

BacTech Environmental Corporation

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

(Unaudited)

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For the three months ended March 31, 2026 and 2025

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Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

BacTech Environmental Corporation
May 27, 2026

BacTech Environmental Corporation
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended	
	March 31	
	2026	2025
	\$	\$
Expenses		
Operating and administrative costs <i>(note 13)</i>	315,912	291,101
Finance charges <i>(note 14)</i>	4,767	61,276
Project expenditures	478	781
Total expense	321,157	353,158
Net loss for the period before the undernoted	(321,157)	(353,158)
Loss from other items		
Unrealized gain (loss) from change in fair value of marketable securities <i>(note 21)</i>	257,276	(117,000)
Realized gain from selling shares of SCI <i>(note 21)</i>	165,130	-
Net income (loss) and comprehensive income (loss) for the period	101,249	(470,158)
Basic and diluted income (loss) per share <i>(note 12)</i>	0.00	0.00
Weighted average number of common shares outstanding <i>(note 12)</i>	237,870,128	195,242,700

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

BacTech Environmental Corporation

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Share Capital #	Share Capital \$	Option Reserve \$	Warrant Reserve \$	Equity Conversion Reserve \$	Deficit \$	Total Shareholders Deficiency \$
Balance, December 31, 2024	193,036,128	10,494,623	1,084,631	233,731	188,838	(14,931,017)	(2,929,194)
Shares issued pursuant to private placement <i>(note 9 (i))</i>	13,134,000	461,324	-	195,376	-	-	656,700
Share issue costs <i>(9 (i))</i>	-	(8,171)	-	1,428	-	-	(6,743)
Expired warrants	-	-	-	(218,480)	-	218,480	-
Net loss for the period	-	-	-	-	-	(470,158)	(470,158)
Balance, March 31, 2025	206,170,128	10,947,776	1,084,631	212,055	188,838	(15,182,695)	(2,749,395)
Shares issued pursuant to private placement <i>(note 9 (i))</i>	12,200,000	424,163	-	185,837	-	-	610,000
Shares issued pursuant to settlement of debenture <i>(note 8(b))</i>	19,500,000	780,000	-	339,635	-	-	1,119,635
Settlement of debenture <i>(note 8(b))</i>	-	-	690,552	-	(188,838)	188,838	-
Share issue costs <i>(9 (i))</i>	-	(16,225)	-	2,437	-	-	(13,788)
Expired options	-	-	(147,194)	-	-	147,194	-
Expired warrants	-	-	-	(141,358)	-	141,358	-
Net loss for the period	-	-	-	-	-	(1,325,681)	(1,325,681)
Balance, December 31, 2025	237,870,128	12,135,714	1,627,989	598,606	-	(16,030,986)	(1,668,677)
Expired options	-	-	(197,382)	-	-	197,382	-
Share based payment <i>(note 11)</i>	-	-	33,000	-	-	-	33,000
Net income for the period	-	-	-	-	-	101,249	101,249
Balance, March 31, 2026	237,870,128	12,135,714	1,463,607	598,606	-	(15,732,355)	(1,534,428)

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

BacTech Environmental Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31, 2026	Three months ended March 31, 2025
	\$	\$
Cash flow from operating activities		
Cash paid to suppliers, employees and consultants	(407,499)	(305,344)
Net cash used in operating activities	(407,499)	(305,344)
Cash flow from investing activities		
Net proceeds from sale of marketable securities	418,945	-
Net cash provided by financing activities	418,945	-
Cash flow from financing activities		
Gross proceeds from private placements	-	656,700
Share issue costs from financings	-	(6,743)
Net cash provided by financing activities	-	649,957
Increase in cash	11,446	344,613
Cash, beginning of the period	19,425	5,361
Cash, end of the period	30,871	349,974

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

BacTech Environmental Corporation

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

1. Nature of Operations and Going Concern

BacTech Environmental Corporation (the "Company" or "BacTech") was incorporated by REBgold Corporation ("REBgold" and formerly BacTech Mining Corporation) on October 5, 2010 under the Canada Business Corporations Act. The Company has the primary rights and know-how to use bioleaching technology. The technology utilizes bacteria to extract precious and base metals and has been traditionally used to treat difficult-to-treat sulphide ores and concentrates.

