunta, Georgia in an effort to commence operations.

General and administrative increased by \$196,567 as the Company commenced operations.

Building and equipment development increased by \$192,129 in an effort to upgrade the plant to be fully operational.

Share-based compensation increased by \$183,132 due to the granting and vesting of 4,369,495 stock options.

FULL CIRCLE LITHIUM CORP.
Management's Discussion and Analysis
Three and Nine Months Ended July 31, 2023
Dated - September 26, 2023

For the nine months ended July 31, 2023 compared to the period from May 24, 2022 (date of incorporation) to July 31, 2022:

	Nine months ended July 31, 2023 (\$)	Period from May 24, 2022 (date of incorporation) to July 31, 2022 (\$)	Change (\$)
Operating expenses			
Professional fees	714,877	156	714,721
Salaries and wages	544,666	-	544,666
Building and equipment development	432,334	-	432,334
General and administrative	426,033	30	426,003
Share-based compensation	412,848	-	412,848
Travel & accommodation	114,195	-	114,195
Transfer agent and filing fees	93,463	-	93,463
Battery development	46,472	-	46,472
Investor relations	34,030	-	34,030
Depreciation	675	-	675
Total operating expenses	(2,819,593)	(186)	(2,819,407)
Other items			
Interest income	75,715	-	75,715
Accretion expense	(27,430)	-	(27,430)
Interest expense	(28,286)	-	(28,286)
Foreign exchange loss	(69,812)	(2,348)	(67,464)
Listing expense	(1,389,833)	-	(1,389,833)
Net loss	(4,259,239)	(2,534)	(4,256,705)

For the nine months ended July 31, 2023, net loss increased by \$4,256,705 from the period from May 24, 2022 (date of incorporation) to July 31, 2022, which is primarily due to the following reasons:

Listing fees related to the RTO increased by \$1,389,833 as the Company completed its RTO in April 2023.

Professional fees related to legal, consulting and accounting fees increased by \$714,721 as the Company began ramping up operations leading up to and following its RTO.

Salaries and wages increased by \$544,666 as the Company hired staff to work at its plant located in Nahunta, Georgia in an effort to commence operations.

Building and equipment development increased by \$432,334 in an effort to upgrade the plant to be fully operational.

General and administrative increased by \$426,003 as the Company commenced operations.

Share-based compensation increased by \$412,848 due to the granting and vesting of 4,369,495 stock options.

SUMMARY OF QUARTERLY RESULTS

The following financial data, which has been prepared in accordance with International Financial Reporting Standards, is derived from the unaudited condensed interim consolidated financial statements for the quarters that were prepared. The Company was not publicly traded prior to the RTO transaction and, in accordance with National Instrument 51-102, only that information that has been previously prepared is included.

Three months ended,	July 31, 2023	April 30, 2023	January 31, 2023
	(\$)	(\$)	(\$)
Total revenue	-	-	-
Net loss	(1,432,990)	(2,441,784)	(384,465)
Basic and diluted loss per share	(0.02)	(0.04)	(0.01)

During the quarter ended July 31, 2023, net loss decreased by \$1,008,794 compared to the prior quarter, which was mainly due to the listing expense of \$1,389,833 incurred during the prior quarter in relation to the RTO, which occurred during the prior quarter in April 2023. This is partially offset by an increase in professional fees of \$188,461 and an increase in salaries and wages of \$165,596 incurred as a result of increased operations.

During the quarter ended April 30, 2023, net loss increased by \$2,057,319 compared to the prior quarter, which was mainly due to the listing expense of \$1,389,833 incurred during the current quarter in relation to the RTO, which occurred during the current quarter in April 2023. Furthermore, the Company ramped up operations, resulting in an increase in building and equipment development of \$230,032, general and administrative expenses of \$127,410, salaries and wages of \$103,306 and share-based compensation of \$141,992 as a result of 2 million stock options being granted during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

The Company is an early-stage company and has not generated revenue to date. As such, it finances all of its operations entirely through the issuance of share capital. Although the Company has to date been successful in its attempts to raise capital, there can be no assurance that its future efforts will likewise be successful. The success of future financing will depend on a variety of factors including a positive investment climate encompassing strong metal prices, solid stock market conditions, and a "risk-on" appetite among investors; and the Company's track record and management's ability and experience. If such financing is unavailable, the Company may be unable to execute its business plans. As at July 31, 2023, the Company has not earned any revenue and has an accumulated deficit of \$4,557,170.

