IMAGINE LITHIUM INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022

EXPRESSED IN CANADIAN DOLLARS

Registered Head Office
1240 – 789 West Pender Street
Vancouver, BC
V6C 1H2

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Imagine Lithium Inc.

Opinion

We have audited the accompanying consolidated financial statements of Imagine Lithium Inc. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters ("KAMs") are those matters that in the auditor's professional judgment, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and Impairment of Mineral Property Interests ("mineral property interests")

As described in Note 6 to the consolidated financial statements, the Company held mineral property interests of $9,284,979 as of January 31, 2023 relating to the cost of acquisition, exploration and evaluation of mineral properties. As more fully described in Note 2 of the financial statements, management assesses mineral property interests for indicators of impairment at each reporting period.

The principal considerations for our determination that the valuation and impairment of mineral property interests is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the mineral properties, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the mineral properties.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, but were not limited to:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for mineral property interests through discussion and communication with management.
- Testing the Company's additions to mineral property interests for the period by evaluating a sample of recorded expenditures for consistency to underlying records, the capitalization requirements of the Company's accounting policy and the requirements of the accounting standard.
- Reviewing the Company's recent expenditure activity.
- Obtained, on a test basis, confirmation of title to ensure mineral rights underlying the mineral properties are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

May 29, 2023

IMAGINE LITHIUM INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS
AS AT JANUARY 31,

	2023	2022
ASSETS		
Current		
Cash and cash equivalents	**$ 814,645**	$ 4,712,565
Marketable securities (Note 5)	**693,305**	110,000
Commodity tax recoverable	**136,580**	16,372
Subscription receivable	**-**	16,000
Prepaids and other current assets (Note 12)	**46,235**	18,934
	1,690,765	4,873,871
Exploration and evaluation assets (Note 6)	**9,284,979**	8,132,997
	$ 10,975,744	$ 13,006,868
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 7 & 12)	**$ 275,634**	$ 91,284
Flow-through premium liability (Notes 8, 10 & 11)	**-**	162,505
	275,634	253,789
Shareholders' Equity		
Share capital (Note 8)	**31,613,752**	30,805,039
Share-based payment reserve (Note 8)	**4,746,663**	4,304,086
Deficit	**(25,660,305)**	(22,356,046)
	10,700,110	12,753,079
	$ 10,975,744	$ 13,006,868

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 10)
Subsequent events (Note 14)

Approved on behalf of the Board of Directors:

"Michael England", Director   *"Jonathan Gagne"*, Director

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

IMAGINE LITHIUM INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
EXPRESSED IN CANADIAN DOLLARS
FOR THE YEARS ENDED JANUARY 31,

	2023	2022
OPERATING EXPENSES		
Consulting and management fees (Note 12)	**$ 366,074**	$ 318,888
Professional fees	**63,868**	119,448
Office and administration (Note 12)	**52,278**	81,638
Shareholder communication and promotion	**91,735**	77,656
Transfer agent and filing fees	**40,329**	79,846
Travel and accommodation	**16,396**	4,820
Share-based compensation (Note 8)	**463,000**	-
	(1,093,680)	(682,296)
Flow-through recovery (Notes 8 & 10)	**162,505**	5,315
Gain (loss) on sale of exploration and evaluation asset (Note 6)	**(1,943,159)**	121,500
Realized gain on sale of marketable securities (Note 5)	**11,770**	39,450
Unrealized gain (loss) on marketable securities (Note 5)	**(441,695)**	18,158
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$ (3,304,259)**	$ (497,873)
BASIC AND DILUTED LOSS PER COMMON SHARE	**$ (0.02)**	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	**216,021,012**	143,005,050

IMAGINE LITHIUM INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
EXPRESSED IN CANADIAN DOLLARS

	Number of shares		Share capital		Share-based payment reserve		Deficit		Total shareholders' equity
Balance, January 31, 2021	126,582,035	$	24,022,320	$	4,582,988	$	(21,858,173)	$	6,747,135
Private placement	56,000,000		3,527,820		-		-		3,527,820
Share issuance costs - cash	-		(47,875)		-		-		(47,875)
Flow-through share premium	-		(167,820)						(167,820)
Shares issued for exploration and evaluation assets	7,800,000		968,000		-		-		968,000
Shares issued on exercise of warrants	19,974,983		2,142,593		(128,101)		-		2,014,492
Shares issued on exercise of options	2,745,000		360,001		(150,801)		-		209,200
Net loss for the year	-		-		-		(497,873)		(497,873)
Balance, January 31, 2022	213,102,018		30,805,039		4,304,086		(22,356,046)		12,753,079
Share issued on exercise of warrants	1,193,012		164,564		(13,514)		-		151,050
Share issued on exercise of options	4,300,000		448,509		(190,509)		-		258,000
Shares issued for exploration and evaluation assets	1,958,000		195,640		-				195,640
Warrants issued for exploration and evaluation assets	-		-		183,600		-		183,600
Stock-based compensation	-		-		463,000		-		463,000
Net loss for the year	-		-		-		(3,304,259)		(3,304,259)
Balance, January 31, 2023	220,553,030	$	31,613,752	$	4,746,663	$	(25,660,305)	$	10,700,110

