CENTRAL TIMMINS EXPLORATION CORP.

Financial Statements

For the year ended December 31, 2018
and the
Period from November 10, 2017 (date of Incorporation)
to December 31, 2017

Independent Auditor's Report

To the Shareholders of Central Timmins Exploration Corp.:

Opinion

We have audited the financial statements of Central Timmins Exploration Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and December 31, 2017, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2018 and for the period from November 10, 2017 (date of incorporation) to December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the year ended December 31, 2018 and the period from November 10, 2017 (date of incorporation) to December 31, 2017, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that as at December 31, 2018, the Company had not yet achieved profitable operations, had accumulated losses of $1,379,918 and expects to incur future losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits 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 on this other information, 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

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

MNP LLP

Toronto, Ontario
April 8, 2019

Chartered Professional Accountants
Licensed Public Accountants

MNP

Statements of Financial Position

(Expressed in Canadian Dollars)

As at December 31,	**2018**	2017
	$	$
Assets		
Current Assets		
Cash *(Note 7)*	**2,068,312**	499,977
Receivables and other assets *(Note 8)*	**89,105**	-
	2,157,417	499,977
Liabilities		
Current Liabilities		
Trade and other payables *(Notes 9 and 11)*	**129,953**	472,586
Due to related parties *(Note 11)*	**-**	352,973
Premium liability on flow-through shares	**375,000**	-
	504,953	825,559
Shareholders' Equity		
Capital stock *(Note 12)*	**2,792,644**	150,000
Warrant reserve (Note 13)	**126,962**	-
Share-based payment reserve (Note 12)	**112,776**	-
Deficit	**(1,379,918)**	(475,582)
	1,652,464	(325,582)
Total Liabilities and Shareholders' Equity	**2,157,417**	499,977

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 15)
Subsequent Events (Note 16)

Approved by the Board of Directors

"Julian Kemp"
Director

"Charles Gryba"
Director

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

(Expressed in Canadian Dollars)

	Year ended December 31, 2018	*Date of Incorporation November 10, 2017 to December 31, 2017*
	$	$
Administrative Expenses		
Professional fees	**327,995**	106,500
General and administrative	**80,274**	1,523
Interest on related party loans	**5,466**	2,973
Shareholder information	**70,610**	-
Investor relations and travel	**24,584**	-
Share-based payments	**112,776**	-
Total Administrative Expenses	**(621,705)**	(110,996)
Exploration and evaluation expenditures *(Note 4)*	**(496,069)**	(364,586)
Flow-through share premium recovery	**100,000**	-
Gain on debt forgiveness *(Note 11 and 12)*	**113,438**	-
Net loss and comprehensive loss for the year	**(904,336)**	(475,582)
Loss per share - basic and diluted	**$ 0.030**	$ 0.048
Weighted average number of shares outstanding – basic and diluted	**30,344,658**	9,823,529

(Expressed in Canadian Dollars)

	Capital Stock		Reserves			
	Number of shares	Amount	Share-based payments	Warrants	Deficit	Total
Balance at November 10, 2017	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Private placement *(Note 12)*	15,000,000	150,000	-	-	-	150,000
Net loss and comprehensive loss for the year	-	-	-	-	(475,582)	(475,582)
Balance at December 31, 2017	**15,000,000**	**$ 150,000**	**$ -**	**$ -**	**$ (475,582)**	**$ (325,582)**
Private Placement *(Note 12)*	31,150,000	3,270,000	-	-	-	3,270,000
Debt conversion *(Note 11 and 12)*	4,900,000	245,000	-	-	-	245,000
Premium liability on flow-through shares		(475,000)	-	-	-	(475,000)
Shares issued for property payment *(Note 4)*	200,000	20,000	-	-	-	20,000
Shares issued for MOU agreement *(Note 4)*	100,000	12,000	-	-	-	12,000
Share issuance cost - legal	-	(129,177)	-	-	-	(129,177)
Share issuance cost – cash	-	(177,400)	-	-	-	(177,400)
Reserve on issuance of stock options *(Note 12)*	-	-	112,776	-	-	112,776
Reserve on issuance of warrants *(Note 4 and 13)*	-	-	-	4,183	-	4,183
Reserve on issuance of warrants *(Note 13)*	-	(122,779)	-	122,779	-	-
Net loss and comprehensive loss for the year	-	-	-	-	(904,336)	(904,336)
Balance at December 31, 2018	**51,350,000**	**$ 2,792,644**	**$ 112,776**	**$ 126,962**	**$ (1,379,918)**	**$ 1,652,464**

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

(Expressed in Canadian Dollars)

