

**ENVIROTEK REMEDIATION INC.
(formerly Phoenix Metals Corporation)**

Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ENVIROTEK REMEDIATION INC.

(formerly Phoenix Metals Corporation)

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2018 and 2017

	Notes	September 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash		\$ 257	\$ 4,877
Restricted cash	5	35,574	222,267
Amounts receivable		9,685	9,176
Prepaid expenses		4,980	4,480
		50,496	240,800
Exploration and evaluation assets	6	1	1
Loan receivable	7	45,000	-
TOTAL ASSETS		\$ 95,497	\$ 240,801
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable and accrued liabilities	8	\$ 1,588,537	\$ 1,217,139
Share subscriptions payable	9	2,293,496	2,234,680
		3,882,033	3,451,819
Shareholders' deficiency			
Share capital	10	22,159,424	22,159,424
Contributed surplus		1,724,224	1,724,224
Deficit		(27,670,184)	(27,094,666)
		(3,865,536)	(3,211,018)
		\$ 95,497	\$ 240,801

Nature of operations and going concern (Note 1)

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

Approved on behalf of the directors on November 29, 2018

"Brian Leeners"

Director

"Gregory Pearson"

Director

ENVIROTEK REMEDIATION INC.

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Condensed Consolidated Interim Statements of Comprehensive Loss
For the Three and Nine Months Ended September 30, 2018 and 2017

		For the Three Months ended September 30,		For the Nine Months ended September 30,	
	Notes	2018	2017	2018	2017
Expenses					
Consulting and management fees	8	\$ 22,851	\$ 191,040	\$ 357,883	\$ 667,882
Exploration and evaluation expenditures		42,785	-	85,691	-
Foreign exchange loss (gain)		(4,464)	(5,270)	8,285	(7,501)
Office and miscellaneous	8	27,820	34,905	90,240	125,469
Professional fees	8	7,900	-	28,265	57,611
Transaction costs		-	-	-	60,000
Transfer agent and filing fees		2,161	13,397	5,154	18,279
		99,053	234,072	575,518	921,740
Other income					
Interest income		-	7	-	153
Net loss for the period		(99,053)	(234,065)	(575,518)	(921,587)
Comprehensive loss for the period		\$ (99,053)	\$ (234,065)	\$ (575,518)	\$ (921,587)
Basic and diluted loss per share		\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.08)
Weighted average number of common shares outstanding		11,878,381	11,878,381	11,878,381	11,878,381

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

ENVIROTEK REMEDIATION INC.
(formerly Phoenix Metals Corporation)
Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended September 30, 2018 and 2017

	For the Nine Months Ended September 30,	
	2018	2017
Cash provided by (used in):		
Operating activities		
Comprehensive loss for the period	\$ (575,518)	\$ (921,587)
Items not affecting cash:		
Accrued interest	-	1,758
Foreign exchange	-	(592)
Changes in non-cash working capital items:		
Amounts receivable	(509)	11,140
Prepaid expenses	(500)	
Loan receivable	(45,000)	-
Accounts payable and accrued liabilities	371,398	(308,029)
Net cash used in operating activities	(250,129)	(1,217,310)
Financing activities		
Finder's fees	-	(3,280)
Share subscriptions held in trust	(5,000)	-
Share subscriptions received	63,816	1,409,072
Net cash provided by financing activities	58,816	1,405,792
Net increase (decrease) in cash	(191,313)	188,482
Cash, beginning of the period	227,144	283,356
Cash, end of the period	\$ 35,831	\$ 471,838
Supplementary information		
Cash	257	471,838
Restricted cash	35,574	-
Cash, end of the period	\$ 35,831	\$ 471,838

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ENVIROTEK REMEDIATION INC.

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Condensed Consolidated Interim Statements of Changes in Shareholder's Deficiency

For the Nine Months Ended September 30, 2018 and 2017

	Number of common shares outstanding	Share capital	Subscriptions received	Contributed surplus	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2017	11,878,381	\$ 22,159,424	\$ -	\$ 1,724,224	\$ (27,094,666)	\$ (3,211,018)
Loss for the period	-	-	-	-	(575,518)	(575,518)
Balance, September 30, 2018	11,878,381	\$ 22,159,424	\$ -	\$ 1,724,224	\$ (27,670,184)	\$ (3,786,536)
Balance, December 31, 2016	11,878,381	\$ 22,159,424	\$ 853,041	\$ 1,724,224	\$ (25,897,666)	\$ (1,160,977)
Subscription funds received	-	-	1,496,861	-	-	1,496,861
Finder's fees	-	(3,280)	-	-	-	(3,280)
Loss for the period	-	-	-	-	(921,587)	(921,587)
Balance, September 30, 2017	11,878,381	\$ 22,156,144	\$ 2,027,342	\$ 1,724,224	\$ (26,819,253)	\$ (588,983)

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

ENVIROTEK REMEDIATION INC.

