

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: BacTech Environmental Corporation (the "Issuer").

Trading Symbol: BAC

Number of Outstanding Listed Securities: 141,342,204

Date: September 7, 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

BacTech Environmental Corporation ("BacTech" or "Company") continues to pursue arsenopyrite opportunities in Ecuador and other Andean countries that allow for the use of the Company's proprietary bioleach technology.

On August 16, 2021, BacTech announced the addition of Dr. Nadia Mykytczuk to its Strategic Advisory Board. A seasoned research scientist focused on mine waste microbiology and the development of applications for bioleaching and bioremediation, Dr. Mykytczuk will work closely with the BacTech scientific team to help support pilot plant testing efforts in addition to exploring other novel uses of the Company's technology.

On August 19, 2021 BacTech announced Andrew Taunton, Vice President of SolGold Ecuador and government relations lead, has joined BacTech's Strategic Advisory Committee. An active business executive and resident of Ecuador for the past 30 years, Mr. Taunton currently oversees the SolGold Ecuadorian group of companies which hold mineral exploration properties throughout the country, including the world class recognized Cascabel / Alpala copper gold project. As Strategic Advisor, Mr. Taunton brings an extensive network of business professionals and connections in both commercial activity and government service to BacTech's Ponce Enriquez Bioleaching Project.

On August 30, 2021, BacTech announced the final bioleaching test results showing the successful neutralization of bio-oxidation liquors and TCLP stability testing of ferric arsenate precipitates. Four neutralization tests were performed on two final bio-oxidation liquors from the Ecuadorian commercial bioleach testing program, confirming that an environmentally stable ferric arsenate precipitate could be produced. The neutralization process, where limestone is added and calibrated to raise the pH of the bioleach liquor to facilitate the precipitation of the ferric arsenate, conclusively demonstrated that the precipitate passes the TCLP (Toxicity Characteristic Leaching Procedure) requirements for stability set out by the U.S. Environmental Protection Agency ("EPA").

Duplicate neutralization tests were performed on each liquor, using both lime and limestone as the neutralization reagent. Neutralization was conducted in an agitated aerated reactor over a six-hour contact time as per commercial protocol for bio-oxidation plants. Test results showed that the amount of arsenic remaining in solution was 0.5ppm, while the quantity of iron was minimal (between 3ppm to 18ppm due to the presence of residual ferrous iron). This analysis confirms that the neutralization operation will produce a neutral clean water as a by-product that is suitable for recycling in the process. This finding is significant for BacTech as it will reduce the quantity of fresh water required on site.

2. Provide a general overview and discussion of the activities of management.

GENERAL CORPORATE

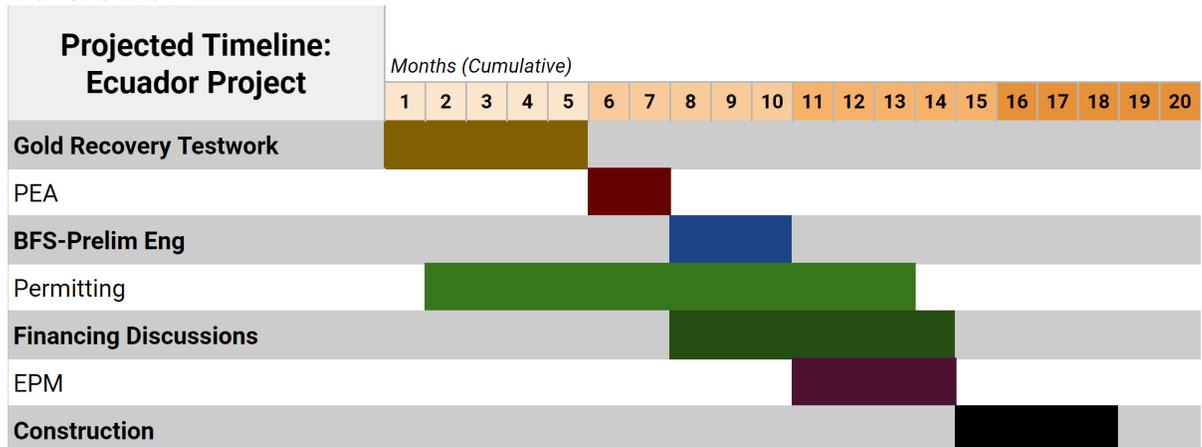
The BacTech bioleaching technology can be applied to the processing of high arsenic concentrates and remediation of polluted mine waste in an economically beneficial manner. The BacTech bioleaching technology has been used commercially in the past for the liberation of precious and base metals from difficult to treat mine concentrates and ores. The business plan for BacTech Environmental Corporation is to apply the BacTech bioleaching technology to abatement projects to remove harmful elements such as arsenic and sulphur from the environment, where this can be assisted by a positive cash flow from metal recovery. Metals which could be extracted include gold, silver, cobalt, nickel, copper, uranium and zinc.

