

# ENVIROTEK REMEDIATION INC.

## Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2020 and 2019

---

This management's discussion and analysis of Envirotek Remediation Inc. (the "Company") contains analysis of the Company's operational and financial results for the three and nine months ended September 30, 2020 and 2019. The following should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019. All figures are in Canadian dollars unless otherwise stated.

### DATE OF REPORT

November 30, 2020

### JURISDICTION OF INCORPORATION AND CORPORATE NAME

EnviroTek Remediation Inc. ("the Company") was incorporated in British Columbia on October 21, 1980 and is a public company listed on the TSX Venture Exchange ("TSX-V"). The principal business activity of the Company is environmental remediation. The corporate head office of the Company is located at 14<sup>th</sup> Floor, 1040 West Georgia Street, Vancouver, B.C., V6E 4H8.

### HIGHLIGHTS

The Company is focused on developing new proprietary products/solutions and processes for hydrocarbon remediation through both internal research and acquisitions.

### OUTLOOK

The Company has identified an industry-wide opportunity to develop advanced processes for more effective hydrocarbon remediation. The Company's focus will be on the development of multiple products/solutions and processes for remediation that become standards and facilitate market leadership. Through both internal research and acquisitions the Company will be securing intellectual property and know-how. Historically, most of the revenues in the remediation sector have been generated through monitoring contamination versus the actual application of remediation solutions.

### SUBSEQUENT EVENTS

None.

### MINERAL EXPLORATION PROJECTS

None.

### INVESTOR RELATIONS

None.

### SELECTED ANNUAL FINANCIAL INFORMATION

The financial data presented below for the current and comparative periods was prepared in accordance with IFRS. The functional and reporting currencies of the parent and subsidiary have been determined to be the Canadian dollar.

#### Results of Operations

The following financial data are derived from our consolidated financial statements for the years ended December 31, 2019, 2018 and 2017:

	December 31, 2019	December 31, 2018	December 31, 2017
Expenses	\$ 699,257	\$ 750,718	\$ 1,197,153
Other income	-	-	153
Net and comprehensive loss	(699,257)	(750,718)	(1,197,000)

**ENVIROTEK REMEDIATION INC.**  
**Management's Discussion & Analysis**

For the Three and Nine Months Ended September 30, 2020 and 2019

Basic and diluted loss per share	(0.06)	(0.06)	(0.10)
Total current assets	7,230	17,863	240,800
Total assets	7,230	17,863	240,801
Total current liabilities	4,668,223	3,979,599	3,451,819
Total liabilities	4,668,223	3,979,599	3,451,819

The Company is engaged in the development and acquisition of hydrocarbon remediation technologies (see Highlights for more details).

For the year ended December 31, 2019, the Company incurred consulting and management fees of \$404,799 (2018 - \$399,781), office and miscellaneous costs of \$130,709 (2018 - \$121,463, professional fees \$24,453 (2018 - \$45,245), transfer agent and filing fees of \$8,417 (2018 - \$7,101) and a foreign exchange loss of \$9,564 (2018 - \$11,800).

During the year ended December 31, 2018, the Company expensed \$115,327 in exploration and evaluation expenditures (2017 - \$nil) for costs relating to the development of proprietary products/solutions and processes for hydrocarbon remediation included the filing of its first patent.

**Summary of Quarterly Results**

Results for the eight most recent quarters are as follows:

	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019
Expenses	\$ 144,742	\$ 219,840	\$ 127,823	\$ 214,253
Other loss (income)	(450,733)	-	-	-
Net income (loss)	305,991	(219,840)	(127,823)	(214,253)
Comprehensive income (loss)	305,991	(219,840)	(127,823)	(214,253)
Basic and diluted income (loss) per share	0.03	(0.02)	(0.01)	(0.02)
Total current assets	5,293	11,755	8,955	7,230
Total assets	5,293	11,755	8,955	7,230
Total current liabilities	1,347,958	5,020,411	4,797,771	4,668,223
Total liabilities	1,347,958	5,020,411	4,797,771	4,668,223

	Sep. 30, 2019	June 30, 2019	Mar. 31, 2019	Dec. 31, 2018
Expenses	\$ 182,858	\$ 144,957	\$ 157,189	\$ 125,197
Other income	-	-	-	50,000
Net loss	(182,858)	(144,957)	(157,189)	(175,197)
Comprehensive loss	(182,858)	(144,957)	(157,189)	(175,197)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.01)
Total current assets	10,119	5,692	6,011	17,863
Total assets	10,119	5,692	6,011	17,863
Total current liabilities	4,446,859	4,269,574	4,124,936	3,979,599
Total liabilities	4,446,859	4,269,574	4,124,936	3,979,599

