
FULL CIRCLE LITHIUM CORP.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2025 AND 2024
(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, 2025 and October 31, 2024
(Expressed in United States Dollars)
(Unaudited)

	Notes	July 31, 2025	October 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 220,481	\$ 49,153
Trade and other receivables	7, 23	41,199	9,902
Inventory	8	67,387	2,434
Prepaid expenses and deposits	9	167,951	119,385
Deferred financing costs	15	4,877	-
Assets held for sale	10	-	1,373,804
Total current assets		501,895	1,554,678
Restricted cash	6	-	39,032
Property, plant and equipment	10	3,694,964	3,745,843
Intangible assets	11	374,692	285,617
Total assets		\$ 4,571,551	\$ 5,625,170
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	13, 19	\$ 416,236	\$ 430,683
Deposits on equipment sale	10	-	50,000
Total liabilities		\$ 416,236	\$ 480,683
SHAREHOLDERS' EQUITY			
Share capital	15	\$ 11,686,129	\$ 11,296,750
Obligation to issue shares	15	133,941	-
Reserves	15, 16	3,527,965	2,938,127
Accumulated other comprehensive loss		(171,403)	(166,209)
Accumulated deficit		(11,021,317)	(8,924,181)
Total shareholders' equity		4,155,315	5,144,487
Total liabilities and shareholders' equity		\$ 4,571,551	\$ 5,625,170

Nature of operations (Note 1)
Going concern (Note 2)
Commitments and contingencies (Note 20)
Subsequent events (Note 25)

Approved by the Board of Directors on September 23, 2025

"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, 2025 and 2024
(Expressed in United States Dollars)
(Unaudited)

	Notes	Three months ended		Nine months ended	
		July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
Revenue	21, 23	\$ 43,030	\$ 9,990	\$ 633,017	\$ 9,990
Cost of goods sold	8	75,687	2,018	306,512	2,018
Gross profit		(32,657)	7,972	326,505	7,972
Operating expenses					
Salaries and wages	19	\$ 201,187	\$ 297,255	\$ 570,199	\$ 863,320
General and administrative	18	149,606	278,854	416,385	887,226
Professional Fees	19	95,921	101,956	318,769	298,162
Share-based compensation	16, 19	45,842	101,556	276,803	548,007
Depreciation	10, 12	59,642	33,563	178,225	96,202
Travel & accommodation		30,395	20,545	118,980	56,988
Investor relations		23,312	24,711	86,256	85,127
Transfer agent and filing fees		13,106	13,757	44,164	46,405
Amortization	11	4,162	700	11,621	700
Battery development		-	2,592	-	75,398
Total operating expenses		(623,173)	(875,489)	(2,021,402)	(2,957,535)
Other items					
Gain on sale of equipment		-	-	101,796	-
Other income		524	-	10,388	-
Interest income		126	1,805	1,151	20,952
Foreign exchange loss		(1,188)	(135)	(919)	(18,595)
Litigation settlement	20	-	-	(50,000)	-
Accretion expense		-	-	-	(1,953)
Interest expense		-	-	-	(7)
Net loss		\$ (656,368)	\$ (865,847)	\$ (1,632,481)	\$ (2,949,166)
Other comprehensive income (loss)					
Foreign currency translation		2,435	(8,472)	(5,194)	67,356
Net and comprehensive loss		\$ (653,933)	\$ (874,319)	\$ (1,637,675)	\$ (2,881,810)
Basic and diluted loss per common share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding – basic and diluted		75,905,186	69,281,699	75,038,549	68,648,742

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, 2025 and 2024
(Expressed in United States Dollars)
(Unaudited)