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

IMAGINE LITHIUM INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS
FOR THE YEARS ENDED JANUARY 31,

		2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the year	**$**	**(3,304,259)**	$	(497,873)
Items not affecting cash:				
Reversal of flow-through premium		**(162,505)**		(5,315)
Unrealized (gain) loss on marketable securities		**441,695**		(18,158)
Realized gain on sale of marketable securities		**(11,770)**		(39,450)
Loss (gain) on sale of exploration and evaluation assets		**1,943,159**		(121,500)
Share-based compensation		**463,000**		-
Change in non-cash working capital items:				
Commodity tax recoverable		**(120,208)**		12,710
Subscription receivable		**16,000**		-
Prepaid and other current assets		**(27,301)**		(4,983)
Accounts payable and accrued liabilities		**184,350**		46,507
Cash flows used in operating activities		**(577,839)**		(628,062)
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation asset expenditures		**(3,924,901)**		(1,556,925)
Proceeds from sale of marketable securities		**20,770**		153,014
Proceeds from sale of exploration and evaluation assets		**175,000**		-
Cash flows used in investing activities		**(3,729,131)**		(1,403,911)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from private placements, net of costs		**-**		3,479,945
Proceeds from warrants exercised		**151,050**		2,014,492
Proceeds from options exercised		**258,000**		193,200
Cash flows provided by financing activities		**409,050**		5,687,637
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**(3,897,920)**		3,655,664
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**4,712,565**		1,056,901
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**814,645**	$	4,712,565
SUPPLEMENTAL INFORMATION				
Shares issued for interest in exploration and evaluation assets	**$**	**195,640**	$	968,000
Warrants issued for exploration and evaluation assets	**$**	**183,600**	$	167,820
Shares received upon sale of exploration and evaluation assets	**$**	**1,034,000**	$	202,500
Share subscription receivable	**$**	**-**	$	16,000
Flow-through share premium	**$**	**-**	$	167,820

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Imagine Lithium Inc. (the "Company") is incorporated under the Business Corporations Act of British Columbia.

The Company is a mineral exploration company focused on acquiring and exploring exploration and evaluation assets in North America.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation for the foreseeable future. The operations of the Company were primarily funded by the issue of share capital and loans. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

As at January 31, 2023, the Company had working capital of $1,415,131, recorded a net loss of $3,304,259 for the year then ended, and had accumulated a total deficit of $25,660,305. The Company is in the business of exploring for minerals that by its nature involves a high degree of risk. There can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to obtain financing or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. Management believes it has sufficient funding to continue operations for at least one year.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in the consolidated financial statements are presented below and are based on IFRS issued and outstanding as of May 29, 2023, the date the Board of Directors approved the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Alix resources de Mexico S.A. de C.V and Exploradora Cobre de Banconoras de R.L.C.V. companies incorporated under the laws of Mexico. At January 31, 2023, the principal activity of the Company's subsidiaries was that of holding companies. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity as to obtain benefits from its activities. All inter-company balances have been eliminated upon consolidation.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

Share-based compensation - The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options.

Recovery of deferred tax assets - Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the consolidated statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgments (continued)

<u>Decommissioning restoration provision</u> - The provision for decommissioning and restoration provision represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs, inflation, and assumptions of risks associated with the future cash outflows, and the applicable risk-adjusted discount rate for the discounting future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company. Changes to the restoration and decommissioning costs are recorded with a corresponding change to the carrying amount of the related mining property. Adjustments to the carrying amounts of the related mineral property can result in a change to future depletion expenses.

As of January 31, 2023, the Company has no decommissioning and restoration provision.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

As at January 31, 2023, the Company's subsidiaries were dormant.

Earnings (loss) per share ("EPS")

The Company presents basic EPS for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS does not adjust the income (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation asset is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as a gain on option agreement in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for environmental rehabilitation (continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the year.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of share purchase options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby any premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to flow-through premium liability and included in the statement of loss and comprehensive loss at the same time the qualifying expenditures are made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash and cash equivalents.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include accounts receivable.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost. Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities are classified as amortized cost. The Company does not currently have any FVTPL financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) *Impairment of financial assets*

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Financial instruments that are measured at fair value using inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

<u>Level 1</u> - Unadjusted quoted prices in active markets for identical assets or liabilities;
<u>Level 2</u> - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
<u>Level 3</u> - Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement.

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not expect any material impact from future accounting pronouncements.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management considers the Company’s capital structure to primarily consist of the components of shareholders’ equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended January 31, 2023. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

4. FINANCIAL RISK FACTORS

The carrying value of cash and cash equivalents, marketable securities, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 814,645	$ -	$ -	$ 814,645
Marketable securities	$ 693,305	$ -	$ -	$ 693,305

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

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, and commodity tax recoverable. Cash and cash equivalents are held in large financial institutions. Commodity tax recoverable is due from a government agency.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is exposed to liquidity risk.

Market risk

(a) Interest rate risk
The Company is currently in a positive working capital position and some of its accounts payable and accrued liabilities are subject to interest on unpaid balances.

(b) Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. The Company has limited foreign currency exposure.

(c) Price risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

5. MARKETABLE SECURITIES

Walker Lane Exploration Inc.

As at January 31, 2023, the Company holds 61,000 (2022 – 61,000) shares of Walker Lane Exploration Inc. The market value of the shares at January 31, 2023 was $305 (2022 – $nil).