**Results of Operations for the Three Months Ended September 30, 2020 and 2019**

The net income for the three-month period ended September 30, 2020 was \$305,991 (2019 - \$182,858 loss). During the three-month period ended September 30, 2020, the Company realized income of \$341,352 from the forgiveness of debt owed to 3<sup>rd</sup> parties. Major expenditures during the quarter were:

**ENVIROTEK REMEDIATION INC.**  
**Management's Discussion & Analysis**

For the Three and Nine Months Ended September 30, 2020 and 2019

- Consulting and management fees \$54,000 (2019 - \$110,498);
- Exploration and evaluation expenses \$29,600 (2019 - \$32,250);
- Foreign exchange gain \$3,896 (2019 – loss \$2,082);
- Office and miscellaneous \$26,006 (2019 - \$30,070);
- Professional fees \$35,700 (2019 - \$7,503);

**Results of Operations for the Nine Months Ended September 30, 2020 and 2019**

The net loss for the nine-month period ended September 30, 2020 was \$41,672 (2019 - \$485,004). During the nine-month period ended September 30, 2020, the Company realized income of \$450,733 from the forgiveness of debt owed to 3<sup>rd</sup> parties. Major expenditures during the quarter were:

- Consulting and management fees \$227,500 (2019 - \$261,480);
- Exploration and evaluation expenses 114,909 (2019 - \$96,750);
- Foreign exchange loss \$5,004 (2019 –\$2,267);
- Office and miscellaneous \$94,004 (2019 - \$91,137);
- Professional fees \$43,353 (2019 - \$26,954);

**LIQUIDITY AND CAPITAL RESOURCES**

	<b>September 30, 2020</b>	December 31, 2019
<b>Cash</b>	<b>\$ 68</b>	\$ 113
<b>Amounts receivable</b>	<b>4,725</b>	6,617
<b>Prepaid expenses</b>	<b>500</b>	500
<b>Exploration and evaluation assets</b>	<b>-</b>	-
<b>Current liabilities</b>	<b>1,347,958</b>	4,668,223
<b>Shareholders' deficiency</b>	<b>(1,342,665)</b>	(4,660,993)
<b>Working capital deficiency</b>	<b>(1,342,665)</b>	(4,660,993)

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon the capital markets to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on terms acceptable to the Company. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, which will be derived from the exercise of stock options and warrants, and/or private placements. The Company may also seek short term loans from directors of the Company. As at September 30, 2020, the Company had cash of \$68 (December 31, 2019 - \$113) and negative working capital of \$1,342,665 (December 31, 2019 - \$4,660,993). During the nine-month period ended September 30, 2020, directors and officers of the Company forgave \$1,066,466 of debt owed to them by the Company. The Company realized a gain of \$450,733 from the forgiveness of debt by 3<sup>rd</sup> party vendors and \$2,455,395 of loans were forgiven.

Significant working capital components include cash in current or interest-bearing accounts, accounts payable, and demand loan payable.

**Capital stock**

The Company's share capital consists of unlimited common voting shares, without par value.

As at September 30, 2020 and the date of this report, the Company had 11,878,381 common shares issued and outstanding.

**Stock options**

The Company has adopted an incentive stock option plan under the rules of the TSX-V pursuant to which it is authorized to grant options, as amended, to executive officers, directors, employees and consultants.

**ENVIROTEK REMEDIATION INC.**  
**Management's Discussion & Analysis**

For the Three and Nine Months Ended September 30, 2020 and 2019

As at September 30, 2020 (December 31, 2019 – nil) and the date of this report, there are no stock options issued and outstanding.

**Warrants**

There are no warrants issued and outstanding as at September 30, 2020 (December 31, 2019 – nil).

**USE OF PROCEEDS**

Proceeds received from the issuance of shares will be allocated toward general working, capital purposes and acquisitions.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have off-balance sheet arrangements.