	Notes	Nine months ended July 31, 2025	Nine months ended July 31, 2024
Operating activities			
Net loss for the period		\$ (1,632,481)	\$ (2,949,166)
Adjustments for:			
Share-based compensation	16	276,803	548,007
Depreciation	10, 12	178,225	96,202
Amortization	11	11,621	700
Gain on sale of equipment		(101,796)	-
Changes in non-cash working capital items:			
Restricted cash		39,032	256,232
Trade and other receivables		(31,264)	40,051
Inventory		(64,953)	(2,434)
Deferred financing costs		(4,877)	-
Prepaid expenses and deposits		(47,837)	29,572
Accounts payable and accrued liabilities		(19,557)	(415,936)
Net cash used in operating activities		(1,397,084)	(2,396,772)
Investing activities			
Proceeds from sale of property and equipment	10	1,425,600	-
Purchase of property, plant and equipment	10	(98,040)	(1,659,914)
Purchase of intangible assets	11	(125,854)	(963)
Net cash provided by (used in) investing activities		1,201,706	(1,660,877)
Financing activities			
Exercise of warrants		237,759	-
Subscription proceeds received		133,941	-
Proceeds from issuance of shares, net of issuance costs		-	1,057,603
Principal portion of lease liability payments		-	(11,380)
Net cash provided by financing activities		371,700	1,046,223
Effects of foreign currency translation		(4,994)	66,380
Net change in cash and cash equivalents		171,328	(2,945,046)
Cash and cash equivalents, beginning of period		49,153	3,734,264
Cash and cash equivalents, end of period		\$ 220,481	\$ 789,218

Supplemental Disclosure with Respect to Cash Flows (Note 22)

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, 2025 and 2024
(Expressed in United States Dollars)
(Unaudited)

	Shares	Share capital	Obligation to issue shares	Reserves	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balance, October 31, 2023	68,328,786	\$ 10,532,826	\$ -	\$ 2,079,934	\$ (239,685)	\$ (5,150,192)	\$ 7,222,883
Shares issued in private placements	6,262,000	907,700	-	235,845	-	-	1,143,545
Share issuance costs	-	(132,541)	-	44,408	-	-	(88,133)
Share-based compensation (Note 16)	-	-	-	548,007	-	-	548,007
Foreign currency translation	-	-	-	-	67,356	-	67,356
Net loss for the period	-	-	-	-	-	(2,949,166)	(2,949,166)
Balance, July 31, 2024	74,590,786	\$ 11,307,985	\$ -	\$ 2,908,194	\$ (172,329)	\$ (8,099,358)	\$ 5,944,492
Balance, October 31, 2024	74,590,786	\$ 11,296,750	\$ -	\$ 2,938,127	\$ (166,209)	\$ (8,924,181)	\$ 5,144,487
Exercise of warrants (Note 15)	1,314,400	389,379	-	(151,620)	-	-	237,759
Modification of warrants (Note 17)	-	-	-	464,655	-	(464,655)	-
Subscription proceeds received (Note 15)	-	-	133,941	-	-	-	133,941
Share based compensation (Note 16)	-	-	-	276,803	-	-	276,803
Foreign currency translation	-	-	-	-	(5,194)	-	(5,194)
Net loss for the period	-	-	-	-	-	(1,632,481)	(1,632,481)
Balance, July 31, 2025	75,905,186	\$ 11,686,129	\$ 133,941	\$ 3,527,965	\$ (171,403)	\$ (11,021,317)	\$ 4,155,315

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, 2025 and 2024
(Expressed in United States Dollars)
(Unaudited)

1. Nature of Operations

Nature of business

Full Circle Lithium Corp. (“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”, and on the OTCQB Venture Market under the trading symbol “FCLIF”. The Company’s registered office is located at Suite 1601, 110 Yonge Street, Toronto, ON, M5C 1T4. The principal business of the Company is the manufacture and sale of a lithium-ion battery fire-extinguishing agent, FCL-X™, in various forms.

2. Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that assets will be realized, and liabilities discharged in the normal course of business in the foreseeable future. Accordingly, these condensed interim consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or on the discharge or classification of liabilities, should the Company be unable to continue its business in the normal course. Such adjustments could be material.

The Company has only recently commenced revenue generation and has incurred losses since its inception. For the nine months ended July 31, 2025, the Company has incurred a net loss of \$1,632,481 (nine months ended July 31, 2024 - \$2,949,166). The Company also had operating cash outflows of \$1,397,084 (nine months ended July 31, 2024 - \$2,396,772).

The Company will periodically have to raise funds to continue operations, and, though it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern.

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 the 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 consolidated financial statements have been prepared on the historical cost basis. 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 23, 2025.