The business plan for the Company is to apply bioleaching technology to abatement and reclamation projects to remove the harmful elements such as arsenic and sulphur from the environment, where this can be assisted by a positive cash flow from metal recovery. Examples of metals which could potentially be extracted include gold, silver, cobalt, nickel, copper, uranium and zinc. The Company's head office is located at 37 King Street East, Suite 409, Toronto, Ontario, M5C 1E9.

These condensed interim consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company has no sources of recurring revenue, has realized net income of \$101,249 for the three months ended March 31, 2026, has working capital deficit of \$1,664,967 at March 31, 2026, and is dependent on financings to fund its operations. The ability of the Company to continue as a going concern is dependent upon the continuing financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to monetize its intellectual property assets, and upon attaining profitable operations once such assets can be monetized, all of which outcomes are materially uncertain and which, taken together, cast significant and substantial doubt over the ability of the Company to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the carrying values of the Company's assets, liabilities, and expenses and the related statement of financial position and statement of loss classifications that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management but could be material.

The Company funded its operations for three months ended March 31, 2026 from existing cash reserves and proceeds from selling shares of SCI. The Company does not have sufficient cash reserves to fund its administrative costs and fund any project development initiatives for the coming twelve months, nor to repay its liabilities to trade creditors and debt holders. These matters represent material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. Management is actively involved in identifying reclamation and abatement ventures amenable to the application of the Company's technology license and is seeking new equity or debt financing to enable it to service the Company's liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

BacTech Environmental Corporation

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025

2. Basis of Consolidation and Presentation

Statement of Compliance with IFRS Accounting Standards

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company reported in Note 2 and 3 in its audited annual consolidated financial statements for the year ended December 31, 2025. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

The accounting policies have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 27, 2026.

Basis of Preparation and Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Basis of Consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries, Empresa Minera Ambiental BacTech S.A. incorporated in Bolivia, and BacTech Verde S.A.S incorporated in Ecuador. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Company.

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

3. Material Accounting Policies

Critical Judgements and Estimation Uncertainties

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the condensed interim consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates, and these differences could be material. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets carrying values and impairment charges;
- Share-Based Payments;
- Commitments and Contingencies;
- Investments – Shares and warrants of a public company
- Research and Development;

BacTech Environmental Corporation

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

4. Adoption and Future Changes in Accounting Standards

Certain pronouncements were issued by the IASB that are mandatory for accounting years on or after January 1, 2026 or later years. Many are not applicable or do not have significant impact on the Company and have been excluded.

In addition, the following standards have been issued by IASB and the Company is currently assessing the impact on the consolidated financial statements. These have not been adopted for the current period.

- *IFRS 18 Presentation and Disclosure in Financial Statements* with mandatory application of the standard in the annual reporting periods beginning on or after January 1, 2027.

5. Payable to Aquila Resources Inc.

REBgold completed a divisive reorganization by way of a Plan of Arrangement whereby a subsidiary, BacTech, was granted rights and interests in REBgold's existing and proposed tailings remediation. During the year ended December 31, 2013, REBgold amalgamated with Aquila Resources Inc. The balance is unsecured, non-interest bearing, and is due on demand.

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following as at:

	March 31	December 31
	2026	2025
	\$	\$
Trade payables	592,335	638,051
Accrued liabilities - other	1,188,959	1,254,787
Total	1,781,294	1,892,838

During the year ended December 31, 2025 the Company transferred \$768,551 of accounts payable incurred in the Province of Ontario (the "Statute-barred Claims") to Old payables in non-current liabilities on the basis that these claims are understood to be statute-barred under the Limitations Act (Ontario). The Statute-barred Claims related to expenses billed by and third-party liabilities. However, for accounting purposes under IFRS, a debt can only be removed from the Company's Statement of Financial Position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation, but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position under IFRS, but they are classified as non-current liabilities since the Company has no intention to pay these Statute-barred Claims, and the creditors cannot enforce payment of the Statute-barred Claims.

See note 7 for related party amounts included in accrued liabilities and trade payables.

BacTech Environmental Corporation

Notes to the Condensed Interim Consolidated Financial Statements

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7. Related Party Transactions

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Related party transactions are in the normal course of business and are recorded at the amount agreed to between the parties.