	Year ended December 31, 2018	Date of Incorporation (November 10, 2017) to December 31, 2017
Operating activities	**$**	$
Net loss for the period	**(904,336)**	(475,582)
Items not involving cash:		
Share-based payments	**112,776**	-
Accrued interest on related party loans	**5,466**	2,973
Gain on debt forgiveness	**(113,438)**	-
Shares issued for property option payments	**20,000**	-
Warrants issued for MOU agreement	**4,183**	-
Shares issued for MOU agreement payments	**12,000**	-
Flow-through share premium recovery	**(100,000)**	-
Change in non-cash working capital:		
Receivables and other assets	**(89,105)**	-
Trade and other payables	**(342,634)**	472,586
	(1,395,088)	(23)
Financing activities		
Proceeds from loans from related parties	**-**	350,000
Proceeds from private placement, net of share issuance costs	**2,963,423**	150,000
	2,963,423	500,000
Increase in cash	**1,568,335**	499,977
Cash at beginning of period	**499,977**	-
Cash at end of period	**2,068,312**	499,977

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Warrants issued for share issuance costs (Note 13)	122,779	-
Warrants issued for MOU agreement (Note 4 and 12)	4,183	-
Common shares issued for MOU agreement (Note 4 and 12)	12,000	-
Common shares issued for property (Note 12)	20,000	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Central Timmins Exploration Corp. (the “Company” or “CTEC”) was incorporated on November 10, 2017 under the laws of the Canada Business Corporations Act.

The Company’s head office is located at 200 Bay Street, Suite 2350, Toronto, ON, Canada, M5J 2J2. The Company is an exploration stage company whose current focus is on acquiring interests in exploration properties in Timmins, Ontario, Canada. Substantially all of the Company’s efforts are devoted to financing and acquiring these properties. There has been no determination whether the Company's interests in mineral properties will contain mineral reserves which are economically recoverable.

On October 4, 2018 the Company filed a Final Prospectus with the Ontario Securities Commission and on October 16, 2018, the Company closed its initial public offering of 15,000,000 common shares at $0.10 per share for aggregate gross proceeds of $1,500,000. The Company's common shares commenced trading October 16, 2018 on the TSX Venture Exchange (the “Exchange”) under the symbol "CTEC".

As at December 31, 2018, the Company had working capital of $1,652,464 (2017 - a working capital deficiency of $325,582), had not yet achieved profitable operations, had accumulated losses of $1,379,918 (2017 - $475,582) and expects to incur future losses in the development of its business. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements have been prepared on the basis that the Company will continue as a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that future exploration programs will result in profitable mining operations. The Company's continued existence will be dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

The Company will require substantial additional funds to explore and, if warranted, develop its acquired exploration properties. The Company has limited financial resources and no current source of recurring revenue, and there is no assurance that additional funding will be available to the Company to carry out the completion of its planned exploration activities. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of future exploration and property development. The terms of any additional financing obtained by the Company could result in significant dilution to the shareholders of the Company.

Management plans to secure the necessary financing through the issuance of new equity or debt instruments. Nevertheless, there is no assurance that these initiatives will be successful.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These Financial Statements were authorized for issuance by the Board of Directors of the Company on April 5, 2019.

2. BASIS OF PREPARATION (continued)

2.2 Basis of presentation and functional and presentation currency

These financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value and have been prepared using the accrual basis of accounting except for cash flow information, as explained in the accounting policies set out in Note 3.

The financial statements are presented in Canadian Dollars, which is also the functional currency of the Company.

2.3 Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates and judgments relate to, but are not limited to, the following:

- determination of the flow-through share premium requires the use of estimates when calculating the premium associated with the issuance of flow-through shares compared with common shares;
- the calculation of the fair value of share-based payments requires the use of estimates of inputs in the Black-Scholes option pricing valuation model;
- accounting policy for exploration and evaluation expenditures as an expense;
- ownership and control of property requires the use of judgment;
- provisions for income taxes expected to be paid based on a qualitative assessment of relevant factors; and
- assessment of the going concern assumption as detailed in Note 1 to the financial statements.

2.4 Adoption of new and revised standards and interpretations

Adoption of new and revised standards and interpretations

- IFRS 9 – Financial instruments ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company adopted this standard on January 1, 2018 and it did not have a material impact on the financial statements.
- IFRS 15 – Revenue from Contracts with Customers: The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied

2. BASIS OF PREPARATION (continued)

2.4 Adoption of new and revised standards and interpretations (continued)

Adoption of new and revised standards and interpretations (continued)

retrospectively with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Company's consolidated financial statements. The Company adopted this standard on January 1, 2018 and it did not have a material impact on the financial statements as the Company is currently not generating operating revenues.