Basis of consolidation

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

Full Circle Lithium Corp.
Notes to Condensed Interim Consolidated Financial Statements
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3. Basis of Presentation (continued)

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.

4. Summary of Material Accounting Policies

The accounting policies followed by the Company are set out in Note 5 of the audited consolidated financial statements for the year ended October 31, 2024, and have been consistently followed in the preparation of these condensed interim consolidated financial statements, except for the following accounting policies adopted as of November 1, 2024:

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.

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.

The judgments, estimates and assumptions applied in the condensed interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied and set out in Note 6 to the Company’s audited consolidated financial statements for the year ended October 31, 2024.

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 future costs of closure of the lithium-ion battery fire-extinguishing facility operated by the Company in Nahunta, Georgia, United States.

7. Trade and Other Receivables

	July 31, 2025	October 31, 2024
Trade receivables	\$ 32,795	\$ -
HST receivable	8,038	9,893
Accrued interest	366	9
	\$ 41,199	\$ 9,902

Full Circle Lithium Corp.
Notes to Condensed Interim Consolidated Financial Statements
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8. Inventory

	July 31, 2025	October 31, 2024
Raw materials	\$ 41,197	\$ 2,434
Finished goods	26,190	-
	\$ 67,387	\$ 2,434

During the three and nine months ended July 31, 2025, cost of sales included materials of \$6,971 and \$37,855, respectively (three and nine months ended July 31, 2024 - \$1,778 and \$1,778, respectively), labour of \$16,447 and \$47,060, respectively (three and nine months ended July 31, 2024 - \$240 and \$240, respectively), and other overhead costs of \$52,269 and \$221,597, respectively (three and nine months ended July 31, 2024 - \$Nil and \$Nil, respectively).

9. Prepaid Expenses and Deposit

	July 31, 2025	October 31, 2024
Prepaid expenses	\$ 159,281	\$ 110,764
Deposit	8,670	8,621
	\$ 167,951	\$ 119,385

10. Property, Plant and Equipment

	Computers (\$)	Equipment (\$)	Leasehold Improvements (\$)	Land (\$)	Building (\$)	Total (\$)
Cost						
Balance, October 31, 2023	4,594	1,389,857	2,298,732	8,000	-	3,701,183
Additions	-	804,396	365,804	48,655	6,126	1,224,981
Transfer from right-of-use assets (Note 12)	-	-	-	62,010	421,952	483,962
Classified as held for sale	-	(1,422,510)	-	-	-	(1,422,510)
Balance, October 31, 2024	4,594	771,743	2,664,536	118,665	428,078	3,987,616
Additions	-	3,586	121,630	-	2,130	127,346
Balance, July 31, 2025	4,594	775,329	2,786,166	118,665	430,208	4,114,962
Accumulated Depreciation						
Balance, October 31, 2023	1,061	-	49,974	-	-	51,035
Depreciation	1,531	79,200	115,163	-	20,734	216,628
Impairment	-	22,817	-	-	-	22,817
Classified as held for sale	-	(48,707)	-	-	-	(48,707)
Balance, October 31, 2024	2,592	53,310	165,137	-	20,734	241,773
Depreciation	1,149	56,541	103,965	-	16,570	178,225
Balance, July 31, 2025	3,741	109,851	269,102	-	37,304	419,998
Net Book Value						
Balance, October 31, 2024	2,002	718,433	2,499,399	118,665	407,344	3,745,843
Balance, July 31, 2025	853	665,478	2,517,064	118,665	392,904	3,694,964

Certain additions of equipment and leasehold improvements are related party transactions. See Note 19 for further details.

Full Circle Lithium Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended July 31, 2025 and 2024
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10. Property, Plant and Equipment (continued)

As at October 31, 2024, certain equipment with a net book value of \$1,373,804 located at the Company's facility in Nahunta, Georgia related to lithium and battery material reintegration operations that were not anticipated to be used in future operations. The Company committed to a plan to sell the equipment. On reclassification as held-for-use, the equipment was remeasured at the lower of its fair value less costs of disposal (\$1,475,600, which was the agreed-upon sale price for the equipment) and its carrying amount (\$1,373,804). As such, no impairment loss was recorded. During the year ended October 31, 2024, the Company received a \$50,000 deposit from the prospective buyer in relation to the sale. On November 18, 2024, the Company completed the sale of equipment that had been classified as held for sale to an arm's length third party, for consideration of \$1,475,600 in cash.