The valuation of the shares at January 31, 2023 resulted in an unrealized gain of $305 (2022 – loss of $1,842) for the year ended January 31, 2023.

Jourdan Resources Ltd.

The Company received 4,500,000 common shares of Jourdan Resources Ltd. ("Jourdan") valued at $202,500 in settlement of the sale of LaCorne Property (Note 6).

As at January 31, 2023 the Company holds 1,800,000 (2022 – 2,000,000) shares of Jourdan.

During the year ended January 31, 2023, the Company sold 200,000 shares for gross proceeds of $20,770, and recorded a realized gain of $11,770. The market value of the remaining shares at January 31, 2023 was $117,000 (2022 – $110,000) and the Company recorded an unrealized gain of $16,000 (2022 – $20,000) during the year ended January 31, 2023.

Pegasus Resources Inc.

During the year ended January 31, 2023, the Company received 5,000,000 common shares of Pegasus Resources Inc. ("Pegasus") valued at $250,000 in settlement of the sale of Eastern Vision Properties (Note 6).

As at January 31, 2023 the Company holds 5,000,000 (2022 – nil) shares of Pegasus. The market value of the shares at January 31, 2023 was $100,000 (2022 – $nil) and the Company recorded an unrealized loss of $150,000 (2022 – $nil) for the year ended January 31, 2023.

Trillium Gold Mines Inc.

During the year ended January 31, 2023, the Company received 2,800,000 common shares of Trillium Gold Mines Inc. ("Trillium") valued at $784,000 in settlement of the sale of Eastern Vision Properties (Note 6).

As at January 31, 2023, the Company holds 2,800,000 (January 31, 2022 – nil) shares of Trillium. The market value of the shares at January 31, 2023 was $476,000 (2022 – $nil) and the Company recorded an unrealized loss of $308,000 (2022 – $nil) for the year ended January 31, 2023.

EXPRESSED IN CANADIAN DOLLARS

6. EXPLORATION AND EVALUATION ASSETS

Year Ended January 31, 2023	Fredart Property	Jackpot Property	Eastern Vision Property	North Buffy Lake Property	Dixie 3 & Ben Lake Properties	Dixie Ten-Mile Properties	Northern Vision Property	Garnet Lake Property	Total
Acquisition Costs:									
Balance, beginning of year	$ 272,500	$1,393,625	$ 79,500	$ 100,000	$ 310,000	$ 165,000	$ 31,150	$ 345,000	$ 2,696,775
Cash	10,000	120,000	-	-	-	-	-	150,000	280,000
Shares	100,000	640	20,000	-	-	50,000	25,000	-	195,640
Warrants	-	183,600	-	-	-	-	-	-	183,600
Sale of exploration and evaluation assets	(382,500)	-	(99,500)	(100,000)	(310,000)	(215,000)	(56,150)	(495,000)	(1,658,150)
Balance, end of year	-	1,697,865	-	-	-	-	-	-	1,697,865
Deferred Exploration Costs:									
Balance, beginning of year	498,354	3,954,315	57,870	-	113,848	740,979	-	70,856	5,436,222
Assays	-	68,160	-	-	-	-	-	-	68,160
Drilling	-	2,231,383	-	-	-	-	-	-	2,231,383
Field work	201	406,202	-	-	-	-	-	-	406,403
Geological consulting	3,000	674,803	5,900	-	-	-	-	3,000	686,703
Travel	-	252,251	-	-	-	-	-	-	252,251
Sale of exploration and evaluation assets	(501,555)	-	(63,770)	-	(113,848)	(740,979)	-	(73,856)	(1,494,008)
Balance, end of year	-	7,587,114	-	-	-	-	-	-	7,587,114
Total, end of year	**$ -**	**$9,284,979**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 9,284,979**

EXPRESSED IN CANADIAN DOLLARS

6. EXPLORATION AND EVALUATION ASSETS (continued)

Year Ended January 31, 2022	Fredart Property	Jackpot Property	Eastern Vision Property	North Buffy Lake Property	Dixie 3 & Ben Lake Properties	Dixie Ten-Mile Properties	Northern Vision Property	LaCorne Property	Garnet Lake Property	Total
Acquisition Costs:										
Balance, beginning of year	$ 150,000	$ 468,125	$ 79,500	$ 100,000	$ 310,000	$ 102,500	$ 8,650	$ 68,969	$ 140,000	$1,427,744
Cash	70,000	225,000	-	-	-	-	-	-	75,000	370,000
Shares	52,500	700,500	-	-	-	62,500	22,500	-	130,000	968,000
Sale of exploration and evaluation assets	-	-	-	-	-	-	-	(68,969)	-	(68,969)
Balance, end of year	272,500	1,393,625	79,500	100,000	310,000	165,000	31,150	-	345,000	2,696,775
Deferred Exploration Costs:										
Balance, beginning of year	440,294	3,588,637	20,750	-	93,208	85,158	-	12,031	21,250	4,261,328
Assays	-	608	-	-	-	34,558	-	-	-	35,166
Drilling	-	-	-	-	-	519,380	-	-	-	519,380
Field work	21,483	328,063	23,120	-	-	11,306	-	-	27,616	411,588
Geological consulting	36,577	19,642	14,000	-	20,640	72,940	-	-	21,990	185,789
Travel	-	17,365	-	-	-	17,637	-	-	-	35,002
Sale of exploration and evaluation assets	-	-	-	-	-	-	-	(12,031)	-	(12,031)
Balance, end of year	498,354	3,954,315	57,870	-	113,848	740,979	-	-	70,856	5,436,222
Total, end of year	**$ 770,854**	**$5,347,940**	**$ 137,370**	**$ 100,000**	**$ 423,848**	**$ 905,979**	**$ 31,150**	**$ -**	**$ 415,856**	**$8,132,997**