Future accounting pronouncements

- IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company will adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. The Company is assessing the impact of this standard on its financial statements and expects that on adoption of the standard, there will be an increase to assets and liabilities, as the Company will be required to record a right-of-use asset and a corresponding lease liability on its statement of financial position. In addition, the Company expects a decrease to its rental lease costs, an increase to finance costs (due to accretion of the lease liability) and an increase to depreciation and amortization (due to amortization of the right-of-use asset).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Exploration and evaluation expenditures

All exploration and evaluation costs, net of incidental revenues, are charged to the Statement of Loss and Comprehensive Loss under the heading "Exploration and evaluation expenditures" in the period incurred until such time as it has been determined that a property has economically recoverable mineral reserves, in which case subsequent exploration costs and the costs incurred to develop the property are first tested for impairment and then capitalized into property, plant and equipment ("PPE"). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated mineral reserves and mineral resources as the depletion base. Exploration and evaluation costs include cost of acquiring claims, property option payments and evaluation activities.

Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

3.2 Provisions and asset retirement obligations ("ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations can be estimated reliably and result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

As at December 31, 2018 and 2017, no provisions have been recorded and no asset retirement obligations have been incurred to date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Equity

Share capital represents the amount received on the issue of shares, less issuance costs. If shares are issued when options and warrants and conversion options are exercised, the share capital account also comprises the costs previously recorded as share-based payments reserve and warrant reserves. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they were measured at their fair value according to the quoted price on the day immediately preceding the conclusion of the agreement.

Share-based payment transactions

Employees (an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including consultants and Directors of the Company) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees receive equity instruments as consideration for services rendered (“equity-settled transactions”).

For equity settled transactions, the Company measures goods or services at their fair value, unless that fair value cannot be estimated reliably, in which case the Company measures their value by reference to the fair value of the equity instruments granted. Fair values of share-based payments (including stock options) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model using the management assumptions disclosed in Note 12 (c) and Note 13 for stock options and warrants, respectively.

Equity settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payment reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, an additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

Other elements of equity

Warrant reserve includes the value of outstanding warrants. When warrants are exercised, the related compensation cost and value are transferred to share capital. Deficit includes all current and prior period retained profits or losses and the value of expired warrants.

3.4 Taxation

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Taxation (continued)

Deferred income tax (continued)

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.5 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share amounts are calculated by dividing net profit attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares, which comprise warrants and stock options granted. During the year ended December 31, 2018, shares issuable on exercise of all the outstanding stock options and warrants were not included in the computation of diluted loss per share as the effect would have been anti-dilutive. There were no options or warrants outstanding as at December 31, 2017.

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial Instruments

On July 24, 2014, the IASB issued the completed IFRS 9 – Financial Instruments ("IFRS 9") to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;

- Its contractual terms give rise to cash flows that are solely payments or principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets are classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	**IAS 39**	**IFRS 9**
Cash	FVTPL	FVTPL
Receivables and other assets	Loans and receivables (amortized cost)	Amortized Cost
Trade and other payables	Other financial liabilities	Amortized Cost
Due to related parties	Other financial liabilities	Amortized Cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

3.9 Cash

Cash in the statement of financial position is comprised of cash held at a Canadian chartered bank.

3.10 Related party transactions

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

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Flow-through shares

To the extent that the company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow through common shares, any such premium is recorded as a liability on the company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting recognized as income.

A deferred tax liability equal to the tax value of flow-through expenditures renounced is recognized once the company has fulfilled its obligations associated with the renunciation of related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled once management establishes the intent to make renunciation filings with the appropriate taxation authorities. In respect of a prospective renunciation (i.e., a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

4. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenditures of the Company are detailed as follows:

	Year Ended December 31, 2018	*Date of Incorporation November 10, 2017 to December 31, 2017*	**Cumulative to date**
	$	**$**	**$**
Timmins Project	**496,069**	**364,586**	**860,655**
Exploration and evaluation costs	**496,069**	**364,586**	**860,655**

	Year Ended December 31, 2018	*Date of Incorporation November 10, 2017 to December 31, 2017*
Acquisition costs	**$ 42,933**	**$ 350,000**
Assays	**6,997**	**-**
Drilling	**108,870**	**-**
Geophysical and MMI Surveys	**219,788**	**-**
Technical Report (NI 43-101)	**58,728**	**-**
Consulting	**25,600**	**-**
Other exploration and evaluation	**33,153**	**14,586**
	$ 496,069	**$ 364,586**

Timmins Project

On December 22, 2017 Company entered into a definitive purchase and sale agreement (the "Agreement") to purchase the Timmins mineral exploration properties from Claim Post Resources Inc. ("Claim Post"), for a cash consideration payable at closing of $350,000 and a Net Smelter Royalty (the "NSR") payable to Claim Post that varies from 1% to a maximum of 2%, depending upon the claims and the pre-existing NSR burden. The NSR provides CTEC the option to buy Claim Post's NSR for cash consideration of $1,500,000 within 24 months of closing, and if the buyout is not fully exercised, the NSR payable to CTEC is capped at $5,000,000 total, proceeds net (excluding any buy out payments) to Claim Post. The transaction closed on January 8, 2018 and the $350,000 payment to Claim Post was made. The transaction was subject to regulatory and third-party approvals and customary conditions precedent. No finder's fees were payable in connection with the transaction.

4. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Timmins Project (continued)

CTEC has a total of 511 (2017 – 381) claim units in the Porcupine Mining District ("The Timmins Area Project"), of which 89 (2017 – 63) are patented claims included in the Dayton Agreement, the Racetrack Agreement and the Goldstone Agreement.

The remaining 422 (2017 – 318) claims are unpatented and include 44 (2017 – 30) claim units located in Deloro Township, 84 (2017 – 83) in Ogden Township, 197 (2017 – 131) in Mountjoy Township, 67 (2017 – 57) in Godfrey Township, 12 (2017 – 11) in Jamieson Township, 6 (2017 – nil) in Jessop Township, 6 (2017 – nil) in Price Township, 5 (2017 – 5) in Robb Township and 1 (2017 – 1) in Turnbull Township.

On March 20, 2018, the Company entered into a memorandum of understanding (the "MOU") with the Matachewan First Nation and Mattagami First Nation (collectively, the "First Nations") pursuant to which the Company and the First Nations signaled their intent to engage in negotiations toward an impact benefit agreement (an "IBA") regarding the Timmins Project. Pursuant to the terms of the MOU, the Company has agreed to pay to the First Nations an amount equal to 2% of all costs of the Phase I exploration on the Timmins Project up to the date of the agreement and annually thereafter. The total amount accrued in the year for these costs is $6,700. In addition, an aggregate of 100,000 Common Shares and 100,000 common share purchase warrants ("Warrants") to be issued the date the Company's Common Shares are listed on the TSX Venture Exchange. The Warrants shall be exercisable into Common Shares at a price of $0.10 per Common Share for a period of five (5) years following the Closing Date, subject to vesting terms by which 25% vest on the date of issuance and the remaining vest equally over a period of eighteen months from the date of issuance. On October 16, 2018 both the 100,000 Common Shares and the 100,000 common share purchase warrants were issued.

The fair value of these respective warrants has been determined using the Black-Scholes valuation model based on a share price of $0.10, exercise price of $0.10, life expectancy of 5 years, volatility of 172.06%, risk free interest rate of 2.40% and a dividend yield of $nil. The total fair value of these warrants was $9,489 for which $4,183 was included in exploration and evaluation expenditures as at year end.

On April 24, 2018, the Company entered into a Mining Claim Acquisition Agreement with Goldstone Resources Inc. ("Goldstone"), to acquire 100 per cent interest in 24 mining claims and 90 per cent interest in 2 additional claims all located in Deloro Township, Ontario ("Faymar Property"). Upon closing, the total consideration payable to Goldstone shall be $20,000 which will be paid by the issuance of 200,000 common shares of CTEC at a value of $0.10 per share. Various claims are subject to a net smelter returns royalty of 0.2%.

On June 18, 2018, in connection with the Faymar Agreement, the Company and Goldstone entered into a subscription receipt agreement (the "Subscription Receipt Agreement") pursuant to which the Company issued 200,000 subscription receipts ("Subscription Receipts"). Each Subscription Receipt shall, without further payment of any additional consideration, be deemed to have subscribed for one common share issuable upon conversion of the Subscription Receipts, on the earlier of one of the following events: (i) the Company completes an initial public offering and the common shares are listed for trading on a recognized public stock exchange; or (ii) the Company completing a plan of arrangement, amalgamation, reverse takeover, qualifying transaction or any other business combination pursuant to which the common shares (or shares of the resulting issuer) are listed for trading on a recognized stock exchange. The prospectus (Note 12) qualifies the distribution of 200,000 common shares issuable upon conversion of the Subscription Receipts in connection with the Offering. On October 16, 2018 the 200,000 Subscription Receipts converted to 200,000 Common Shares.

5. CAPITAL MANAGEMENT

The Company includes shareholders equity (deficit) in the definition of capital.

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, exploration and development of mineral properties and to ensure it continues as a going concern. 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.

5. CAPITAL MANAGEMENT (continued)

All of the properties in which the Company currently has an interest are in the exploration stage with no operating revenues; 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 management feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Recent market conditions have and are expected to continue to have an adverse impact on the ability of junior mining exploration companies to secure equity funding. The Company has historically relied on equity financing to raise capital and will continue its attempts to do so. Although CTEC was successful in securing debt and equity financing in the periods reported, there is no guarantee that future fund-raising attempts will be equally successful.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

6. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL AND OTHER RISK

The Company classifies financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is classified as level 1.