Related party transactions consist of the following for three months ended:

	March 31	March 31
	2026	2025
	\$	\$
Salaries and management fees	71,500	111,125
Share based payments	14,500	-
Total	85,000	111,125

Included in accounts payable and accrued liabilities is \$750,191 due to related parties at March 31, 2026 (December, 2025 - \$776,000). These amounts relate to accrued salaries and management fees and are unsecured, non-interest bearing and due on demand. Also refer to Note 8 for debentures issued and Note 9 for equity transactions with related parties.

8. Debentures

(a) Debentures with Bonus Interest

As of March 31, 2026 and December 31, 2025, the remaining debenture of \$100,000 is past its maturity date and is currently due on demand. As such, it is presented as a current liability in the condensed interim consolidated statement of financial position.

During three months ended March 31, 2026, interest expense of \$3,000 (2025 – \$3,000) was recorded under finance charges in the condensed interim consolidated statement of loss.

(b) Convertible Debentures

On April 21, 2022, the Company completed a \$1,000,000 convertible debenture issuance with an existing strategic investor. The terms of the convertible debentures allow for a conversion at \$0.15 per share at the option of the holder, an annual interest rate of 8% and a term of 18 months.

On March 14, 2023, BacTech closed a \$250,000 convertible debenture with the same investor who previously completed a \$1.0 million convertible debenture. On September 1, 2023 the same investor advanced an additional \$150,000. The convertible debenture terms are the same as the prior debenture, but now with the full principal balance of \$1,400,000 was not due until September 2025.

Balance, December 31, 2023	1,400,000
Gain on modification	178,376
Accretion expense	171,206
Balance, December 31, 2024	1,275,857
Accretion expense	124,143
Settlement of convertible debenture	(1,400,000)
Balance, December 31, 2025	-

On November 4, 2025, the Company announced revised terms and completion of the redemption of the obligation which includes the convertible debenture of \$1,400,000, accrued interest of \$290,187 and demand loan balance of \$120,000. The Debenture holder received:

- 19,500,000 common shares of BacTech. The fair value of the shares issued was \$780,000, which is determined based on the quoted market price of the shares on the date of the transaction.
- 19,500,000 three-year common share purchase warrants, exercisable at \$0.15 per share. The estimated fair value of the warrants was \$339,635, determined using the Black-Scholes option pricing model. The valuation was based on a quoted market share price of \$0.04, an exercise price of \$0.15, a risk-free rate of 2.42%, expected yield of nil, expected volatility of 111.10%, and an expected term of three years.
- 1% royalty on the Company's projects. The additional 1% brings the overall royalty to 2% on any BacTech projects. Management determined the arrangement resulted in a partial disposal of its interests associated with the underlying projects and technology. The carrying value of the related assets recorded on the Company's statement of financial position is \$nil.

Based on the above, the Company recognized a contribution from a shareholder under the option reserve of \$690,552 during the year ended December 31, 2025.

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9. Share Capital

Authorized share capital is made up of unlimited common shares without par value:

- (i) On March 4, 2025, March 28, 2025, and May 30, 2025, BacTech completed three tranches of a private placement financing for \$1,266,700 in gross proceeds through the issuance of 25,334,000 Units.

Each Unit consists of one common share of BacTech and one, two-year warrant exercisable at \$0.10. The warrant includes an acceleration clause. In the event the common shares trade at or above \$0.20 for 10 consecutive trading days, as indicated on the CSE Exchange, the Company shall have the right to give notice by way of a press release that the Warrants' expiry date will expire 20 trading days thereafter.

The fair value of the 25,334,000 common share purchase warrants issued in this placement was estimated at \$381,213 using the Black-Sholes option pricing model. Share issue costs incurred on this private placement were cash costs of \$20,531 and the issue of 256,000 broker warrants valued at \$3,865 using the Black-Sholes option pricing model. Each Broker warrant expires two years from date of closing with an exercisable price of \$0.10.

Certain officers and directors participated in the private placement for gross proceeds of \$174,200 through issuance of 3,484,000 Units.

