

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

Consolidated Financial Statements

Years Ended December 31, 2017 and 2016

(Expressed in Canadian Dollars)

Management's Responsibility

To the Shareholders of EnviroTek Remediation Inc. (formerly Phoenix Metals Corporation) (the "Company"):

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board of Directors is also responsible for recommending the appointment of the Company's external auditors.

MNP LLP is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

April 30, 2018

"Brian Leeners"

Brian Leeners
Director

"Lewis Dillman"

Lewis Dillman
Director

INDEPENDENT AUDITORS' REPORT

To the Shareholders of EnviroTek Remediation Inc. (formerly Phoenix Metals Corporation):

We have audited the accompanying consolidated financial statements of EnviroTek Remediation Inc. (formerly Phoenix Metals Corporation), which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of comprehensive loss, statement of changes in shareholders' deficiency and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of EnviroTek Remediation Inc. (formerly Phoenix Metals Corporation) as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which states that EnviroTek Remediation Inc. (formerly Phoenix Metals Corporation) incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of EnviroTek Remediation Inc. (formerly Phoenix Metals Corporation) to continue as a going concern.

Vancouver, British Columbia



April 30, 2018

Chartered Professional Accountants

ENVIROTEK REMEDIATION INC.
(formerly Phoenix Metals Corporation)
Consolidated Statements of Financial Position
As at December 31, 2017 and 2016

	Notes	December 31, 2017	December 31, 2016
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 4,877	\$ 283,356
Amounts receivable		9,176	46,127
Prepaid expenses		4,480	1,200
Restricted cash	6	222,267	-
		240,800	330,683
Exploration and evaluation assets	7	1	1
TOTAL ASSETS		\$ 240,801	\$ 330,684
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable and accrued liabilities	8	\$ 1,217,139	\$ 1,405,038
Demand loan payable	9	-	86,623
Share subscriptions payable	10	2,234,680	-
		3,451,819	1,491,661
Shareholders' deficiency			
Share capital	10	22,159,424	22,159,424
Share subscriptions received	10	-	853,041
Contributed surplus		1,724,224	1,724,224
Deficit		(27,094,666)	(25,897,666)
		(3,211,018)	(1,160,977)
		\$ 240,801	\$ 330,684

Nature of operations and going concern (Note 1)
Subsequent events (Note 14)

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

Approved on behalf of the directors on April 30, 2018

"Brian Leeners"

Director

"Gregory Pearson"

Director

ENVIROTEK REMEDIATION INC.
(formerly Phoenix Metals Corporation)
Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2017 and 2016

			For the Years ended December 31	
	Notes	2017		2016
Expenses				
Bad debt expense	8	25,000		-
Consulting and management fees	8	988,124	\$	510,499
Foreign exchange loss (gain)	8	(8,158)		(19,561)
Impairment of property costs		-		2,105
Office and miscellaneous	8	39,297		11,882
Professional fees	8	73,611		151,134
Transaction costs		60,000		-
Transfer agent and filing fees		19,279		21,257
Total Expenses		1,197,153		677,316
Loss before other income (expenses)		(1,197,153)		(677,316)
Other income (expense)				
Interest income		153		-
Gain on settlement of debt		-		97,658
Total other income (expense)		153		97,658
Net loss for the year		(1,197,000)		(579,658)
Comprehensive loss for the year	\$	(1,197,000)		(579,658)
Basic and diluted loss per share	\$	(0.10)		(0.05)
Weighted average number of common shares outstanding		11,878,381		11,878,381

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

ENVIROTEK REMEDIATION INC.
(formerly Phoenix Metals Corporation)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	For the Years ended December 31,	
	2017	2016
Cash provided by (used in):		
Operating activities		
Comprehensive loss for the year	\$ (1,197,000)	\$ (579,658)
Items not affecting cash:		
Accrued interest	1,758	8,086
Bad debt	25,000	
Gain on settlement of debt	-	(97,658)
Foreign exchange	(592)	(2,323)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(187,899)	181,070
Prepaid expenses	(3,280)	(1,200)
Amounts receivable	11,951	(46,127)
Net cash used in operating activities	(1,350,062)	(537,810)
Financing activities		
Share subscriptions	1,381,639	812,353
Loan repayment	(87,789)	-
Net cash provided by financing activities	1,293,850	812,353
Net increase (decrease) in cash	(56,212)	274,543
Cash and cash equivalents, beginning of the year	283,356	8,813
Cash and cash equivalents, end of the year	\$ 227,144	\$ 283,356
Supplementary information		
Cash and cash equivalents	4,877	283,356
Restricted cash	222,267	-
Cash and cash equivalents, end of the year	\$ 227,144	\$ 283,356

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

ENVIROTEK REMEDIATION INC.