ECUADOR

Updated plans fiscal 2021

BacTech has identified the Ponce Enriquez area of southern Ecuador as an area where the Company's bioleaching technology can be successfully deployed for environmental processing of locally produced concentrates. Given the high levels of arsenic contained in the ore from the area, miners receive significantly reduced prices for their concentrates due to penalties applied by the buyers. The buyers tend to be from Asia where concentrates are shipped for conventional smelting and/or roasting. The concentrates are subject to a 3% export royalty on the gold value payable by the miner to the Government of Ecuador. BacTech believes that by implementing an in-country bioleach plant it can offer superior pricing for these concentrates to the local producers, better payment terms, provide domestic Ecuadorian employment opportunities; and increase local and federal tax revenue for the government. It should be noted that the final arsenical product resulting from bioleaching, ferric arsenate, is a US Environmental Protection Agency approved land-fillable form of arsenic.

Plans for 2021



The initial capacity for the proposed plant would be 50 tonnes per day of arsenopyrite and refractory pyrite concentrates. At this stage the Company will be pursuing its goals with 100% ownership, but BacTech would consider a joint venture partner going forward. BacTech will act strictly as a purchaser and processor of third party concentrates and will not own any mineral properties in Ecuador.

In the above chart we can see that the first step in the process involves ear-marking suitable concentrates for which a detailed bioleach test program will be undertaken. The Company collected samples from 6 different mines in the area from which 3 were selected as candidates for bioleaching. These samples were assayed for gold and arsenic content before being subjected to bioleach test work carried out at ALS Labs in Perth, Australia. A first step in the process is completion of a diagnostic leach study to get a better understanding of the leachability of the gold. On April 21, 2021, BacTech announced that it has achieved gold recoveries of over 99%. The estimated time to complete the test work is 16-20 weeks after which BacTech would establish the projected gold recovery and

sulphide oxidation ratios as well as gaining a good understanding of the flow sheet for the plant.

On June 24, 2021, BacTech announced that all formal bioleach test work for the Company's Ponce Enriquez bioleaching project was completed. BacTech will deliver final arsenic stability results ("TCLP") and analysis when received by third-party testing provider ALS Laboratories. The interim bioleach results, covering four key areas, are presented below.

Bio-Oxidation Kinetics

Bioleach test work on material collected from small mine producers in Ponce Enriquez, Ecuador, previously assayed to confirm positive magnitudes of gold, was completed on June 23rd, 2021. While assay results from oxidized solids are pending to confirm the extents of oxidation achieved, the results from solution assays taken throughout the testing campaign indicate good kinetics with complete solubility of arsenic from all samples tested complimented by a high level of iron dissolution from refractory mineralization. This is a positive indicator in being able to obtain a high gold recovery from downstream processing. No unusual phenomenon was encountered during the testing compared to other feedstocks which have been previously tested and resulted in a successful commercial plant. These results are particularly encouraging, given the fact that some of the feedstocks were pretreated with cyanide by the miner to obtain any free gold present. Cyanide contaminated concentrates with high arsenic content are recognized as more difficult to treat due to toxicity phenomenon. A specialized pre-washing process was used to mitigate the toxicity effects of any residual cyanide species present in these feedstocks on the bio-oxidation process. A further positive attribute is that due to the low amount of inert siliceous gangue present in the feedstocks, a high weight loss was noted in the bio-oxidation testing. This has positive process implications in reducing the size of equipment required for downstream gold recovery and hence capital and operating costs.

Gold Recovery

Cyanidation work was conducted on the bio-oxidized residues at an independent lab to quantify the amount of gold that was liberated using bioleaching. Previous diagnostic test results received from ALS Laboratories on 20 April showed that if the feedstocks are oxidized to extinction, then 99% of the gold can be recovered. On July 19th the Company released the expected recovery rates for gold from bioleaching. In a program designed with added rigor to test the entire commercial process, final results showed a range of 95.5 to 96.5% gold recovery on the samples of arsenopyrite and pyrite.

Bioleach Liquor Neutralization

This study will validate model predictions for reagent requirements of limestone (CaCO₃) and other reagents. Limestone (or lime) will be added to the post bioleach solution to raise the pH enabling precipitation of the iron and arsenic to form a stable ferric arsenate precipitate recognized by the USEPA and similar bodies as being environmentally benign and suitable for disposal. This test work will also produce a clean water for recycling to the process and the final solutions from neutralization will be assayed to ensure compliance for re-use.

Environmental Testing

This testing will focus on the arsenic precipitate produced from the neutralization process to confirm resulting ferric arsenate is in compliance with the Toxicity Characteristic Leaching Procedure (“TCLP”) standards and the US EPA’s standards for deposition of waste materials. BacTech intends to transform harmful contaminants into benign EPA-approved products and the results from this test work will contribute to environmental approval for the project and process permitting.