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10. Warrant Reserve

The movements in the number and estimated fair value of outstanding broker warrants and share purchase warrants are as follows:

	Three months ended March 31, 2026		Year ended December 31, 2025	
	Number Outstanding	Weighted Average Exercise Price \$	Number Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	45,090,000	0.12	15,674,290	0.12
Issued	-	-	45,090,000	0.12
Expired	-	-	(15,674,290)	0.12
Balance, end of period	45,090,000	0.12	45,090,000	0.12

The exercise price, expiry date, and the fair value assigned to warrants issued and outstanding as at March 31, 2026 are as follows:

Expiry Date	Weighted Average Exercise Price \$	Grant Date Fair Value \$	Warrants Outstanding	Remaining Contractual Life (yr)
May 30, 2027	0.10	185,837	12,200,000	1.16
May 30, 2027	0.10	2,437	160,000	1.16
March 28, 2027	0.10	96,691	6,500,000	0.99
March 4, 2027	0.10	98,685	6,634,000	0.93
March 4, 2027	0.10	1,428	96,000	0.93
October 31, 2028	0.15	339,635	19,500,000	2.59
	0.12	724,713	45,090,000	1.72

The fair values of the warrants issued during year ended December 31, 2025 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2025
Risk free interest rate	2.50 to 2.59%
Expected dividend yield	Nil
Exercise price	\$0.10
Share price	\$0.045
Expected volatility	115 to 118%
Expected life	2 years

Option pricing models require the input of subjective assumptions regarding the expected volatility, which is calculated based on the historical price of the Company's common shares. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of Black-Scholes option pricing model may not provide a realistic measure of the fair value of the Company's warrants at the date of issue.

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11. Stock Options

The Company has a stock option plan (the “Plan”), under which the Company may grant options to directors, officers, employees, and third party service providers. Under the terms of the Plan that was re-approved by the shareholders on September 17, 2025, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. The options granted under the Plan are non-assignable, have a term of up to five years and vest over a period of up to three years from the date of issue.

	Three months ended March 31, 2026		Year ended December 31, 2025	
	Number Outstanding	Weighted Average Exercise Price \$	Number Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	12,850,000	0.10	15,150,000	0.11
Granted	4,600,000	0.10	-	-
Expired	(2,000,000)	0.12	(2,300,000)	0.12
Balance, end of period	15,450,000	0.10	12,850,000	0.10

Options to purchase common shares outstanding at March 31, 2026 carry exercise prices and remaining terms to maturity as follows:

Expiry Date	Weighted Average Exercise Price \$	Grant Date Fair Value \$	Number of Options Outstanding	Number of Options Exercisable	Remaining Weighted Average Contractual Life (yr.)
August 10, 2026	0.15	68,940	200,000	200,000	0.36
September 16, 2026	0.15	102,840	1,100,000	1,100,000	0.45
January 4, 2027	0.15	151,578	1,100,000	1,100,000	0.76
December 12, 2027	0.10	263,993	3,500,000	3,500,000	1.70
March 13, 2028	0.10	20,762	250,000	250,000	1.95
November 27, 2029	0.10	7,990	300,000	300,000	3.66
May 31, 2029	0.10	90,058	1,900,000	1,900,000	3.17
August 20, 2030	0.05	74,900	2,500,000	2,500,000	4.39
March 20, 2031	0.10	131,973	4,600,000	4,600,000	4.97
	0.10	913,034	15,450,000	15,450,000	3.16

For three months ended, March 31, 2026, the Company granted 4,600,000 new options. The Company recognized share-based payment expense of \$33,000 for the three months ending March 31, 2026 (December 31, 2025 – Nil).

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The fair values of the options issued during the three months ended March 31, 2026 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2026
Risk free interest rate	3.12%
Expected dividend yield	Nil
Exercise price	\$0.10
Share price	\$0.04
Expected volatility	115%
Expected life	5 years

Option pricing models require the input of subjective assumptions regarding the expected volatility, which is calculated based on the historical price of the Company's common shares. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of Black-Scholes option pricing model may not provide a realistic measure of the fair value of the Company's warrants at the date of issue.

12. Loss per Share

The calculation of basic and diluted loss per share for three months ended March 31, 2026 includes a net income attributable to common shareholders of \$101,249 (2025 – net loss of \$470,158) and the weighted average number of common shares outstanding of 237,870,128 (2025 – 195,242,700). The calculation of basic and diluted loss per share did not include the effect of share purchase options and warrants outstanding as they would be anti-dilutive.