The Company's financial instruments are exposed to financial and other risks as summarized below:

Fair value

As at December 31, 2018, the carrying value approximates the fair value amounts of the Company's cash and trade and other payables.

Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exists.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

The Company's credit risk is primarily attributable to cash. The Company has no material concentration of credit risk arising from operations. Cash consists of bank deposits, which are held by a Canadian chartered bank, and management believes the risk of loss is remote. The Company has not experienced any significant collection issues to December 31, 2018.

The Company's maximum exposure to credit risk as at December 31, 2018 and 2017 is the carrying value of cash.

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL AND OTHER RISK (continued)

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and ensuring an adequate supply of funds to enable the Company to carry out its intended programs. As at December 31, 2018, the Company had a cash balance of $2,068,312 (2017 - $499,977) to settle current liabilities of $504,953 (2017 - $825,559). All of the Company's financial trade liabilities have contractual maturities of less than one year and are subject to normal trade terms.

As at December 31, 2018, the Company had working capital of $1,652,464 (2017 - a working capital deficiency of $325,582). In order to meet its longer-term working capital needs and property exploration expenditures, the Company intends on securing additional financing to ensure that those obligations are properly discharged. As such, management believes that the Company will then have sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. There can be no assurance that CTEC will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised through the issuance of shares from the treasury of the Company, control of CTEC may change and shareholders may experience additional dilution. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to delay, reduce the scope of, or eliminate one or more of its exploration activities or relinquish some or all of its rights to certain of its interests in mineral properties.

iii) Interest rate risk

The Company does not have significant interest rate risk as the promissory notes were at a fixed interest rate of 10% (Note 11).

7. CASH

The cash balance at December 31, 2018 consists of $2,068,312 (2017 - $499,977) on deposit with a major Canadian bank.

During the year ending December 31, 2018, the Company raised $1,350,000 (2017 – nil) in flow-through common share financing which, under the terms of the flow-through financings, these funds must be used to pay for qualifying exploration expenditures, as defined under the Canadian Income Tax Act. As at December 31, 2018, $1,000,000 (2017 – nil) of CTEC's cash balance is required for this purpose.

8. RECEIVABLES AND OTHER ASSETS

The Company's receivables and other assets arise from two main sources: 1) prepaid expenses and 2) harmonized sales tax ("HST") receivable from government taxation authorities. These are broken down as follows:

As at	**December 31, 2018**	December 31, 2017
Prepaid expenses	**$ 16,179**	$ -
HST receivable	**72,926**	-
Total receivables and other assets	**$ 89,105**	$ -

(Expressed in Canadian Dollars)

9. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration acquisition activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

As at	**December 31, 2018**	December 31, 2017
Less than 1 month	**$ 93,441**	$ 472,586
Over 3 months	**36,512**	-
Total trade and other payables	**$ 129,953**	$ 472,586

10. KEY MANAGEMENT COMPENSATION

The remuneration of directors and other members of key management personnel during the year ended December 31, 2018 were as follows:

	Year Ended December 31, 2018	***Date of Incorporation November 10, 2017 to December 31, 2017***
Management and consulting fees	**$ 87,100**	**$ -**
Share-based compensation	**101,656**	**-**

In accordance with IAS 24, Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

11. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

As at December 31, 2018, the trade and other payables balance includes related party amounts of $4,962 (2017 - $nil). The related parties are directors and officers of the Company, an individual who is related to the President and CEO of the Company and entities over which executive management and directors have control or significant influence. The amounts are for services rendered during the year and arose as a result of transactions entered into with the related parties in the ordinary course of business.

The Company executed a Promissory Note with certain related parties, being Neville Dastoor, Charles Gryba, Jens Mayer, Mark Wellings, and INFOR Financial Inc. (the "Promissory Note Holders") in the aggregate amount of $350,000 on December 1, 2017. The Promissory Note is unsecured and bears an interest at a rate 10% calculated and payable semi-annually. The Company recorded interest of $5,466 during the year for the Promissory Note (2017 – $2,973).

On February 26, 2018 the Company converted the $350,000 outstanding Promissory Note to common shares of the Company. (See Note 12). As a result, the Company recorded a gain on the settlement of debt totaling $105,000 and a gain on the forgiveness of debt from interest totaling $8,438.

On April 1, 2018, the Company entered into an agreement with a consultant related to the President and Chief Executive Officer to perform services for a term of 2 years for $6,000 per month.

On May 24, 2018, the Company entered into an agreement with the President and Chief Executive Officer to perform services that will commence on the date of the public offering for a term of 3 years for $10,000 per month.

(Expressed in Canadian Dollars)

12. CAPITAL STOCK

(a) Authorized

As at December 31, 2018, the Company's authorized number of common shares was unlimited and without par value.