As at October 31, 2024, certain equipment with a net book value of \$22,817 located at the Company's facility in Nahunta, Georgia related to lithium and battery material reintegration operations that were not anticipated to be used in future operations, but were not included in the aforementioned planned equipment sale. As the equipment has no contemplated use for the Company's operations, the Company recognized an impairment equal to the full net book value of those equipment.

All other property, plant and equipment are available for use at July 31, 2025 and are therefore being depreciated.

11. Intangible assets

	Trademark and Patents	Development Costs	Total
Cost			
Balance, October 31, 2023	\$ -	\$ -	\$ -
Additions	17,805	270,664	288,469
Balance, October 31, 2024	\$ 17,805	\$ 270,664	\$ 288,469
Additions	2,261	98,435	100,696
Balance, July 31, 2025	\$ 20,066	\$ 369,099	\$ 389,165
Accumulated Amortization			
Balance, October 31, 2023	\$ -	\$ -	\$ -
Amortization	322	2,530	2,852
Balance, October 31, 2024	\$ 322	\$ 2,530	\$ 2,852
Amortization	673	10,948	11,621
Balance, July 31, 2025	\$ 995	\$ 13,478	\$ 14,473
Net Book Value			
Balance, October 31, 2024	\$ 17,483	\$ 268,134	\$ 285,617
Balance, July 31, 2025	\$ 19,071	\$ 355,621	\$ 374,692

12. Right-of-Use Assets

	Land	Building	Total
Balance, October 31, 2023	\$ 62,010	\$ 423,218	\$ 485,228
Depreciation	-	(1,266)	(1,266)
Transfer to property, plant and equipment (Note 10)	(62,010)	(421,952)	(483,962)
Balance, October 31, 2024 and July 31, 2025	\$ -	\$ -	\$ -

Management allocated the value between land and building based on their stand-alone fair values. The assets under lease (Note 14) were purchased by the Company on November 21, 2023, and therefore transferred to property, plant and equipment (Note 10).

Full Circle Lithium Corp.
Notes to Condensed Interim Consolidated Financial Statements
For the three and nine months ended July 31, 2025 and 2024
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13. Accounts Payable and Accrued Liabilities

	July 31, 2025	October 31, 2024
Accounts payable	\$ 293,000	\$ 118,077
Accrued liabilities	123,236	312,606
	\$ 416,236	\$ 430,683

14. Lease Liability

The lease of the Company related to a piece of land and building in Nahunta, Georgia, United States, where the lithium-ion battery fire-extinguishing facility is situated. The term of the lease commenced on June 9, 2022 for monthly rent of \$2,500, and was set to expire on June 7, 2032. There was 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 lease of property is subject to a general lien up to \$250,000.

	Total
Balance, October 31, 2023	\$ 481,380
Accretion expense	1,953
Lease payments	(13,333)
Lease extinguishment	(470,000)
Balance, October 31, 2024 and July 31, 2025	\$ -

The lease that the Company entered into is a related party transaction. See Note 19 for further details.

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 were discounted using an interest rate of 7.0%, which was the Company's incremental borrowing rate based on estimated commercial mortgage rates in the United States. The effective interest rate was 7.72%.

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 was estimated to be made in November 2023. The lease payments were discounted using an interest rate of 7.0%, which was the Company's incremental borrowing rate based on estimated commercial mortgage rates in the United States. The effective interest rate was 7.25% upon modification.

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. In accordance with the term sheet, an advance payment of \$30,000 was made by the Company to the landlord.

On September 24, 2023, the Company entered into a contract for the purchase of real estate with the landlord regarding the exercise of the purchase option for the Company to acquire ownership of the property under lease. The transaction price was \$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 was paid to the seller on March 28, 2024, and the remaining \$125,000 was paid to the seller upon satisfaction of the lien on the property.