6. EXPLORATION AND EVALUATION ASSETS (continued)

Fredart Property, Ontario, Canada

During the year ended January 31, 2021, the Company entered into an option agreement with an arms-length vendor to acquire an 80% interest in the Fredart property located in the Red Lake District, Ontario for the following consideration:

Cash payments

i) cash payment of $30,000 on or before the date that is 5 business days after TSX-V Exchange approval date (paid);
ii) cash payment of $50,000 on or before the date that is 6 months after the TSX-V Exchange approval date (paid); and
iii) cash payment of $70,000 on or before the date that is 12 months after the TSX-V Exchange approval date (paid).

Share issuance

i) issuance of 750,000 shares on or before the date that is 5 business days after the TSX-V Exchange approval date (issued and valued at $60,000);
ii) issuance of 750,000 shares on or before the date that is 12 months after the TSX-V Exchange approval date (issued and valued at $52,500); and
iii) issuance of 1,000,000 shares on or before the date that is 24 months after the TSX-V Exchange approval date (issued and valued at $100,000).

Exploration expenditures

i) incur exploration expenditures of $300,000 on or before the date that is 12 months after TSX-V Exchange approval date (incurred);
ii) incur exploration expenditures of $300,000 on or before the date that is 24 months after the TSX-V Exchange approval date (incurred); and
iii) incur exploration expenditures of $400,000 on or before the date that is 36 months after the TSX-V Exchange approval date (incurred).

The vendor retains a 1.0% to 1.5% Net Smelter Return ("NSR") royalty.

Jackpot Property, Ontario, Canada

During the year ended January 31, 2017, the Company entered into an option agreement, subsequently amended, to acquire a 100% interest in the Jackpot Property in Thunder Bay, Ontario for the following consideration:

i) issuance of 300,000 shares (issued at a value of $156,000); and
ii) issuance of 375,000 shares by March 28, 2017 (issued at a value of $75,000).

In addition, a 1.5% NSR royalty will be granted to the vendors. The Company has the option to purchase back 1% of the NSR royalty for $1,000,000.

During the year ended January 31, 2019, the Company paid $41,625 cash and issued 600,000 shares valued at $150,000 as consideration for acquisition of additional claims surrounding its 100% owned Jackpot Property.

During the year ended January 31, 2021, the Company paid $10,000 cash and issued 300,000 shares valued at $25,500 to acquire nine additional claims on the Jackpot Property. The vendor retains a royalty of 1.0% on revenue generated from non-smelter elements from the additional claims and a 1.0% NSR. The Company has the option to purchase back 1% of the NSR royalty for $500,000.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Jackpot Property, Ontario, Canada (continued)

During the year ended January 31, 2022, the Company paid $10,000 cash and issued 300,000 shares (valued at $25,500) to acquire four additional claims on the Jackpot Property. The vendor retains a royalty of 1.0% on revenue generated from non-smelter elements from the additional claims and a 1.0% NSR. The Company has the option to purchase back 1% of the NSR royalty for $500,000.

Additionally, the Company acquired a 100% interest in 87 claims for a consideration of $225,000 in cash (paid) and issued 5,000,000 shares (valued at $675,000). The vendor retains a royalty of 2.5% NSR. The Company has the option to purchase back 1% of the NSR royalty for $1,000,000. In the event that the claims are demonstrated to contain NI 43-101 compliant inferred resources in excess of 5,000,000 tons of Li2O, the Company shall make a bonus payment of 5,000,000 common shares.

On March 20, 2022, the Company acquired an additional claim within the Jackpot Property by issuing 8,000 common shares.

During fiscal 2023, the Company signed an exploration agreement (the "Agreement") with Bingwi Neyaashi Anishinaabek, Biinjitiwaabik Zaaging Anishinaabek and Red Rock Indian Band (the "First Nations") setting out a framework for Imagine Lithium's consultation and accommodation activities with the First Nations Groups in connection with exploration activities at the Jackpot Lithium Project near Thunder Bay, Ontario. Under the terms of the Agreement, Imagine Lithium has agreed to, among other things, make a one-time payment of $120,000 (paid) and grant an aggregate of 3,000,000 common share purchase warrants ("Warrants") (granted and valued at $183,600) to the First Nations, with each First Nations receiving 1,000,000 Warrants. Each Warrant will entitle the holder thereof to purchase one common share in the capital of the Company at an exercise price of $0.11 per Warrant Share for a period of five years following the date of issuance of such Warrant.

In addition, under the terms of the agreement, the Company will make the following payments to the First Nations:

(a) Costs related to the operation of a limited partnership, corporation, or other entity to be jointly and equally owned by each First Nation, provided that the costs of establishing such entity shall not exceed ten thousand dollars ($10,000).