(b) Issued

	Number of Shares		Amount
Balance at November 10, 2017	**-**	**$**	**-**
Private placement	15,000,000		150,000
Balance at December 31, 2017	**15,000,000**	**$**	**150,000**
Private placement	31,150,000		3,270,000
Debt conversion	4,900,000		245,000
Shares issued for property payment	200,000		20,000
Shares issued for MOU agreement	100,000		12,000
Share issue costs - legal	-		(129,177)
Share issue costs – cash	-		(177,400)
Reserve on issuance of warrants	-		(122,779)
Premium liability on flow-through shares	-		(475,000)
Balance at December 31, 2018	**51,350,000**	**$**	**2,792,644**

On November 28, 2017 the Company closed a Private Placement for 15,000,000 shares at $0.01 for proceeds of $150,000.

On February 26, 2018 the Company closed a Private Placement of 8,600,000 shares, comprised of 3,600,000 shares at $0.05 and 5,000,000 Flow-through shares at $0.07 per share and for an aggregate total of $530,000.

On February 26, 2018 the Company entered into a Conversion Agreement with each of its Promissory Note holders to which the parties agreed to convert $350,000 of debt for 4,900,000 common shares. The commons shares were valued at a fair value of $0.05 per share for a total of $245,000. The remaining $105,000 was recorded as a gain on debt forgiveness in the statement of income and comprehensive income. The accrued interest amount of $8,438 was forgiven by the Promissory Note holders at the time of conversion and was recorded as a gain on debt forgiveness in the statement of income and comprehensive income.

On March 12, 2018, the Company completed a private placement for aggregate proceeds of $15,000, by issuing 300,000 shares at a price of $0.05 per share.

On October 16, 2018, the Company closed its initial public offering of 15,000,000 common shares at $0.10 per share for aggregate gross proceeds of $1,500,000. The Company's common shares commenced trading October 16, 2018 on the TSX Venture Exchange (the "Exchange") under the symbol "CTEC".

PI Financial Corp. (the "Agent") raised the $1,500,000 in connection with the Company's IPO. The Company paid a commission of 7% of gross proceeds to the Agent, and granted the Agent 1,050,000 broker warrants, to purchase common shares at a price of $0.10 for a period ending twenty-four months from the date of closing. The Company also issued as a corporate finance fee, an additional 500,000 broker warrants to purchase common shares at a price of $0.10 for a period ending twenty-four months from the date of closing.

CTEC granted to the Agent an over-allotment option, exercisable for a period of 30 days following the date of closing of the IPO, to purchase up to an additional 2,250,000 common shares at a price of $0.10 per common share to cover over-allotments, if any, and for market stabilization purposes. On November 26, 2018 the Company issued 2,250,000 common shares for total proceed of $225,000 upon the exercise of the over-allotment. The Company paid additional commission of 7% of gross proceeds to the Agent, and granted the Agent an additional 157,500 broker warrants, to purchase common shares at a price of $0.10 for a period ending twenty-four months from the date of closing.

12. CAPITAL STOCK (continued)

(b) Issued (continued)

On October 16, 2018, the Company issued 100,000 common shares at a price of $0.12 per share pursuant to MOU agreement with the Matachewan First Nation and Mattagami First Nation dated March 20, 2018. (See Note 4).

On June 18, 2018, in connection with the Faymar Agreement, the Company and Goldstone entered into a subscription receipt agreement (the "Subscription Receipt Agreement") pursuant to which the Company issued 200,000 subscription receipts ("Subscription Receipts") at a price of $0.10 per Subscription Receipt. On October 16, 2018 the 200,000 Subscription Receipts converted to 200,000 Common Shares.

On December 21, 2018 the Company closed a Private Placement of 5,000,000 Flow-through shares at $0.20 per share for total proceeds of $1,000,000. The Offering was structured as a charity donation arrangement pursuant to which Goldcorp Inc. ("Goldcorp") acquired 5,000,000 common shares of the Company as a back-end purchaser, representing approximately 9.74% of the issued and outstanding common shares.

Pursuant to an investor rights agreement entered into between the Corporation and Goldcorp (the "Investor Rights Agreement") concurrently with the Offering, Goldcorp has been granted the right (but not the obligation) to participate in future financing transactions of the Company in order to maintain its pro-rata equity ownership percentage interest in the Company at up to 9.9% of the issued and outstanding common shares. Goldcorp has also been provided certain other rights, including but not limited to the right to request that a technical committee be formed by the Company that will remain in place as long as Goldcorp maintains its equity ownership percentage interest in the Company at greater than 5.0% of the issued and outstanding common shares.