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14. Lease Liability (continued)

On November 21, 2023, the Company completed the transaction to purchase the property under lease and received the title to the land and building at the site. In accordance with the agreement between the parties, the entire \$500,000 has been paid to the landlord, inclusive of the \$30,000 paid in advance to the landlord. The lease liability was derecognised, and right-of-use assets (Note 12) associated with this lease were transferred to property, plant and equipment (Note 10), with net book value of \$62,010 allocated to land, and \$421,952 allocated to buildings. There was no gain or loss on extinguishment of lease liability as a result of this transaction.

15. 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, 2025:

On April 30, 2025, 1,314,400 finder's warrants were exercised at CAD\$0.25 for total cash proceeds of \$237,759 (CAD\$328,600). The Company recognized a transfer of \$151,620 from Reserves to Share capital upon the exercise of the 1,314,400 finder's warrants.

As at July 31, 2025, the Company had received \$133,941 in proceeds representing an obligation to issues shares, relating to a private placement that closed subsequent to July 31, 2025 (Note 25).

For the nine months ended July 31, 2024:

On July 18, 2024, the Company closed a non-brokered private placement of 6,262,000 units at CAD\$0.25 per unit, for aggregate proceeds of \$1,143,545 (CAD\$1,565,500) (the "July 2024 Private Placement"). Each unit comprised of one common share of the Company, and one-half of one common share purchase warrant of the Company (the "Warrant"). Each whole Warrant is exercisable at a price of CAD\$0.35 per common share for 24 months from the date of issuance. The Warrants were assigned a fair value of \$235,845 (CAD\$322,870) estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD\$0.26, exercise price – CAD\$0.35; risk-free interest rate – 3.70%; expected volatility – 111.27%, using comparable companies; dividend yield – 0%; and expected life – 2.0 years.

In connection with the July 2024 Private Placement, and pursuant to the terms of a finder's agreement entered into by the finders and the Company, the finders are entitled to: (i) a cash commission of \$72,049 (CAD\$98,634); and (ii) 394,535 finder warrants (the "Finder Warrants"). In addition, the Company paid legal fees of \$16,084 (CAD\$22,019) included in share issuance cost. Each Finder Warrant is exercisable for one common share of the Company and one half of one Warrant, at a price of CAD\$0.25 for a period of 24 months from the date of issuance. Each whole Warrant underlying the Finder Warrants is exercisable at a price of CAD\$0.35 per common share for 24 months from the date of issuance. The Finder Warrants were assigned a fair value of \$44,408 (CAD\$60,794), estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD\$0.26, exercise price – CAD\$0.25; risk-free interest rate – 3.70%; expected volatility – 111.27%, using comparable companies; dividend yield – 0%; and expected life – 2.0 years.

16. 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, 2025:

On November 6, 2024, the Company granted 2,050,000 Options to management, directors, senior employees and consultants with an exercise price of CAD\$0.275. Of these options, 20% vest immediately, and 20% vest every six months afterwards, for a period of 24 months. A fair value of CAD\$475,617 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD\$0.30; dividend yield – 0%; expected volatility – 101.47%, using comparable companies; risk free interest rate – 3.12%; and expected life – 5.0 years.

On January 19, 2025, the Company granted 50,000 Options to a senior employee with an exercise price of CAD\$0.25. The options vest after 12 months. A fair value of CAD\$10,261 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD\$0.27; dividend yield – 0%; expected volatility – 98.81%, using comparable companies; risk free interest rate – 2.99%; and expected life – 5.0 years.

On April 1, 2025, the Company granted 25,000 Options to an employee with an exercise price of CAD\$0.40. The options vest after 12 months. A fair value of CAD\$6,746 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD\$0.37; dividend yield – 0%; expected volatility – 97.11%, using comparable companies; risk free interest rate – 2.57%; and expected life – 5.0 years.

On November 1, 2024, 45,000 unvested Options previously granted to a former employee became forfeited as a result of the cessation of employment relationship between the Company and the former employee.

On February 27, 2025, 20,000 unvested Options previously granted to a former employee became forfeited as a result of the cessation of employment relationship between the Company and the former employee.

On March 31, 2025, 30,000 vested Options previously granted to a former employee became forfeited as a result of the 12 month anniversary of cessation of employment relationship between the Company and the former employee.