(formerly Phoenix Metals Corporation)

Consolidated Statements of Changes in Shareholder's Deficiency

For the Years Ended December 31, 2017 and 2016

	Number of common shares outstanding	Share capital	Subscriptions received	Contributed surplus	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2016	11,878,381	\$ 22,159,424	\$ 853,041	\$ 1,724,224	\$ (25,897,666)	\$ (1,160,977)
Subscription funds received (note 10)	-	-	1,381,639	-	-	1,381,639
Subscription funds, cancellation of change of business transaction (note 10)	-	-	(2,234,680)	-	-	(2,234,680)
Loss for the year	-	-	-	-	(1,197,000)	(1,197,000)
Balance, December 31, 2017	11,878,381	\$ 22,159,424	\$ -	\$ 1,724,224	\$ (27,094,666)	\$ (3,211,018)
Balance, December 31, 2015	11,878,381	\$ 22,159,424	\$ 40,688	\$ 1,724,224	\$ (25,318,008)	\$ (1,393,672)
Subscription funds received (note 10)	-	-	812,353	-	-	812,353
Loss for the year	-	-	-	-	(579,658)	(579,658)
Balance, December 31, 2016	11,878,381	\$ 22,159,424	\$ 853,041	\$ 1,724,224	\$ (25,897,666)	\$ (1,160,977)

ENVIROTEK REMEDIATION INC.

(formerly Phoenix Metals Corporation)

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2017 and 2016

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. The Company executed an Option Agreement whereby 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 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 (Note 14).

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) applicable to 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 December 31, 2017, the Company had no source of operating cash flows and reported a comprehensive loss for the year of \$1,181,000 (2016 - \$579,658), working capital deficit of \$2,972,751 (2016 - \$1,160,978), and has an accumulated deficit of \$27,078,666 (2016 - \$25,897,666), 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 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 preparation

a) Statement of compliance

These consolidated financial statements are audited and represent the annual consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of consolidated financial statements. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary AKA Ventures USA Inc. All inter-company transactions have been eliminated upon consolidation.

The Board of Directors approved these consolidated financial statements on April 30, 2018.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

ENVIROTEK REMEDIATION INC.
(formerly Phoenix Metals Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016

c) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key critical judgment and sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are as follows:

Critical judgment in applying accounting policies:

Going concern

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast substantial doubt upon the soundness of this assumption.

Key sources of estimation uncertainty:

Impairment of exploration and evaluation assets

In the determination of impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

3. Significant accounting policies

The significant accounting policies of the Company are as follows:

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiary is the Canadian dollar. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign exchange gains and losses are included in comprehensive loss.

ENVIROTEK REMEDIATION INC.
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Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016

c) Cash and cash equivalents

Cash is comprised of cash on hand and deposits in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Restricted cash, as to withdrawal or use, are under terms of certain contractual agreements or relates to cash held in trust.

d) Exploration and evaluation assets

General exploration and evaluation expenditures incurred prior to acquiring the legal right to explore are charged to the statement of comprehensive loss as incurred.

Exploration and evaluation assets represent the costs incurred on the exploration and evaluation of potential mineral resources and include costs such as exploratory drilling, sample testing, activities in relation to evaluation of technical feasibility and commercial viability of extracting a mineral resource, surveying, geological and geotechnical expenditures, land maintenance, sampling and storage, mineral claims and permits, and general and administrative costs relating to the support of exploration and evaluation activities. If economically recoverable ore reserves are developed, capitalized costs of the exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. No amortization charge is recognized in respect of exploration and evaluation assets. When an exploration and evaluation asset is abandoned, all related costs are written off to profit or loss.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of these assets is dependent upon successful development or sale of the undeveloped project. All capitalized exploration and evaluation expenditures are assessed for impairment if facts and circumstances indicate that impairment may exist. If a project does not prove viable or is abandoned, all unrecoverable costs associated with the project, net of any impairment provisions are recognized in comprehensive loss.

e) Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive loss.

f) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes option pricing model.