(formerly Phoenix Metals Corporation)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

1. Nature of operations and going concern

EnviroTek Remediation Inc. (formerly Phoenix Metals Corporation) (“the Company”) was incorporated in British Columbia on October 21, 1980 and is a public company listed on the TSX Venture Exchange (“TSX-V”). Previously, the principal business activity of the Company was the exploration and evaluation of mineral property interests in North America. The corporate head office of the Company is located at 14th Floor, 1040 West Georgia Street, Vancouver, B.C., V6E 4H8.

The Company is advancing its change of business (“COB”) through the culmination of a series of transactions in the hydrocarbon remediation sector.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at September 30, 2018, the Company had no source of operating cash flows and reported a comprehensive loss for the nine months ended of \$575,518 (September 30, 2017 - \$921,587), working capital deficit of \$3,831,537 (2017 - \$3,211,019), and has an accumulated deficit of \$27,670,184 (December 31, 2017 - \$27,094,666), and the Company expects to incur further losses in the development of its business. These factors cast substantial doubt about the Company’s ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company’s ability to complete equity financings and secure project debt financing.

These condensed interim consolidated financial statements do not include adjustments or disclosures that may result should the Company not be able to continue as a going concern.

2. Basis of Presentation and Significant Accounting Policies

(a) Basis of presentation and consolidation

The unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2017.

The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2017.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on November 29, 2018.

The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

(b) Significant accounting estimates and judgments

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated unaudited financial statement and the reported amounts of revenues and expenses during the reporting period. There has been no significant change to the Company’s estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended December 31, 2017.

ENVIROTEK REMEDIATION INC.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

(c) Future and Recently Adopted Accounting Standards

The Company is assessing the impact of these new standard but does not expect it to have a significant effect on the financial statements. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

- IFRS 9 Financial Statements, this new standard is a partial replacement of International Accounting Standard (“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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. During the period ended September 30, 2018, the company adopted IFRS 9 and the adoption of IFRS 9 does not anticipate any material impact to the financial statements.
- The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. During the period ended September 30, 2018, the Company adopted IFRS 15 and the adoption of IFRS 15 does not anticipate any material impact to the financial statements.
- IFRS 16, Leases (“IFRS 16”). IFRS 16 is effective for years commencing on or after January 1, 2019, and replaces IAS 17, Leases. The standard provides a single lease accounting model, requiring lessees to recognize assets and liabilities for almost all leases. The Company has not yet evaluated the impact of adoption on its financial statements.

3. Capital management

The Company classifies its share capital and contributed surplus as capital, which at September 30, 2018 totalled \$23,883,648 (2017 - \$23,883,648). When managing capital, the Company’s objective is to ensure the entity continues as a going concern as well as to maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business. The Company is dependent upon external financing to fund its activities. In order to carry out its business activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company’s approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

4. Financial instruments and financial risk management

a) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature.

b) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are carried at amortized cost with the exception of cash and restricted cash. These instruments have been assessed on the fair value hierarchy described above and classified as Level 1.

There were no transfers between levels 1 and 2 during the year.

c) Financial risks

(i) Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash, which is invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's demand loan payables have fixed rates of interest. Therefore, interest rate risk is considered minimal.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, demand loan payable and accounts payable and accrued liabilities that are denominated in US dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk. A 10% change in the value of the US dollar against the Canadian dollar would have impact of \$200 on the Company's comprehensive loss.

(iii) Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The Company's credit risk is primarily attributable to cash and amounts receivable from related party. The Company limits its exposure to credit risk on cash as these financial instruments are held with major Canadian and international banks, from which management believes the risk of loss to be remote. The carrying amount of financial assets recorded in the financial statements, net of any allowances, represents the Company's maximum exposure to credit risk.

(v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long-term obligations. As at September 30, 2018, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2018 and 2017

5. Restricted cash

As of September 30, 2018, the Company has restricted cash of \$35,574 (2017 - \$222,267). Subscription funds of this amount were received and are held in trust by the Company's legal counsel and are only to be released upon the closing of the COB transaction.

6. Exploration and evaluation assets

A reconciliation of exploration and evaluation assets is as follows:

	Copper Joe, Arizona		Total
Balance, December 31, 2016	\$	1	\$ 1
Balance, December 31, 2017 and September 30, 2018	\$	1	\$ 1

Copper Joe, Arizona, USA

During the year ended December 31, 2013, the Company recorded an impairment allowance on the Copper Joe property in the amount of \$1,918,901 as the Company has decided to discontinue exploration on this property, bringing the carrying value to \$1.