For the nine months ended July 31, 2024:

On November 21, 2023, the Company granted 1,327,500 Options to management, directors, senior employees, and consultants with an exercise price of CAD\$0.55. Of these options, 25% vest immediately and 25% vest every six months afterwards, for a period of 18 months. A fair value of CAD\$497,762 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD\$0.50; dividend yield – 0%; expected volatility 100.37%, using comparable companies; risk free interest rate – 3.75%; and expected life – 5.0 years.

During the three and nine months ended July 31, 2025, the Company recorded share-based compensation of \$45,842 and \$276,803, respectively (three and nine months ended July 31, 2024 - \$101,556 and \$548,007, respectively).

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

The following table reflects the continuity of Options from October 31, 2023 to July 31, 2025:

	Number of Options	Weighted average exercise price CAD (\$)
Balance, October 31, 2023	3,850,000	0.52
Granted	1,327,500	0.55
Forfeited	(992,500)	0.48
Balance, October 31, 2024	4,185,000	0.54
Granted	2,125,000	0.28
Forfeited	(95,000)	0.61
Balance, July 31, 2025	6,215,000	0.45

The following table reflects the actual Options issued and outstanding as at July 31, 2025:

Expiry date	Exercise price CAD (\$)	Weighted average remaining contractual life (years)	Total options	Options exercisable
August 2, 2027	0.25	2.01	1,062,500	1,062,500
April 26, 2028	0.70	2.74	1,470,000	1,470,000
September 5, 2028	0.70	3.10	375,000	375,000
November 21, 2028	0.55	3.31	1,202,500	1,202,500
November 6, 2029	0.28	4.27	2,030,000	815,000
January 19, 2030	0.25	4.47	50,000	-
April 1, 2030	0.40	4.67	25,000	-
		3.27	6,215,000	4,925,000

17. Warrants

The following table reflects the continuity of warrants from October 31, 2023 to July 31, 2025:

	Number of warrants	Weighted average exercise price CAD (\$)
Balance, October 31, 2023	9,171,288	0.94
Issued	3,525,535	0.34
Balance, October 31, 2024	12,696,823	0.77
Exercised	(1,314,400)	0.25
Expired	(869,495)	0.70
Balance, July 31, 2025	10,512,928	0.58

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17. Warrants (continued)

The following table reflects the actual share purchase warrants issued and outstanding as at July 31, 2025:

Expiry date	Exercise price CAD (\$)	Remaining contractual life (years)	Grant date fair value (\$)	Number of warrants outstanding
April 21, 2026	0.70	0.72	1,054,493	6,987,393 ⁽¹⁾
July 18, 2026	0.35	0.96	235,845	3,131,000
July 18, 2026	0.25	0.96	44,408	394,535
			1,334,746	10,512,928

(1) On March 17, 2025, the Company amended the exercise price of 6,987,393 warrants outstanding from CAD\$1.10 to CAD\$0.70 and extended the expiry date from April 21, 2025 to April 21, 2026.

During the nine months ended July 31, 2025, the Company recognized a reclassification of \$464,655 from Reserves to Accumulated deficit in relation to the modification of the exercise price and expiry date of 6,987,393 warrants.

18. General and Administrative Expenses

Details of the Company's general and administrative expenses are summarized as follows:

	Three months ended		Nine months ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
Administrative expenses	\$ 53,552	\$ 68,416	\$ 184,547	\$ 223,167
Insurance	57,547	85,057	111,712	221,532
Advertising	37,745	2,966	91,533	46,081
Supplies	762	35,966	24,349	78,872
Rent and equipment rentals	-	79,248	4,244	294,968
Utilities and waste disposal	-	7,201	-	22,606
	\$ 149,606	\$ 278,854	\$ 416,385	\$ 887,226

19. Related Party Transactions

Key management includes directors and other key personnel, including the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), former Chief Operating Officer ("former COO"), and former Chief Technology Officer ("former CTO"), 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 fair value. 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		Nine months ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
Share-based compensation				
Independent directors ⁽¹⁾	\$ 18,926	\$ 35,202	\$ 132,303	\$ 187,600
Professional fees				
Company, which Chairman is a partner ⁽²⁾	-	28,517	9,807	28,517
	\$ 18,926	\$ 63,719	\$ 142,110	\$ 216,117

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

(2) The Chairman of the Company was a partner at Fasken Martineau DuMoulin LLP ("Fasken") until December 31, 2024. Professional fees were paid by the Company for services relating to intellectual property protection matters rendered by Fasken to the Company.