(b) An annual payment equal to:

(i) three percent (3%) of all Eligible Exploration Costs related to Early Exploration Activities and incurred during the calendar year, up to a maximum of $4,000,000 of Eligible Exploration Costs incurred during the Term or during any Renewal Term; and

(ii) two percent (2%) of all Eligible Exploration Costs related to Early Exploration Activities and incurred during the calendar year where such Eligible Exploration Costs are, during the Term or during any Renewal Term, in excess of $4,000,000 in the aggregate.

Eastern Vision Property, Ontario, Canada

During the year ended January 31, 2020, the Company entered into an option agreement with an arms-length vendor to acquire a 100% interest in the claims comprising the Eastern Vision Property located in the Red Lake District, Ontario for the following consideration:

Cash payments

i) cash payment of $8,000 on or before December 10, 2019 (paid);
ii) cash payment of $12,000 on or before December 10, 2020 (paid);
iii) cash payment of $16,000 on or before December 10, 2021; and
iv) cash payment of $36,000 on or before December 10, 2022.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Eastern Vision Property, Ontario, Canada (continued)

Share issuance

i) issuance of 400,000 shares on or before December 9, 2019 (issued and valued at $30,000);
ii) issuance of 200,000 shares on or before December 9, 2020 (issued and valued at $11,000); and
iii) issuance of 200,000 shares on or before December 9, 2021 (issued and valued at $20,000).

The vendor retains a 1.5% NSR royalty, 50% of which is purchasable by the Company for $1,000,000 at any time.

During the year ended January 31, 2021, the Company acquired a 100% interest of an additional seven mineral claims (Gerry Claims) in the Eastern Vision Property for the following considerations:

Cash payments

i) cash payment of $7,500 on or before the date that is 5 business days after the TSX-V Exchange approval date (paid).

Share issuance

i) issuance of 100,000 shares (issued and valued at $11,000) on or before the date that is 5 business days after TSX-V Exchange approval date.

The vendor retains a 1.5% NSR royalty, of which 100% is purchasable by the Company for $1,500,000 at any time.
On December 15, 2021, the Company entered into a definitive agreement with Trillium Gold Mines Inc. ("Trillium") to acquire certain properties held by the Company in relation to the Eastern Vision project, in consideration of $175,000 in cash and 2,800,000 common shares of Trillium. In addition, Trillium will assume all the remaining cash payment commitments under its existing option agreements, and the Company would retain its share issuance obligations. On June 20, 2022, the transaction closed – the Company received $175,000 cash and 2,800,000 common shares of Trillium valued at $784,000.

In addition, Imagine has closed an Amending, Settlement and Termination Agreement with Pegasus (the "Pegasus Agreement") with respect to the February 3, 2020 agreements relating to the Garnet Lake Property and portions of Fredart Property (the Option Agreements"). Under the Pegasus Agreement, Pegasus has issued to the Company 5,000,000 (valued at $250,000) common shares of Pegasus in exchange for delivery of certain payment obligations under the Option Agreements.

The Company recorded a loss of $1,943,159 on the sale of the properties in relation to the Eastern Vision project. The Eastern Vision Project consist of Fredart Property, Garnet Lake Property, North Buffy Lake Property, Eastern Vision Property, Dixie 3 and Ben Lake Properties, Dixie 10 Miles Properties, and Northern Vision Property.

North Buffy Lake Property, Ontario, Canada

During the year ended January 31, 2020, the Company entered into an option agreement with an arms-length vendor to acquire a 100% interest in the claims comprising the North Buffy Lake Property located in the Red Lake District, Ontario for the following consideration:

Cash payments

i) cash payment of $22,000 on or before December 10, 2019 (paid);
ii) cash payment of $22,000 on or before December 10, 2020 (paid);
iii) cash payment of $33,000 on or before December 10, 2021; and
iv) cash payment of $44,000 on or before December 10, 2022.

Share issuance

i) issuance of 500,000 shares on or before December 10, 2019 (issued and valued at $39,500); and
ii) issuance of 300,000 shares on or before December 10, 2020 (issued and valued at $16,500).

The vendor retains a 1.5% NSR royalty, 50% of which is purchasable by the Company for $1,000,000 at any time.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Dixie 3 and Ben Lake Properties, Ontario, Canada

During the year ended January 31, 2020, the Company entered into an option agreement with an arms-length vendor to acquire a 100% interest in the claims comprising the Dixie 3 and Ben Lake properties located in the Red Lake District, Ontario for the following consideration:

Cash payments

i) cash payment of $10,000 on or before January 2, 2020 (paid);
ii) cash payment of $40,000 on or before the earlier of the next private placement of at least $250,000 or March 31, 2020 (paid); and
iii) cash payment of $50,000 on or before July 2, 2020 (paid).

Share issuance

i) issuance of 2,000,000 shares on or before January 2, 2020 (issued and valued at $200,000).

The vendor retains a 0.5% NSR royalty on Dixie 3, of which is purchasable by the Company for $400,000 at any time.

The vendor retains a 1.5% NSR royalty on Ben Lake, of which 50% is purchasable by the Company for $400,000 at any time.

Dixie Ten-Mile Properties, Ontario, Canada

During the year ended January 31, 2020, the Company entered into an option agreement with an arms-length vendor to acquire a 90% interest in the Dixie Ten-Mile properties located in the Red Lake District, Ontario.