Shareholders shall also have the right of first refusal over any third party offers regarding a tolling arrangement, streaming agreement, royalty sale or other non-equity financing for the purpose of funding the future exploration and development of any issuer's projects. In addition, if shareholder's ownership interest falls below 5.0% of the common shares issued and outstanding as a result of any non-cash equity issuance, shareholder will have the opportunity to participate in the next equity financing and acquire additional common shares as outlined above.

(c) Stock Options – Stock Option Plan

The Company maintains a stock option plan (the "Stock Option Plan") which was originally approved by the shareholders of the Company on May 17, 2018. The Stock Option Plan is a "rolling" plan under which up to 10% of the issued and outstanding Common Shares of the Company from time to time, subject to adjustment in certain circumstances, may be issued.

In the event that no specific determination is made by the Board with respect to any of the following matters, the period during which an option shall be exercisable shall be five years from the date of grant except those options issued to persons of consultants employed in Investor Relation activities shall vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.

The purpose of the Stock Option Plan is to develop the interest of bona fide officers, directors, employees, management company employees, and consultants of the Company in the growth and development of the Company by providing them with the opportunity through stock options to acquire an increased proprietary interest in the Company.

All outstanding options have been expensed as share-based payments in the period in which they vested. At December 31, 2018, 3,400,000 (2017 – NIL) options were outstanding and have a weighted average exercise price of $0.10 (2017 – $NIL) per option.

(Expressed in Canadian Dollars)

12. CAPITAL STOCK (continued)

(c) Stock Options – Stock Option Plan (continued)

A summary of stock options issued and outstanding is as follows:

As at	December 31, 2018		December 31, 2017	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding at beginning of period	**$ -**	**-**	$ -	-
Transactions during the period:				
Granted	**0.10**	**3,200,000**	-	-
Granted	**0.12**	**200,000**	-	-
Outstanding at end of period	**0.10**	**3,400,000**	-	-
Exercisable at end of period	**$ 0.10**	**850,000**	$	-

The weighted average remaining contractual life of the options outstanding at year end is 4.79 years.

On October 16, 2018, the Company issued 3,200,000 stock options to certain directors and officers of the Company at an exercise price of $0.10 expiring 5 years from the date the Company's Common Shares are listed on the TSX Venture Exchange. On October 17th, the Company issued 200,000 options to two consultants at an exercise price of $0.12 expiring 5 years from the date the Company's Common Shares are listed on the TSX Venture Exchange.

The Options granted are to vest as follows: (i) 25% vesting on the date the Company's Common Shares are listed on the TSX Venture Exchange; (ii) 25% vesting one (1) year following the date the Company's Common Shares are listed on the TSX Venture Exchange; (iii) 25% vesting two (2) years following the date the Company's Common Shares are listed on the TSX Venture Exchange; and (iv) 25% vesting three (3) years following the date the Company's Common Shares are listed on the TSX Venture Exchange.

The following table summarizes the assumptions used with the Black-Scholes valuation model for stock options issued and outstanding as at December 31, 2018:

Grant date	**October 16, 2018**	**October 17, 2018**	**Total**
No. of options	3,200,000	200,000	3,500,000
Exercise price	$ 0.10	$ 0.12	
Expected life in years	5	5	
Volatility	172.40%	172.40%	
Risk-free interest rate	2.40%	2.41%	
Dividend yield	-	-	
Forfeiture rate	0.00%	0.00%	
Grant date share price	$0.10	$0.12	
Remaining contractual life	4.79	4.79	
Fair value of options granted	$ 303,777	$ 22,784	$ 326,561

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on comparable companies. Changes in the underlying assumptions can materially affect the fair value estimates. As at December 31, 2018 year end, share-based payments expense for the year totaled $112,776. (2017 – $nil)

(Expressed in Canadian Dollars)

13. WARRANT RESERVE (continued)

A summary of the changes in the Company's reserve for warrants is set out below:

As at	December 31, 2018		December 31, 2017	
		Number of Warrants		Number of Warrants
Outstanding at beginning of year	$ -	**-**	$ -	-
Transactions during the year				
Fair value of warrants issued	**4,183**	**100,000**		
Fair value of broker's warrants issued	**122,779**	**1,707,500**	-	-
Expired	**-**	**-**	-	-
Outstanding at end of year	**$ 126,962**	**1,807,500**	$ -	-

The weighted average exercise price per warrant of the outstanding warrants as at December 31, 2018 was $0.10 (2017 - $NIL).

The following table summarizes the assumptions used with the Black-Scholes valuation model for warrants issued and outstanding as at December 31, 2018:

Grant date	**October 16, 2018**	**October 16, 2018**	**November 16, 2018**	**Total**
No. of warrants	1,550,000	100,000	157,500	1,807,500
Exercise price	$ 0.10	$ 0.10	$ 0.10	
Expected life in years	2	5	2	
Volatility	148.99%	172.06%	149.67%	
Risk-free interest rate	2.30%	2.40%	2.22%	
Grant date share price	0.10	0.10	0.105	
Dividend yield	-	-	-	
Fair value of warrants	$ 110,810	$ 9,489	$ 11,969	$ 132,268

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on comparable companies. Changes in the underlying assumptions can materially affect the fair value estimates.