13. Operating and Administrative

Operating and administrative expense consists of the following:

	Three months ended	
	March 31	
	2026	2025
	\$	\$
Salaries and management fees <i>(note 7)</i>	71,291	111,358
Share based payments <i>(note 11)</i>	33,000	-
Professional fees	128,769	103,240
Shareholder information and filing fees	39,715	42,093
Travel	25,602	15,519
General office expenses	16,340	17,470
Foreign exchange gain	1,195	1,421
Total	315,912	291,101

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Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

14. Finance Charges

Finance charges consist of the following:

	Three months ended	
	March 31	
	2026	2025
	\$	\$
Interest and bank charges	1,767	2,980
Debenture interest	3,000	27,283
Accretion expense	-	31,013
Total	4,767	61,276

15. Land Purchase

The Company acquired a parcel of land for its proposed processing plant in Tenguel, Ecuador which was completed in September 2022.

16. Financial Risk Factors

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

Credit risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to sales tax receivable is remote.

Liquidity risk

As at March 31, 2026, the Company had a cash balance of \$30,871 (December 31, 2025 - \$19,425) against current liabilities of \$2,102,588 (December 31, 2024 - \$2,214,132). The Company does not have sufficient cash reserves to fund its administrative costs and fund any project development initiatives for the coming year, and to repay its liabilities to trade creditors and debt holders. Management is actively involved in identifying reclamation ventures amenable to the application of the Company's technology and in seeking new equity financing to enable it to service the Company's liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

While the multiple debt conversions and forgiveness have substantially improved the Company's Statement of Financial Position, its liquidity remains at a low level and it continues to incur costs that will require continued success in additional financings.

Market risk

(a) Interest rate risk

The Company has cash earning interest at a low variable interest rate and debentures bearing interest at 12% per annum. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

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(b) Foreign currency risk

The Company's functional currency is the Canadian dollar. Major purchases are transacted in Canadian dollars. The Company funds certain operations and administrative expenses using United States dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is not exposed to price risk with respect to commodity prices because the Company is not a producing entity.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows.

	March 31 2026	December 31 2025
Financial assets at amortized cost:		
Cash	\$ 30,871	\$ 19,425
Financial assets at fair value:		
Investments, marketable securities	\$ 376,276	\$ 372,500

Financial liabilities included in the statement of financial position are as follows.

	March 31 2026	December 31 2025
Financial liabilities at amortized cost:		
Payable to Aquila Resources Inc.	\$ 161,294	\$ 161,294
Accounts payable and accrued liabilities	\$ 1,781,294	\$ 1,892,838
Government assistance	\$ 60,000	\$ 60,000
Debentures	\$ 100,000	\$ 100,000

Fair value

The condensed interim consolidated statements of financial position carrying amounts for cash, receivables and trade payables, approximate fair value due to their short-term nature.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes SCI shares held by the Company which the shares are traded on a public stock exchange;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2026 the Company has financial instruments measured at fair value which include the Silver Crown shares valued at \$167,276 as of March 31, 2026 (\$346,500- December 31, 2025) that are classified as Level 1 and the Silver Crown warrants valued at \$209,000 as of March 31, 2026 (\$26,000- December 31, 2025) that are classified at Level 2, within the fair value hierarchy. See note 21 for details.

17. Capital Management

The Company defines capital as shareholders' equity. The Company's objective when managing its capital is to restore its deficit to a positive balance in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support the acquisition, assessment and evaluation, and development of mineral reclamation properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is currently in the early stages of evaluation and assessment of projects; as such, the Company is dependent on external financing to fund its activities. In order to carry out the assessment and evaluation of the projects and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties, if it feels there is sufficient geologic or economic potential, and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company does not have externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during three months ended March 31, 2026 and year ended December 31, 2025.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Canadian Securities Exchange ("CSE"). The impact of any violation of CSE policy is not known and is ultimately dependent on the discretion of the CSE.

18. Commitments and Contingencies

Management contract

The Company currently has employment agreements with the provision of termination and change of control benefits with the three officers of the Company. The agreements for each officer provides that in the event that their employment is terminated by the Company other than for cause then the officer shall be entitled to a lump sum payment amount up to twelve months base salary plus 1 month salary for each year of service (\$755,000) to a maximum of thirty-six months base salary. If a change of control were to occur, the officer would be entitled up to two years of compensation (\$1,330,000). As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements.

Environmental matters

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

BacTech Environmental Corporation

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19. Liabilities related to abandoned Subsidiary

On May 24, 2016, BacTech announced that its 98% owned Bolivian subsidiary Empresa Minera Ambiental BacTech S.A“ ("EMABSA"), had signed an Association Contract with Corporación Minera de Bolivia“ ("COMIBOL"), the state mining company of Bolivia. On September 15, 2016, the Bolivian government approved and ratified the agreement.