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19. Related Party Transactions (continued)

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

	Three months ended		Nine months ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
Share-based compensation				
CEO	\$ 13,185	\$ 29,053	\$ 91,912	\$ 161,129
Former COO ⁽¹⁾	-	12,217	-	61,379
Former CTO ⁽²⁾	-	4,623	-	23,823
Professional fees				
Former CTO ⁽²⁾	-	-	-	1,000
Salaries and wages				
CEO	56,250	56,340	116,250	168,843
CFO	3,406	3,417	9,992	10,330
Professional fees capitalized to property, plant and equipment				
Company controlled by Former COO ⁽³⁾	-	56,250	-	168,750
Former CTO	-	18,000	-	58,000
Lease payment				
Company controlled by Former COO ⁽⁴⁾	-	-	-	13,333
Purchase of lease assets				
Company controlled by Former COO ⁽⁴⁾	-	-	-	470,000
	\$ 72,841	\$ 179,900	\$ 218,154	\$ 1,136,587

(1) The former COO of the Company ceased to be COO effective October 30, 2024.

(2) The former CTO of the Company ceased to be CTO effective October 16, 2024.

(3) Consulting fees were paid to Full Circle Lithium LLC ("FCL LLC"), a company owned by the former COO. The amounts were capitalized into property, plant and equipment during the three and nine months ended July 31, 2024.

(4) The Company entered into a lease agreement with FCL LLC, a Company owned by the former COO for land and building. The Company completed the purchase of the property previously under lease on November 21, 2023. See Notes 10, 12, and 14 for further details.

Balances due to related parties include the following:

	July 31, 2025	October 31, 2024
Accounts payable and accrued liabilities		
CEO ⁽¹⁾	\$ 47,366	\$ 93,882
Company, which Chairman was a partner ⁽²⁾	-	34,381
	\$ 47,366	\$ 128,263

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

(2) The Chairman of the Company was a partner at Fasken Martineau DuMoulin LLP ("Fasken") until December 31, 2024. Amounts were owed for services relating to intellectual property protection matters rendered by Fasken to the Company. Amounts owed are unsecured, non-interest bearing and due on demand.

20. Commitments and Contingencies

In March 2024, a former consultant of the Company filed a complaint in the Circuit Court of the Fourth Judicial Circuit in the State of Florida, United States against the Company for alleged breach of contract, breach of agreement and unjust enrichment. The complaint alleges non-payment of certain fees and earnings for services. During the nine months ended July 31, 2025, the Company reached a settlement on the claim and made such payments in February 2025. Accordingly, the Company accrued \$45,000 in litigation settlement in the consolidated financial statements for the year ended October 31, 2024.

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20. Commitments and Contingencies (continued)

During the nine months ended July 31, 2025, the Company reached a settlement with a Company controlled by the former COO in relation to an alleged breach of contract and made a payment of \$50,000 to the Company controlled by the former COO in April 2025. Accordingly, the Company recorded \$50,000 in litigation settlement in the condensed interim financial statements for the nine months ended July 31, 2025.

21. 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 the manufacture and sale of a lithium-ion battery fire-extinguishing agent, FCL-X™.

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

Assets		July 31, 2025	October 31, 2024
Canada	\$	276,831	\$ 140,202
United States		4,294,720	5,484,968
Total	\$	4,571,551	\$ 5,625,170

Revenue	Three months ended		Nine months ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
Canada	\$ -	\$ -	\$ -	\$ -
United States	43,030	9,990	633,017	9,990
Total	\$ 43,030	\$ 9,990	\$ 633,017	\$ 9,990