The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

ENVIROTEK REMEDIATION INC.
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For the Years Ended December 31, 2017 and 2016

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

g) Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS.

h) Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiary where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

i) Financial instruments

All financial instruments are initially recognized at fair value.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through the statement of comprehensive loss. Cash is included in this category of financial assets.

ENVIROTEK REMEDIATION INC.

(formerly Phoenix Metals Corporation)

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2017 and 2016

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition at fair value, they are measured at fair value and changes therein are recognized in accumulated other comprehensive income (loss) and presented within equity in accumulated other comprehensive loss. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to comprehensive loss. The Company does not have any available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date, and are carried at amortized cost, using the effective interest method, less any impairment. Loans and receivables are comprised of receivable from related party.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, held with the intention of holding these investments to maturity and subsequently measured at amortized cost. These investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period. The Company has no financial assets classified as held-to-maturity investments.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence indicating that one or more events have had a negative impact on the estimated future cash flows of that asset. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

An impairment loss in respect of a financial assets measured at amortized cost is calculated as the difference between its carrying amount and the net present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale asset is calculated by reference to its fair value and any amounts in other comprehensive income (loss) are transferred to net loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

Gains or losses related to impairment or de-recognition are recognized in the statement of comprehensive loss in the period in which they occur. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. Management determines the classification of its financial liabilities at initial recognition. Other financial liabilities are share subscriptions payable, non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other financial liabilities include accounts payable and accrued liabilities, demand loan payable and share subscriptions payable.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issuance costs.

ENVIROTEK REMEDIATION INC.
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For the Years Ended December 31, 2017 and 2016

j) New accounting standards, amendments and interpretations

Issued but not yet effective:

The IASB issued the following standards, which are not yet effective and have not been applied in the preparation of these consolidated financial statements.

- 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. The proposed effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018. The Company has evaluated the new standard and does not anticipate any material impact to the consolidated 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. This standard is effective for reporting periods beginning on or after January 1, 2018. The Company has evaluated the new standard and does not anticipate any material impact to the consolidated 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.

4. Capital management

The Company classifies its share capital and contributed surplus as capital, which at December 31, 2017 totalled \$23,883,648 (2016 - \$24,736,689). 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.

ENVIROTEK REMEDIATION INC.
(formerly Phoenix Metals Corporation)
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016

5. 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 \$8,777 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 December 31, 2017, 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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6. Restricted cash

As of December 31, 2017, the Company has restricted cash of \$222,267 (2016 - \$Nil). Subscription funds of this amount were received in the year and are held in trust by the Company's legal counsel and are only to be released upon the closing of the COB transaction.

7. Exploration and evaluation assets

A reconciliation of exploration and evaluation assets is as follows:

	Copper Joe, Arizona		Total
Balance, December 31, 2015	\$	1	\$ 1
Acquisition costs		-	-
Claims maintenance fees		-	-
Balance, December 31, 2016 and 2017	\$	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.

8. Related party transactions

During the years ended December 31, 2017 and 2016, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Fees incurred for the year ended December 31, 2017	Fees incurred for the year ended December 31, 2016	Balance payable at December 31, 2017	Balance payable at December 31, 2016
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Rent and corporate services	\$ 120,000	\$ 120,000	\$ 64,150	\$ 339,925
Nexvu Capital Corporation	Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Corporate services	-	-	51,557	-
Brian Leeners	Chief executive officer and director	Management services	120,000	120,000	267,420	307,450
ISG Professional Services Inc.	Annie Storey, former chief financial officer, who is a shareholder	Accounting services	-	10,000	141,225	141,225
KnowHowe Media	Brian Leeners is a shareholder	Advertising and promotion	-	-	-	-
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	120,000	120,000	167,183	205,650

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Gordon J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation.	Legal services	57,991	132,384	157,052	151,309	
0733351 BC Ltd.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Property option	-	-	9,480	10,089	
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	42,000	35,000	16,013	7,350	
			\$	459,991	\$	537,384	
				\$	874,100	\$	1,162,998

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.

In the prior year, the Company advanced \$25,000 to Prime Meridian Resources Corp., a company with common officers and directors. During the year ended December 31, 2017, the amount was forgiven and has been written off to the statement of comprehensive loss.

9. Demand loan payable

The demand loan payable in the amount of \$Nil (2016 - \$86,623 or US\$64,514) is from a non-related party, is unsecured and payable on demand, and bears interest at 10% per annum. The loan initially matured on December 1, 2014 and became on demand upon default of repayment. During the year ended December 31, 2017, the holder of the demand loan agreed to apply the loan and interest to a future financing (Note 10).