On September 9, 2019, the Company announced that it would not proceed with the reclamation of the Telamayu tailings project in Bolivia. The Company has abandoned the Bolivian subsidiary which is inactive. Management believes that there will be no impact on the business of the Company and accounts payable amounts will not be pursued by vendors beyond their recourse against the abandoned subsidiary.

The liabilities have been included in the Company's balance sheet from the abandoned subsidiary in the amount of \$180,647 for three months ended March 31, 2026 (\$180,647 -December 31, 2025).

20. Government assistance

Canada Business Emergency Account

In fiscal 2020, the Company received a \$60,000 emergency business loan under the federal government Canada Business Emergency Account (“CEBA”) initiative. The Company did not repay the balance prior to January 19, 2024, and as such the loan was renewed for a three year term with a fixed condensed interim rate of interest of 5%. No repayments have been made as of March 31, 2026.

21. Royalty Purchase Agreement with Silver Crown Royalties Inc.

On October 28, 2024, BacTech announced the completion of the Royalty Purchase Agreement for the sale of a portion of its anticipated condensed interim silver production with Silver Crown Royalties Inc. (“Silver Crown”). The silver is expected to be a byproduct of its planned bioleach gold production in Tenguel, Ecuador. On November 21, 2024, BacTech announced the closing of the transaction.

Under the terms of the agreement, Silver Crown acquires a royalty on BacTech's planned bioleaching facility in Tenguel, Ecuador (the “Project”). The 10 year term for the annual royalty equates to the cash equivalent of the greater of (i) 90% of the silver processed at the facility, or (ii) minimum annual payment of 35,000 ounces of silver. Royalty payments become due on a quarterly basis after one year from the commencement of commercial operation of the Project.

In exchange, Silver Crown will pay \$4,000,000 in common shares, issued in three (3) tranches:

- The first tranche, received upon closing of this transaction, includes 100,000 common shares issued at a value of \$10.00 share plus 100,000 share purchase warrants exercisable at \$16.00 for 3 years from closing;
- The second installment of 100,000 common shares issued at a value of \$10.00 will be received upon BacTech successfully securing the Project financing for the building of the Tenguel plant; and
- The final instalment of 200,000 common shares issued at a value of \$10.00 will be received once commercial production begins at the Project.

According to the terms of the contract there is no obligation to pay any royalty until the facility in Tenguel, Ecuador is built and commissioned for operations. The future contingent installments of shares to be received upon successfully completing future milestones have not been included in these condensed interim consolidated financial statements as it is not certain these milestones will be reached.

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The value of the 100,000 Silver Crown shares and 100,000 warrants at the time the transaction closed in October 2024 had a fair market value of \$774,000 for the shares based on the quoted market value of Silver Crown's shares and the warrants had an estimated fair value of \$59,000. As at December 31, 2024, the estimated fair market value of the 100,000 Silver Crown shares was \$708,000 based on the quoted market value of Silver Crown's shares, and the warrants had an estimated fair value of \$47,000, resulting in an unrealized loss of \$78,000.

During the three months ended March 31, 2026, the Company sold 33,800 Silver Crown common shares for gross proceeds of \$422,560. As at March 31, 2026, the estimated fair market value of the remaining 12,400 Silver Crown shares was \$167,276 based on the quoted market value of Silver Crow's shares, and the warrants had an estimated fair value of \$209,000, which translates to a realized gain of \$165,130 and an unrealized gain of \$257,276 for the three months ended March 31, 2026.

During the year ended December 31, 2025, the Company sold 53,800 Silver Crown common shares for gross proceeds of \$331,055. As at December 31, 2025, the estimated fair market value of the remaining 46,200 Silver Crown shares was \$346,500 based on the quoted market value of Silver Crow's shares, and the warrants had an estimated fair value of \$26,000, which translates to an unrealized loss of \$1,960 and realized loss of \$53,818 for the year ended December 31, 2025.

The fair values of the warrant for the three months ended March 31, 2026 and year ended December 31, 2025 were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2026	2025
Risk free interest rate	3.03%	2.17 to 2.75%
Expected dividend yield	Nil	Nil
Exercise price	16.00	16.00
Share price	\$13.49	\$6.14 to \$7.50
Expected volatility	40%	40% to 41%
Expected life	2 years or less	2 years or less