22. Supplemental Disclosures with Respect to Cash Flows

	Nine months Ended July 31, 2025	Nine months Ended July 31, 2024
Modification of warrants	\$ 464,655	\$ -
Fair value of warrants transferred from reserves to share capital	196,679	-
Purchase of property, plant and equipment included in accounts payable and accrued liabilities	94,234	97,658
Purchase of intangible assets included in accounts payable and accrued liabilities	4,441	86,226
Lease extinguishment payment included in purchase of property, plant and equipment	-	465,000
Lease extinguishment payment set off by prepaid expenses and deposits	-	5,000

23. 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, restricted cash, trade receivables, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

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23. 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 instruments which potentially subjects the Company to concentration of credit risk is cash and cash equivalents and trade receivables. As at July 31, 2025, the balance of cash and cash equivalents held on deposit was \$220,481. 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. The Company has concentrations of credit risk with respect to trade receivables as its trade receivables are concentrated among a small number of customers. The Company has certain amounts of trade receivables that are not deemed impaired as follows:

	July 31, 2025	October 31, 2024
1-30 days	\$ 28,616	\$ -
31-60 days	3,324	-
61-90 days	855	-
Total	\$ 32,795	\$ -

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. Each of these major customers are distributors for the Company that sell the Company's product to end users. For the three and nine months ended July 31, 2025 and 2024, the following revenue was recorded from major customers:

	Three months ended		Nine months ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
Customer A	\$ 7,711	\$ -	\$ 475,731	\$ -
Customer B ⁽¹⁾	\$ (19,776)	\$ -	\$ 68,793	\$ -

(1) During the three months ended July 31, 2025 there was negative revenue generated from a customer due to the return of certain products.

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 flows from operations and 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.

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23. Financial Risk Management (continued)

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and reporting currency is the United States dollar ("US dollar") and is exposed to foreign currency risk with respect to its cash and cash equivalents held in a foreign currency.

As at July 31, 2025, the Company's Canadian entities held cash and cash equivalents of \$79,522 and accounts payable and accrued liabilities of \$16,023 denominated in US dollars. As at July 31, 2025, if the value of the Canadian dollar had strengthened or weakened by 5% against the US dollar, with all other variables held constant, net and comprehensive loss would have been \$3,127 lower or higher respectively.

(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.

24. 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 for the three and nine months ended July 31, 2025.

25. Subsequent Events

On September 5, 2025, the Company closed a brokered private placement of 22,500,000 units at CAD\$0.20 per unit, for aggregate proceeds of \$3,256,830 (CAD\$4,500,000). Each unit comprised of one common share of the Company, and one-half of one common share purchase warrant of the Company (the "Warrant"). Each whole Warrant is exercisable at a price of CAD\$0.30 per common share for 24 months from the date of issuance. The Warrants were assigned a fair value of \$939,569 (CAD\$1,298,213) estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD\$0.25, exercise price – CAD\$0.30; risk-free interest rate – 2.54%; expected volatility – 94.27%; dividend yield – 0%; and expected life – 2.0 years.

In connection with the Private Placement, and pursuant to the terms of a finder's agreement entered into by the finders and the Company, the finders are entitled to: (i) a cash commission of \$108,771 (CAD\$150,290); and (ii) 751,450 finder warrants (the "Finder Warrants"). Each Finder Warrant is exercisable for one common share of the Company and one half of one Warrant, at a price of CAD\$0.20 for a period of 24 months from the date of issuance. Each whole Warrant underlying the Finder Warrants is exercisable at a price of CAD\$0.30 per common share for 24 months from the date of issuance. The Finder Warrants were assigned a fair value of \$76,576 (CAD\$105,806), estimated by using the Black-Scholes option pricing model, using the following assumptions: share price – CAD\$0.25, exercise price – CAD\$0.20; risk-free interest rate – 2.54%; expected volatility – 94.27%, using comparable companies; dividend yield – 0%; and expected life – 2.0 years.

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25. Subsequent Events (continued)

On September 8, 2025, the Company granted 2,000,000 Options vesting immediately to certain directors, officers and consultants with an exercise price of CAD\$0.30. A fair value of CAD\$230,630 was determined using the Black-Scholes option pricing model. The following assumptions were used: share price CAD\$0.245; dividend yield – 0%; expected volatility – 94.24%; risk free interest rate – 2.50%; and expected life – 2.0 years.