**RELATED PARTIES AND KEY MANAGEMENT COMPENSATION**

During the nine months ended September 30, 2020 and 2019, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Fees incurred for the six months ended Sep. 30, 2020	Fees incurred for the six months ended Sep. 30, 2019	Balance payable at Sep. 30, 2020	Balance payable at December 31, 2019
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	\$ 165,119	\$ 209,550
Nexvu Capital Corporation	Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Demand loan	-	-	115,428	115,428
Brian Leeners	Chief executive officer and director	Management services	90,000	90,000	149,625	444,170
Maria Conejo	President	Technical services	60,000	90,000	-	126,500
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	90,000	90,000	149,625	365,783
Greg Pearson	Director	Management services	-	-	5,400	5,400
Gordon J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation.	Legal services	7,500	22,500	141,225	197,052
0733351 BC Ltd.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Property option	-	-	10,228	9,854
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	31,500	31,500	68,088	96,338
			<b>\$ 369,000</b>	<b>\$ 414,000</b>	<b>\$ 804,538</b>	<b>\$ 1,570,075</b>

# ENVIROTEK REMEDIATION INC.

## Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2020 and 2019

---

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. During the nine months ended September 30, 2020, certain directors and companies controlled by directors and officers of the company agreed to forgive \$904,605 in debt. As the debt forgiveness was executed in the related party's capacity as a shareholder.

### **SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

- Determination of functional currency;
- Asset carrying values and impairment charges;

### **NEW ACCOUNTING STANDARDS**

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our condensed unaudited consolidated financial statements for the nine months ended September 30, 2020.

### **CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS**

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. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. In order to carry out the planned acquisition and pay for administrative costs, the Company will need to raise additional working capital.

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

There were no changes in the Company's approach to capital management during period or during the period. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

Details of the Company's financial instruments, management's assessment of their related risks and details of management of those risks are as follows:

#### **Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, GST receivable, reclamation bond, accounts payable and accrued liabilities, payable to related parties, and demand loan payable.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

#### **Financial instrument risk exposure**

# ENVIROTEK REMEDIATION INC.

## Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2020 and 2019

---

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The Company does not have any asset backed commercial paper.

### **Credit risk**

The Company's main exposure to credit risk relates to its cash. Cash balances are held in Canadian and US chartered banks. The Company determined that it has limited exposure to credit risk related to receivables since these amounts are not material.

### **Liquidity risk**

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

### **Market risk**

The market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The Company's future interest income is exposed to short-term rate fluctuations. This is not a significant risk to the Company.

### **Foreign exchange risk**

The Company's exposure to fluctuations in foreign exchange rates is limited.

### **OTHER RISK FACTORS**

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, 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 the development of its technology.

The Company competes with many other companies who have greater financial resources and technical capacity. The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

The Company's technology development activities may require permits and approvals from various government authorities, and are subject to extensive federal, state/provincial and local laws and regulations governing development, operations, exports, taxes, labour standards, occupational health and safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to develop its technologies, commence construction or operation of facilities.

The Company's activities are subject to extensive federal, state/provincial and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

The market price of securities of many companies, particularly technology development stage companies, experience wide

# ENVIROTEK REMEDIATION INC.

## Management's Discussion & Analysis

For the Three and Nine Months Ended September 30, 2020 and 2019

---

fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

A number of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of The Company may have a conflict of interest in negotiating and concluding terms respecting such participation. As a result, conflicts of interest may arise and officers and directors cannot devote 100% of their time to the Company.

The Company has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

### LEGAL MATTERS

The Company is not currently and has not at any time during our most recently completed fiscal year, been party to, nor has any of its properties been the subject of, any material legal proceedings or regulatory actions.

### INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of the Company's internal controls over financial reporting ("ICFR") as required by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). ICFR is intended to provide reasonable assurance regarding the preparation and presentation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations.

Based on a review of its internal control procedures at the end of the year covered by this MD&A, management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the period that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

However, even those systems determine to be effective can provide only reasonable assurance with respect to financial statement and preparation. A control system, no matter how well conceived or operated can provide only reasonable, not absolute, assurance and are not expected to prevent all errors and fraud.

### ADDITIONAL INFORMATION

Additional information about the Company is available at the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

### APPROVAL

The board of directors has approved the disclosure contained in this MD&A.

### CAUTIONARY NOTES FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking

**ENVIROTEK REMEDIATION INC.**  
**Management's Discussion & Analysis**

For the Three and Nine Months Ended September 30, 2020 and 2019

---

information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. Envirotek Remediation does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

**Management & Directors**

Brian – Director, CEO & Corp. Secretary  
Tyler Thorburn – Director  
Maria Conejo - President  
Lew Dillman – Director  
Greg Pearson – Director  
Ed Low - CFO

**Contact**

EnviroTek Remediation Inc.  
14<sup>th</sup> Floor – 1040 West Georgia Street  
Vancouver, B.C.  
V6E 4H8