10. Share capital

Authorized: unlimited common voting shares, without par value.

Subscriptions received

As at December 31, 2017, the Company had received subscription funds in the amount of \$2,234,680 (2016 - \$853,041) 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 was terminated, and therefore, the subscriptions received have been reclassified to liabilities as share subscriptions payable. As at December 31, 2017, a portion of the subscription funds, \$222,267, is held in trust, by the Company's legal counsel and only to be released upon the closing of the COB transaction.

11. Options and warrants

a) Stock options

The Company has adopted an incentive stock option plan (the "SOP"), as amended, under the rules of the TSX-V pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 1,187,838 common shares of the Company. Under the SOP, the option exercise price of any option granted shall be equal to the greater of either the amount designated by the administrator at the time of grant, or the discounted market price of the Company's common shares for the 10 trading days immediately preceding the day on which the TSX-V received notice that options have been granted under this SOP. For the purpose of the SOP, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of grant of the options. The administrator may also determine that the option exercise price per common share may escalate at a specified rate or rates. The options can be granted for a maximum term of 5 years and certain options vest 25% on the date of grant and 25% every 6 months thereafter for 18 months,

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while others vest immediately. No individual may hold options to purchase common shares of the Company exceeding 5% of the total number of common shares outstanding from time to time. Pursuant to the policies of the TSX Venture Exchange, shares issued upon the exercise of options are restricted from trading during the 4-month period subsequent to the exercise of the options. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

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

	Number of options	Weighted average exercise price	Weighted average option life (years)
Balance, December 31, 2016	493,750	0.80	1.05
Expired/forfeited	(368,750)	0.80	-
Balance, December 31, 2017	125,000	0.80	0.44

Expiry date	Number of options
June 10, 2018	125,000

b) Warrants

There are no warrants issued and outstanding as at December 31, 2017 (December 31, 2016 – 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. Income taxes

The following table reconciles the expected income tax payable (recovery) at the Canadian Federal and provincial statutory income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the period ended December 31, 2017 and 2016. The presentation of the prior year income tax note has been updated to conform with the current year presentation.

	2017	2016
Loss before income taxes	\$ (1,197,000)	\$ (579,658)
Statutory tax rate	26.00%	26.00%
Expected income tax expense (recovery)	(311,220)	(150,711)
Differences due to recognition of items for tax purposes:		
Non-deductible items	22,141	20
Functional currency adjustments	80,081	20,897
Change in deferred tax asset not recognized	208,998	129,794
Total income tax expense (recovery)	\$ -	\$ -

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Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences are as follows:

Canada	2017	2016
Property and Equipment	\$ 11,678	\$ 16,849
Mineral Properties	6,558,227	6,490,727
Financing Costs	-	21,031
Capital Losses	4,350,934	4,350,934
Non-capital Losses	6,098,297	5,081,939
Unrecognized deductible temporary differences	\$ 17,079,136	\$ 15,961,480

US	2017	2016
Net operating loss	\$ 1,932,538	\$ 1,998,166
Unrecognized deductible temporary differences	\$ 1,932,538	\$ 1,998,166

As at December 31, 2017, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of approximately \$6,098,297 (2016: \$5,081,939) which may be carried forward to apply against future income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	\$
2026	208,384
2027	506,549
2028	357,043
2029	282,341
2030	383,947
2031	507,230
2032	646,267
2033	556,498
2034	483,891
2035	516,019
2036	584,753
2037	1,065,375
Total	6,098,297

The Company has net operating loss carry-forwards of \$1,932,538 (2016 - \$1,998,166) which may be carried forward to apply against future income tax for US tax purposes, as follows:

Expiry	\$
2032	1,927,602
2033	4,936
Total	1,932,538

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14. Subsequent events

- a. On February 20, 2018, the Company announced it had executed an option agreement dated January 25, 2018 whereby 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 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 downpayment was 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.

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.

- b. On April 25, 2018, the Company changed its name from Phoenix Metals Corporation to EnviroTek Remediation Inc. and effective on April 27, 2018 the new trading symbol of the Company will be ETK.H. The Company will remain halted.
- c. As of April 30, 2018, the Company returned \$5,000 in subscriptions and \$5,000 in subscriptions held in trust. The Company had received an additional \$84,120 in share subscriptions.