Samples were either tested individually or as a blend, in order to confirm the process flexibility for managing various treatment scenarios in which a range of feedstocks with different compositions would be delivered to the plant. The table below shows the gold recoveries obtained from the tests conducted using a variety of feedstock combinations. The arsenic content of all the feedstock combinations tested was very high.

<i>Feedstock Supplied to the Test</i>	<i>Feedstock Gold Head Grade (g/t)</i>	<i>Feedstock Arsenic Content (%)</i>	<i>Bio-oxidized Gold Grade for CIL processing (g/t)</i>	<i>Tail Gold Grade After CIL Gold Extraction (g/t)</i>	<i>Gold Recovery (%)</i>
<i>Conc. 1 + Conc.3</i>	54.6	16	55.0	2.15	96.1
<i>Conc. 5</i>	21.7	12.9	28.1	1.27	95.5
<i>Conc. 1+ Conc. 3 +Conc. 5</i>	39.6	14.6	52.8	1.92	95.4

On July 28, 2021, BacTech announced it had engaged EPCM Consultores S.R.L. (“EPCMC”) to lead the feasibility study (“FS”) for the Company’s Ponce Enriquez, Ecuador bioleaching project. EPCMC is a South American engineering and development firm specializing in mining and metallurgical projects. EPCMC has considerable experience in a range of professional engineering services including feasibility studies, project design and construction within South America and Europe, having delivered close to 50 major projects and working with various international mining companies including Orvana, Silver Standard, Aquila Resources and Yamana Gold.

The FS will consider the proposed environmental setting and entire project infrastructure, along with sample collection and final bioleach test work results, to produce conceptual plans and estimates that encompass plant design, constructability, process economics expectations and scheduling. This study is expected to be simplified by the fact that there are no mining requirements to consider. Upon completion, the FS will provide the company with the information required to make a definitive decision on the bioleach plant location - culminating with the final representation of the plant build and operational planning requirements.

Using the flow sheet developed by the bioleach test work, the final piece of this phase of the project would be detailed engineering. It is our intent to rely heavily on the designs from previous plants that BacTech has built which addressed material with very similar mineralogical structure.

During this period BacTech would also begin the process of identifying a suitable site for the proposed plant and obtaining permits for the plant. A recent trip to Ponce Enriquez has identified 2 possible sites for consideration. Legal due diligence on property ownership is underway. Applications will be made to the Ministries of Mining, Water and Environment, for approval of a water usage license, and tailings approval for the post bioleach residues. There will also be consultation with the local municipal government with respect to land acquisition and approval for building permits for the plant. It should be noted that Ponce Enriquez is a very active mining area with over 90 producing mines of various sizes, and we do not expect to face local opposition given the environmental and economic benefits associated with our project.

We estimate that the cost to get the project to a “shovel ready” state will be approximately US\$800,000. The actual budget for construction, procurement and materiel is estimated to be \$US 10M with a 20% variance, based on costs from past projects. The detailed engineering will allow the company to reduce the variance in the budget. The estimated time to complete the pre-construction studies is approximately 12 months with the permitting being the longest part of the process. At the end of this process BacTech will actively pursue contractual concentrate feeds from local sources and quite possibly from neighbouring countries such as Peru. Once the Company successfully completes the initial plant, it is conceivable we will attract enough feed to exceed the plant’s capacity. This could lead to a straight-forward expansion as BacTech’s plants are modular in design.

Other

The Company continues to receive and evaluate other expressions of interest and potential projects from many different countries and companies, the latest being the project Peru, Canada and Ecuador.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Refer to Section 1 –announcements regarding the project in Ecuador.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not applicable.

5. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Not applicable.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable.

8. Describe the acquisition of new customers or loss of customers.

Not applicable.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

Not applicable.

10. Report on any employee hiring, terminations or lay-offs with details of anticipated length of lay-offs.

Refer to Section 1 –announcements regarding the Strategic Advisory Committee.

11. Report on any labour disputes and resolutions of those disputes if applicable.

Not applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not applicable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Not applicable.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
NA			

15. Provide details of any loans to or by Related Persons.

Not applicable.

16. Provide details of any changes in directors, officers, or committee members.

Refer to Section 1 –announcements regarding the Strategic Advisory Committee.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer’s market(s) or political/regulatory trends.

The Company is subject to various market, political and regulatory trends as a result of the COVID-19 situation and additional business and financial risks that may result therefrom. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and disruptions, can all have an impact on the Issuer’s operations and access to capital. There can be no assurance that the Issuer will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, share prices and financial liquidity and that may severely limit the financing capital available to the Company.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: September 7, 2021

Name of Director or Officer: Louis R. Nagy

Signature: *signed "Louis R. Nagy"*

Official Capacity: Chief Financial Officer

Issuer Details	For Month	Date of Report
Name of Issuer	End	YY/MM/DD
BacTech Environmental Corporation	August 2021	21/09/07
Issuer Address		
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City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
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