7. Loan receivable

The Company is advancing its change of business ("COB") through the culmination of a series of transactions in the hydrocarbon remediation sector. On February 20, 2018, the Company announced it had executed an option agreement dated January 25, 2018 whereby and subject to due diligence which is ongoing, the Company can acquire an initial 35% equity interest in OmniSync by making \$1,000,000 in cash payments at any time prior to the First Anniversary of the Option Agreement. The Company must make a \$50,000(paid) down payment within 30 days of the execution of the Option Agreement which shall be deemed to be a loan until the balance of \$950,000 has been paid. The Company has the further option to acquire an additional 35% equity interest (70% cumulative) in OmniSync by making a further \$1,000,000 in cash payments at any time prior to the Eighteen Month Anniversary of the Option Agreement. The amounts paid under the Option Agreement will be utilized to further develop the business of OmniSync. The initial shareholders of OmniSync will retain a 2.5% Operating Margin Royalty. During the period ended September 30, 2018, the Company has paid OmniSync \$50,000 (2017 - \$nil), the funds are deemed to be a loan until the balance of \$950,000 has been paid.

Upon the Company exercising the options for 70% of OmniSync, it will have the right of first refusal to purchase any or all of the shares of OmniSync still owned by the initial shareholders that the initial shareholders wish to sell. The Company has the right to maintain its 70% equity interest in the Company in any subsequent financing offered by the Company. Subsequent to the period and following the completion of its due diligence, the Company has terminated its previously announced transaction with Omnisync Clean Energy Technology Inc. and has requested the immediate return of its loan (in the net amount of \$45,000).

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Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2018 and 2017

8. Related party transactions

During the period ended September 30, 2018 and 2017, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Fees incurred for the period ended September 30, 2018	Fees incurred for the period ended September 30, 2017	Balance payable at September 30, 2018	Balance payable at December 31, 2017
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Rent and corporate services	\$ 90,000	\$ 90,000	\$ 99,500	\$ 64,150
Nexvu Capital Corporation	Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Demand loan	-	-	72,577	51,557
Brian Leeners	Chief executive officer and director	Management services	90,000	90,000	338,170	267,420
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	90,000	90,000	232,533	167,183
Gordon J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation.	Legal services	22,500	57,991	179,552	157,052
0733351 BC Ltd.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Property option	-	-	9,820	9,480
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	31,500	31,500	43,838	16,013
			\$ 324,000	\$ 359,491	\$ 975,990	\$ 732,855

The amounts payable to related parties summarized as above were included in accounts payable and accrued liabilities. Balances owing are unsecured, non-interest bearing and have no specified terms of repayment.

9. Share subscriptions payables

As at September 30, 2018, the Company had received subscription funds in the amount of \$2,293,496 (December 31, 2017 - \$2,234,680) to be applied towards a future private placement at \$0.20 per unit. Each unit would consist of one common share and one share purchase warrant enabling the holder to acquire one additional common share at a price of \$0.50 per share for one year from closing of the private placement.

The COB transaction in which the subscriptions were intended for termination, and therefore, the subscriptions received have been reclassified to liabilities as share subscriptions payable. As at September 30, 2018, a portion of the subscription funds, \$35,574 (December 31, 2017 - \$222,267), is held in trust, by the Company's legal counsel and only to be released upon the closing of the COB transaction.

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Notes to the Condensed Interim Consolidated Financial Statements For the Nine Months Ended September 30, 2018 and 2017

10. Share capital

Authorized: unlimited common voting shares, without par value.

See Condensed Interim Consolidated Statements of Changes in Shareholder's Deficiency.

11. Options and warrants

a) Stock options

During the nine months ended September 30, 2018, 125,000 stock options expired.

A summary of changes in stock options during the period is as follows:

	Number of options	Weighted average exercise price	Weighted average option life (years)
Balance, December 31, 2017	125,000	0.80	0.44
Expired	(125,000)	(0.80)	
Balance, September 30, 2018	-	-	-

There are no stock options issued and outstanding as at September 30, 2018.

b) Warrants

There are no warrants issued and outstanding as at September 30, 2018 (December 31, 2017 – Nil).

12. Segmented information

The Company has one reportable operating segment, future development of new business opportunity. All of the Company's assets are located in Canada except exploration and evaluation assets, which are located in the United States.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

14. Subsequent events

Subsequent to the period, the Company filed its first intellectual property patent. Also subsequent to the period and following the completion of its due diligence, the Company has terminated its previously announced transaction with Omnisync Clean Energy Technology Inc. and has requested the immediate return of its loan (in the net amount of \$45,000).