

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: BAC

Number of Outstanding Listed Securities: 116,914,667

Date: January 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 continues to pursue arsenopyrite opportunities in Ecuador and other Andean countries that allow for the use of the Company's proprietary bioleach technology.

On December 3, 2020, the Company announced assay results for the six concentrate samples collected from small mine producers in Ponce Enriquez, Ecuador. The area is known for its production of gold-rich arsenopyrite material. The assay work was conducted by ALS Laboratories in Vancouver, Canada. The results confirm stated grades provided by the miners at the time the samples were collected, with a single exception, the reason for which is being investigated. The Company will start the next phase of the project which will be the bioleach test work. Concentrate will be shipped to Perth, Australia, where the test work will be conducted at ALS's metallurgical laboratory under the guidance of Bactech's Dr. Paul Miller. A full report of the test work will be available in five to six months from the onset of the test program.

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

GENERAL CORPORATE

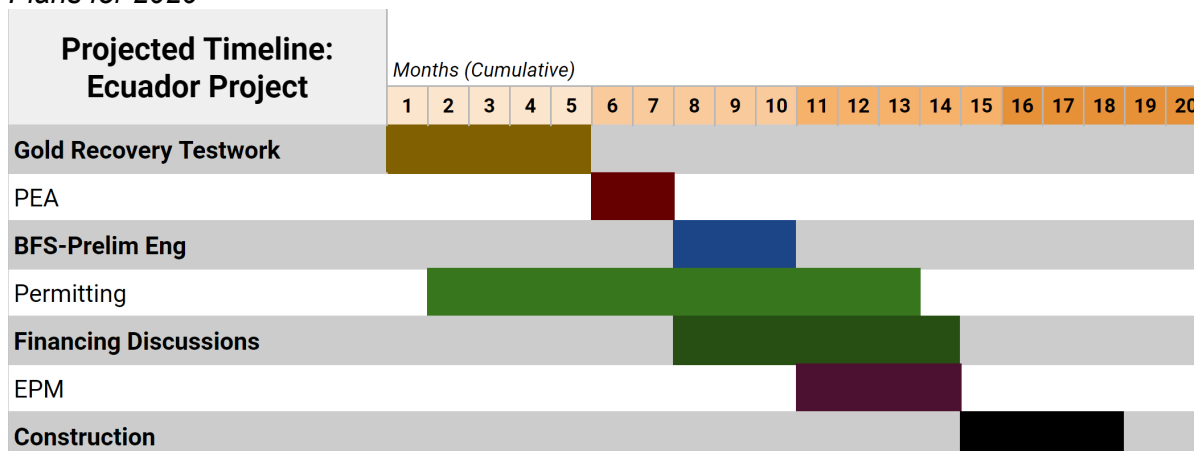
The BacTech bioleaching technology can be applied to the processing of high arsenic concentrates and remediation of polluted mine waste in an economically beneficial manner. The BacTech bioleaching technology has been used commercially in the past for the liberation of precious and base metals from difficult 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 2020

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% 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 2020



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 has collected samples from 6 different mines in the area. These samples were assayed for gold and arsenic content before being shipped to Perth, Aus. To be subjected to bioleach test work carried out at ALS Labs in Perth, Australia. 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. Previous test work carried out at Laurentian University on a sample from Ponce Enriquez showed very high oxidation levels for the sulphide minerals with over 99% of the arsenic stabilized as ferric arsenate. The Company is waiting for the appropriate time to re-enter the country after Covid-19 restrictions are relaxed.

During this period BacTech would begin the process of obtaining permits for the plant. 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.

If the results of the bioleach test work are in line with projections, BacTech will begin a bankable feasibility study. It should be noted that this study is for a commercial operating plant and it does not involve any aspects of underground resource estimation or mining engineering. For this reason, the study should be relatively straight forward and less costly than a usual full-scale bankable study.

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.

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 7.5M 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 neighboring 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.

With respect to the current financing where BacTech has filed a Form 1-A Regulation A Offering with the Securities Exchange Commission, BacTech used a portion of the proceeds to conduct the above mentioned assay and bioleach test work.

On June 11, 2020, the Company announced new developments with respect to its project in Ponce Enriquez, Ecuador. With the easing of the Covid-19 mining ban in Ecuador, BacTech announced it had collected 6 samples from producing mines in Ponce. The samples were sent to the Vancouver office of ALS Labs for assay and mineralogy testing. The results were press released on December 2, 2020. The samples will now be airfreighted to Perth, Australia where they will be subjected to a bioleach test program under the guidance of Dr. Paul Miller. The test work will be conducted at ALS Laboratories facilities in Perth. BacTech has no equity ownership in any of the 6 mines where samples of concentrate will be sourced.

On November 30, 2020 BacTech announced the creation of an Advisory Committee consisting of Ecuadorian nationals. The purpose of the committee is to provide local knowledge and facilitate advancing the project to completion. The first member to join the AC is Stevie Gamboa. Mr. Gamboa is a lawyer and former government Minister.

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.

On May 15, 2019 BacTech announced that it had signed a letter of intent with GMR Inc. (“GMR”) to license BacTech’s proprietary bioleach technology. BacTech joins Dundee Sustainable Technologies (CSE:DST) as a technology partner with GMR to develop a potential solution for the remediation of the Gold Residual Stockpile in Snow Lake, Manitoba. Through this agreement, BacTech received a \$20,000 cash payment as an advance on the right to utilize the BacTech proprietary bioleach technology on the Gold Residual Stockpile in Snow Lake, Manitoba. In addition, BacTech will earn 3% undivided equity interest in the net income of the project. GMR is relying on BacTech’s historical research conducted in 2011/12 that showed oxidation rates of 95% and gold recovery of 88.6% on material obtained from the arsenic stockpile.

The Company is awaiting approval from the Colombian government to allow for travel to a gold/platinum tailings site near Medellin, Colombia in partnership with MetalTec, LLC ("MetalTec"). MetalTec, based in Naples, Florida, operates an alluvial mine in Colombia as well as brokering gold produced by small miners.

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.

Not applicable.

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.

Not applicable.

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⁾
Not Applicable			

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.

See Note 1 – Press Release dated November 30, 2020.

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: January 7, 2021

Name of Director or Officer: Louis R. Nagy

Signature: *signed "Louis R. Nagy"*

Official Capacity: Chief Financial Officer

Issuer Details	For Month End	Date of Report YY/MM/DD
Name of Issuer BacTech Environmental Corporation	December 2020	21/01/07
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City/Province/Postal Code Toronto, Ontario, M5C 1E9	Issuer Fax No. 416-596-9840	Issuer Telephone No. (416)813-0303
Contact Name Louis R. Nagy	Contact Position Chief Financial Officer	Contact Telephone No. (416) 813-0303 x224
Contact Email Address lnagy@bactechgreen.com	Web Site Address www.bactechgreen.com	