To acquire the first 75% interest, the Company is required to make the following consideration:

Cash payments

i) cash payment of $15,000 on or before January 29, 2020 (paid);
ii) cash payment of $15,000 on or before July 29, 2020 (paid); and
iii) cash payment of $30,000 on or before January 29, 2021 (paid).

Share issuance

i) issuance of 500,000 shares on or before January 29, 2020 (issued and valued at $42,500); and
ii) issuance of 500,000 shares on or before January 29, 2021 (issued and valued $62,500).

Exploration expenditures

i) incur exploration expenditures of $250,000 on or before January 29, 2021 (incurred); and
ii) incur exploration expenditures of $300,000 on or before January 29, 2022 (incurred).

The Company has the option to acquire the remaining 15% interest by making the following additional consideration:

i) cash payment of $30,000; and
ii) issuance of 500,000 shares on or before January 29, 2022 (issued and valued at $50,000).

The vendor retains a 1.0% NSR royalty, of which 50% is purchasable by the Company for $400,000 at any time.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Northern Vision Property, Ontario

During the year ended January 31, 2021, the Company entered into an option agreement with an arms-length vendor to acquire a 100% interest in the Northern Vision property located in the Red Lake District, Ontario for the following consideration:

Cash payments

i) cash payment of $8,650 on or before the date that is 5 business days after the TSX-V Exchange approval date (paid);
ii) cash payment of $12,000 on or before December 31, 2021;
iii) cash payment of $15,000 on or before December 31, 2022; and
iv) cash payment of $30,000 on or before December 31, 2023.

Share issuance

i) issuance of 250,000 shares on or before the date that is 5 business days after TSX-V Exchange approval date (issued and valued at $25,000); and
ii) issuance of 250,000 shares on or before the date that is December 31, 2021 (issued and valued at $25,000) .

The vendor retains a 1.5% NSR royalty, of which 50% is purchasable by the Company for $500,000 at any time.

Garnet Lake Property, Ontario

During the year ended January 31, 2021, the Company entered into an option agreement with an arms-length vendor to acquire an 80% interest in the Garnet Lake property located in the Red Lake District, Ontario for the following consideration:

Cash payments

i) cash payment of $75,000 on or before the date that is 5 business days after TSX-V Exchange approval date (paid);
ii) cash payment of $75,000 on or before June 30, 2022 (paid); and
iii) cash payment of $150,000 on or before December 31, 2022.

Share issuance

i) issuance of 1,000,000 shares (issued and valued at $65,000) on or before the date that is 5 business days after the TSX-V Exchange approval date;
ii) issuance of 1,000,000 shares on or before December 31, 2022 (issued and valued at $130,000); and
iii) issuance of 2,000,000 shares on or before December 31, 2023.

Exploration expenditures

i) incur exploration expenditures of $400,000 on or before December 31, 2022;
ii) incur exploration expenditures of $400,000 on or before December 31, 2023; and
iii) incur exploration expenditures of $700,000 on or before December 31, 2024.

The vendor retains a 2.0% NSR royalty.

EXPRESSED IN CANADIAN DOLLARS

6. EXPLORATION AND EVALUATION ASSETS (continued)

Preissac-Lacorne complex of Abitibi Greenstone Belt, Quebec, Canada

In June 2016, the Company entered into an option agreement to acquire a portfolio of lithium properties in the Preissac-Lacorne complex of Abitibi Greenstone Belt, Quebec for the following consideration:

i) cash payment of $10,000 (paid); and
ii) issuance of 1,250,000 shares (issued).

An aggregate of 109,615 shares were issued as finders' fees with a total fair value of $41,683. In addition, a 1.0% NSR was granted to the vendors. The Company has the option to purchase back 0.5% of the NSR royalty for $500,000.

During the year ended January 31, 2018, the Company entered into an option agreement with Jourdan Resources Inc. ("Jourdan") whereby Jourdan has the right to acquire up to a 75% interest in the LaCorne Property for the following consideration:

i) cash payment of $50,000 on or before May 15, 2017 (received);
ii) issuance of 600,000 Jourdan shares on or before May 15, 2017 (received at a value of $96,000);
iii) cash payment of $75,000 on or before May 16, 2019; and
iv) issuance of 600,000 Jourdan shares on or before May 16, 2019.

During the year ended January 31, 2020, Jourdan has lapsed on the payments and the agreement is considered to be in default.

During the year ended January 31, 2021, the Company amended the option agreement whereby Jourdan has the right to acquire a 100% interest in the LaCorne Property in consideration of 8,100,000 common shares of Jourdan. As of January 31, 2021, the Company valued the consideration shares to be $81,000, which resulted in an impairment loss on the property of $288,194.

During the year ended January 31, 2022, the Company entered into a settlement agreement whereby Jourdan settled all remaining terms in consideration of 4,500,000 common shares of Jourdan valued at $202,500. The Company recognized a gain of $121,500 on this transaction.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2023	January 31, 2022
Trade accounts payable	**$ 151,115**	$ 63,534
Accrued liabilities	**124,519**	27,750
	$ 275,634	$ 91,284

8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

a) Share capital

As of January 31, 2023, the Company had 220,553,030 common shares outstanding.

During the year ended January 31, 2023, the Company:

i) the Company issued 1,193,012 common shares pursuant to the exercise of warrants for gross proceeds of $151,050.

ii) the Company issued 1,958,000 common shares pursuant to property purchase agreements, valued at $195,640.

iii) the Company issued 4,300,000 common shares pursuant to the exercise of options for gross proceeds of $258,000.