The Company's cash balance as at July 31, 2023 was \$5,464,979. As at July 31, 2023, the Company had current assets of \$5,950,255, current liabilities of \$807,315, and a working capital of \$5,142,940.

Operating Activities

During the nine months ended July 31, 2023, the Company's operating activities used cash of \$2,807,260. Cash used in operating activities for the nine months ended July 31, 2023 was mainly attributable to net loss for the period of \$4,259,239 along with increases in restricted cash of \$291,386, prepaid expenses and deposit of \$119,243, other receivables of \$52,443 and partially offset by non-cash items such as the listing expenses of \$1,389,833, and share-based compensation of \$412,848.

During the period from May 24, 2022 (date of incorporation) to July 31, 2022, the Company's operating activities provided cash of \$3,767. Cash provided by operating activities for the period from May 24, 2022 (date of incorporation) to July 31, 2022 was attributable to an increase in accounts payable and accrued liabilities of \$6,301 offset by the net loss of \$2,534.

FULL CIRCLE LITHIUM CORP.
Management's Discussion and Analysis
Three and Nine Months Ended July 31, 2023
Dated - September 26, 2023

Investing Activities

During the nine months ended July 31, 2023, the Company's investing activities used cash of \$1,030,836. Cash used in investing activities for the nine months ended July 31, 2023 is attributable to the purchase of property and equipment of \$1,225,483 offset by \$194,647 in cash obtained upon completion of the RTO.

During the period from May 24, 2022 (date of incorporation) to July 31, 2022, the Company did not incur any investing activities.

Financing Activities

During the nine months ended July 31, 2023, the Company's financing activities generated cash of \$6,773,042. The cash generated from financing activities is attributable to the issuance of 13,974,786 shares, resulting in proceeds, net of issuance costs, of \$6,790,612. This is partially offset by \$17,570 incurred for the principal portion of lease payments made during the period.

During the period from May 24, 2022 (date of incorporation) to July 31, 2022, the Company generated cash of \$462,254. The cash generated from financing activities was attributable to the issuance of 31,900,000 shares, resulting in proceeds, net of issuance costs, of \$345,747 along with \$116,507 of proceeds received in advance for shares to be issued.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

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.

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.

FULL CIRCLE LITHIUM CORP.
Management's Discussion and Analysis
Three and Nine Months Ended July 31, 2023
Dated - September 26, 2023

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 owned by the COO for land and building. See Note 10 and 12 for further details.

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.

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.

CRITICAL ACCOUNTING ESTIMATES

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.

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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments are comprised of cash and cash equivalents, subscriptions receivable, and accounts payable and accrued liabilities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at July 31, 2023 the fair value of cash and cash equivalents held by the Company was based on Level 1 of the fair value hierarchy. The fair values of subscriptions receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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.

FULL CIRCLE LITHIUM CORP.
Management's Discussion and Analysis
Three and Nine Months Ended July 31, 2023
Dated - September 26, 2023

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and reporting currency is the USD dollar and is exposed to foreign currency risk with respect to its cash and cash equivalents balances and accounts payable 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.

OUTSTANDING SHARE DATA AS OF REPORT DATE

As of the date of this MD&A, the Company has the following securities issued and outstanding: 68,328,786 Common Shares, 3,500,000 stock options, 869,495 compensation options, and 8,301,793 warrants which include 1,314,400 Finders' Warrants.

As of the date of this MD&A, the following stock options were outstanding, entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Vested</u>
1,500,000	0.25 CAD	August 2, 2027	900,000
2,000,000	0.70 CAD	April 26, 2028	400,000
<u>3,500,000</u>			<u>1,300,000</u>

As at the date of this MD&A, the following compensation options were outstanding, entitling the holders thereof the right to purchase one common share for each and one-half share purchase warrant for each option held as follows:

<u>Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Vested</u>
869,495	0.70 CAD	January 17, 2025	869,495
<u>869,495</u>			<u>869,495</u>

As at the date of this MD&A, the following warrants were outstanding, entitling the holders thereof the right to purchase one common share for each warrant held as follows:

<u>Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,314,400	0.25 CAD	April 14, 2025
6,987,393	1.10 CAD	January 17, 2025
<u>8,301,793</u>		

EVENTS AFTER THE REPORTING PERIOD

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

- i) \$250,000 upon closing less a credit of \$30,000 paid in advance; 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.

DISCLOSURE CONTROL AND PROCEDURES

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the period presented by the condensed interim consolidated financial statements, and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's annual management's discussion & analysis for the period from May 24, 2022 (date of incorporation) to October 31, 2022, available on SEDAR+ at www.sedarplus.ca.