Broker warrants issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

On October 16, 2018, the Company issued 100,000 warrants of the Company at an exercise price of $0.10 expiring 5 years from the date the Company's Common Shares are listed on the TSX Venture Exchange pursuant to MOU agreement with the Matachewan First Nation and Mattagami First Nation dated March 20, 2018.

These warrants are to vest as follows: (i) 25% vesting on the date the Company's Common Shares are listed on the TSX Venture Exchange; (ii) 25% vesting six (6) months following the date the Company's Common Shares are listed on the TSX Venture Exchange; (iii) 25% vesting twelve (12) months following the date the Company's Common Shares are listed on the TSX Venture Exchange; and (iv) 25% vesting eighteen (18) months following the date the Company's Common Shares are listed on the TSX Venture Exchange.(See Note 4) As at December 31, 2018, 25,000 of these warrants are exercisable and $4,183 of the fair value was included in exploration and evaluation expenditures.

14. INCOME TAXES

(a) Provision for Income Taxes

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 26.50% were the following:

(Expressed in Canadian Dollars)

14. INCOME TAXES (continued)

(a) Provision for Income Taxes (continued)

	December 31, 2018	*Date of Incorporation November 10, 2017 to December 31,2017*
Loss before income taxes	**$ (904,336)**	$ (475,582)
Expected tax recovery at statutory rates	**(239,649)**	(126,029)
Increase (decrease) from:		
Non-deductible	**(9,745)**	
Share issue costs	**(81,243)**	
Flow-through renunciation	**92,750**	
Deferred taxes not recognized	**237,887**	126,029
	$ - -	$ - -

(b) Deferred Tax Balances

The deferred income tax asset is compromised of the following temporary differences:

	December 31, 2018	*Date of Incorporation November 10, 2017 to December 31,2017*
Exploration expenditures	**$ 135,552**	$ 96,615
Non-capital loss carry forwards	**163,598**	29,414
Share issue costs	**64,994**	
Deferred income taxes not recognized	**(364,144)**	(126,029)
	$ -	$ -

Non-capital losses will expire between 2037 and 2038. Share issue costs will be deducted over the next 4 years. The remaining deductible difference may be carried forward indefinitely.

(c) Tax Loss Carry-forwards

The Company has accumulated non-capital losses of $617,351, which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

2037	$	110,996
2038	$	506,355
	$	617,351

(Expressed in Canadian Dollars)

15. COMMITMENTS AND CONTINGENCIES

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Pursuant to the issuance of 5,000,000 flow-through shares on February 26, 2018 and the issuance of 5,000,000 flow-through shares on December 21, 2018, the Company renounced $350,000 and $1,000,000, respectively, of qualified exploration expenditures with an effective date of December 31, 2018. The Company is required to spend these flow-through funds by December 31, 2019. A premium liability on flow-through shares in the amount of $475,000 had been recognized on the statement of financial position, which represents the premium between the quoted market price and the price paid by investors for the flow-through shares. The related flow-through expenditures were renounced to investors during the period ended December 31, 2018 and $100,000 of the premium liability was reversed and recognized in the statement of loss and comprehensive loss.

As of December 31, 2018, the Company's remaining obligation for flow-through expenditures was $1,000,000 (2017 - $NIL).

The Company is committed to monthly payments under the terms of operating agreements for the office space and management and consulting fees. The aggregate remaining payments per year are as follows:

2019	$ 270,478
2020	$ 198,779
2021	$ 131,000

16. SUBSEQUENT EVENTS

On December 19, 2018 the Company entered into a definitive agreement with Goldcorp Canada Limited and Goldcorp Inc. (the "Porcupine Joint Venture") for the sale of certain of the Company's non-core mineral claims (the "Claims") to the Porcupine Joint Venture for aggregate proceeds of $258,624. The Claims consist of nine patented mineral claims in Deloro Township, Timmins, Ontario with a total area of approximately 327 acres. The sale transaction has not yet been completed as it is conditional upon obtaining Planning Act (Ontario) approval for the severance of certain surface parcels which form part of the mineral claims. The sale transaction is expected be completed immediately after receipt of such approvals.

On February 12, 2019 the Company announced the continuation of the Company's initial drill program in the Timmins Camp, which began in late-October 2018. In the short term, CTEC plans on taking advantage of the winter diamond drilling season in Timmins with a work program of 6 – 9 holes in three Townships; Deloro, Mountjoy and Jamieson, all within the city limits of Timmins.