During the year ended January 31, 2022, the Company:

iv) closed a non-brokered private placement of 49,287,200 units at a price of $0.06 per unit for gross proceeds of $2,957,232. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one additional common share of the Company at a price of $0.10 per share until December 8, 2023. In connection with the financing, no value was allocated to the warrant component of the unit offering completed. In connection with the private placement, the Company paid $47,875 of cash commission.

The Company also closed a non-brokered private placement of 6,712,800 flow-through units at a price of $0.085 for total gross proceeds of $570,588. Each unit consists of one flow-through common share and one non-flow-through share purchase warrant of the Company. Each whole warrant will entitle the holder to acquire one share of the Company at a price of $0.11 per share until December 8, 2023. The Company recorded a flow-through premium liability of $167,820. In connection with the financing, no value was allocated to the warrant component of the unit offering completed.

v) issued 19,974,983 common shares pursuant to the exercise of warrants for gross proceeds of $2,014,492 and accordingly, the Company reallocated fair value of $128,101 from share-based payment reserve to share capital.

vi) issued 2,745,000 common shares pursuant to the exercise of options for gross proceeds of $209,200, and accordingly, the Company reallocated fair value of $150,801 from share-based payment reserve to share capital.

vii) issued 300,000 shares with a value of $25,500 pursuant to the expansion of the Jackpot Property (Note 6).

viii) issued 500,000 shares with a value of $62,500 pursuant to the acquisition of the Dixie Ten-Mile Property (Note 6).

ix) issued 250,000 shares with a value of $22,500 pursuant to the acquisition of the Northern Vision Property (Note 6).

x) issued 750,000 shares with a value of $52,500 pursuant to the acquisition of the Fredart Property (Note 6).

xi) issued 5,000,000 shares with a value of $675,000 pursuant to the expansion of the Jackpot Property (Note 6).

xii) issued 1,000,000 shares with a value of $130,000 pursuant to the acquisition of Garnet Lake Property (Note 6).

EXPRESSED IN CANADIAN DOLLARS

8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

b) Stock options and warrants

Stock options

The Company has a stock option plan (the "Plan") under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the Plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting provisions are set at the discretion of the Company's Board of Directors except where dictated by legislation.

During the year ended January 31, 2023, the Company:

i) granted 300,000 options to an officer of the Company with an exercise price of $0.155 and expiring on February 1, 2024. The estimated fair value of these options was $31,400.

ii) granted 3,200,000 options to officers, directors and consultants of the Company with an exercise price of $0.08 and expiring on August 19, 2027. The estimated fair value of these options was $205,100.

iii) granted 3,475,000 options to officers, directors and consultants of the Company with an exercise price of $0.075 and expiring on November 11, 2027. The estimated fair value of these options was $226,500.

iv) during the year ended January 31, 2023, an aggregate of 4,300,000 options were exercised for gross proceeds of $258,000.

A summary of changes in stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding as at January 31, 2021	9,275,000	$ 0.07
Exercised	(2,745,000)	0.08
Expired	(1,000,000)	0.09
Outstanding as at January 31, 2022	5,530,000	$ 0.06
Granted – February 1, 2022	300,000	0.16
Granted – August 19, 2022	3,200,000	0.08
Granted –November 11, 2022	3,475,000	0.08
Exercised	(4,300,000)	0.06
Expired	(1,230,000)	0.08
Outstanding as at January 31, 2023	6,975,000	$ 0.08

EXPRESSED IN CANADIAN DOLLARS

8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

b) Stock options and warrants (continued)

As at January 31, 2023, the following options were outstanding and exercisable:

Number of Options	Exercise Price	Fair Value at Grant Date	Expiry Date	Weighted Average Contractual Life (Years)
300,000	$0.16	$ 31,400	01-Feb-24	1.00
3,200,000	$0.08	$ 205,100	19-Aug-27	4.55
3,475,000	$0.08	$ 226,528	11-Nov-27	4.78
6,975,000		$ 463,028		4.51

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended January 31, 2023:

	February 1, 2022	August 19, 2022	November 11, 2022
Risk-free interest rate	1.28%	3.06%	3.31%
Expected life of options	2.0 years	5.0 years	5.0 years
Expected annualized volatility	130.75%	111.00%	112.59%
Expected dividend rate	-	-	-
Fair value per stock option granted	$0.10	$0.06	$0.07

Warrants

A summary of changes in warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, at January 31, 2021	87,628,066	0.13
Issued	56,000,000	0.10
Exercised	(19,974,983)	0.10
Expired	(1,646,800)	0.10
Balance, at January 31, 2022	122,006,283	0.12
Issued	3,000,000	0.11
Exercised	(1,193,012)	0.13
Expired	(64,813,271)	0.13
Balance, January 31, 2023	59,000000	0.10

As at January 31, 2023, the following warrants were issued and outstanding:

Number of Warrants	Exercise Price	Fair Value at Grant Date	Expiry Date	Weighted Average Contractual Life (Years
49,287,200	$0.10	$ -	22-Dec-23	0.89
6,712,800	$0.11	$ -	22-Dec-23	0.89
3,000,000	$0.11	$ 183,600	13-May-27	4.28
59,000,000		$ 183,600		1.03

EXPRESSED IN CANADIAN DOLLARS

8. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (continued)

b) Stock options and warrants (continued)

The following weighted average assumptions were used for the Black-Scholes valuation of warrants granted during the year ended January 31, 2023 for exploration and evaluation assets:

	May 13, 2022
Risk-free interest rate	2.73%
Expected life of options	5.0 years
Expected annualized volatility	110.94%
Expected dividend rate	-
Fair value per warrant issued	$0.06

9. SEGMENTED INFORMATION

The Company primarily operates in one reportable segment, being the acquisition and exploration of exploration and evaluation assets in North America. Refer to Note 6 for geographic information.

10. COMMITMENTS AND CONTINGENCIES

a) The Company's exploration activities are subject to government laws and regulations, including tax laws and laws and regulations governing the protection of the environment. The Company believes that its operations comply in all material respects with all applicable past and present laws and regulations. The Company records provisions for any identified obligations, based on management's estimate at the time. Such estimates are, however, subject to changes in laws and regulations.

b) Pursuant to the issuance of 6,712,800 flow-through units on December 8, 2021, the Company renounced $570,588 of qualified exploration expenditures with an effective date of December 31, 2021. The Company is required to expend these flow-through funds by December 31, 2022. As of January 31, 2023, the amount remaining to be expended is $nil (2022 - $552,518).

11. FLOW-THROUGH PREMIUM LIABILITY

	January 31, 2023	January 31, 2022
Balance - beginning of year	**$ 162,505**	$ -
Flow-through premium liability	**-**	167,820
Flow-through recovery	**(162,505)**	(5,315)
	$ -	$ 162,505

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

In December 2021, the Company received an aggregate $570,588 from the issuance of flow-through units at a premium to the market price and recognized a deferred premium of flow-through shares of $167,820.

During the year ended January 31, 2022, the Company recognized from flow-through premium liabilities a gain of $5,315 related to exploration and evaluation expenses during the year. During the year ended January 31, 2023, the Company recognized from flow-through premium liabilities a gain of $162,505 related to exploration and evaluation expenses during the period.

EXPRESSED IN CANADIAN DOLLARS

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers and Board of Director members.

During the year ended January 31, 2023, the Company:

a) paid or accrued management fees of $120,000 (2022 - $120,000) to a company owned by a director of the Company for management services provided;

b) paid or accrued office rent of $12,000 (2022 – $48,000) to a company owned by a director of the Company;

c) paid or accrued management fees of $60,000 (2022 - $nil) to a company owned by an officer of the Company;

d) paid or accrued exploration and evaluation costs of $227,500 (2022 – $65,027) to a director of the Company;

e) paid or accrued management fees of $60,000 (2022 - $72,000) to a company owned by a director of the Company;

f) and recorded share-based compensation of $286,688 (2022 - $nil) related to stock options granted to directors of the Company.

As at January 31, 2023 $21,872 (2022 - $4,814) were due to related parties. An amount of $nil was recorded as prepaid expenses to a related party as at January 31, 2023 (2022 - $8,483).

13. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2023		2022
Net loss for the year	$	(3,304,259)	$	(497,873)
Expected income tax (recovery)	$	(892,000)	$	(134,000)
Change in statutory, foreign tax, foreign exchange rates and other		-		(1,000)
Permanent differences		140,000		(10,000)
Impact of flow-through share		151,000		66,000
Share issuance costs		-		(13,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital loss		488,000		(331,000)
Change in unrecognized deductible temporary differences		113,000		423,000
Total income tax expense (recovery)	$	-	$	-

EXPRESSED IN CANADIAN DOLLARS

13. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2023	2022
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	$ 1,974,000	$ 1,696,000
Share issue costs	23,000	34,000
Marketable securities	61,000	1,000
Allowable capital losses	234,000	236,000
Non-capital losses available for future periods	3,133,000	3,345,000
	5,425,000	5,312,000
Unrecognized deferred tax assets	(5,425,000)	(5,312,000)
Net deferred tax assets	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 7,228,000	No expiry date	$ 6,298,000	No expiry date
Investment tax credits	31,000	2032 to 2034	31,000	2032 to 2033
Property and equipment	1,000	No expiry date	1,000	No expiry date
Share issue costs	84,000	2043 to 2047	127,000	2043 to 2046
Marketable securities	453,000	No expiry date	11,000	No expiry date
Allowable capital losses	867,000	No expiry date	873,000	No expiry date
Non-capital losses available for future periods	11,604,000	2026 to 2041	12,803,000	2026 to 2041

Tax attributes are subject to review and potential adjustments by tax authorities.

14. SUBSEQUENT EVENTS

Subsequent to January 31, 2023:

a) the Company issued 1,575,000 common shares pursuant to the exercise of warrants for gross proceeds of $160,500.

b) On February 5, 2023, Imagine engaged OGIB Corporate Bulletin to provide market awareness services over a term of 6 months for a prepaid amount of $200,000.

c) On April 26, 2023, the Company closed a non-brokered private placement of 48,820,000 flow-through shares at a price of $0.1725 per share for gross proceeds of $8,421,450. In addition, the Company completed a private placement of 6,180,000 non-flow-through common shares (the "Common Shares") at a price of $0.115 per common share for gross proceeds of $710,700. Total gross proceeds from the private placements are $9,132,150.