

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: BAC

Number of Outstanding Listed Securities: 58,032,930

Date: January 6, 2017

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 the CNSX 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 CNSX.ca 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 CNSX 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.

The BacTech bioleaching technology can be applied to the 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.

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

General Corporate

In a press release dated December 15, 2016, the Company provided a corporate update on its drilling activities at Telamayu. Seven holes have been completed in the Antigua tailings area, with very good recoveries being noted. The holes are intersecting the underlying native riverbed material approximately 12 metres below surface. The drill crew and geologists will break for the holiday season on Dec. 23, and resume drilling on Jan. 3, 2017. The Initial assay results are expected to be received in January 2017.

Bolivia Project

On April 16, 2015 the Company provided an update on the progress of its tailings reclamation project located at Telamayu, Bolivia. The project consists of two separate tailings areas (Antigua and Nuevo) earmarked for remediation and is the result of many years of toll treating ores from four regional mines. Previous test work on the Antigua tailings revealed a silver grade of 8.8 oz/t and copper of 2.24%. There are also recoverable amounts of tin.

On July 7, 2016, BacTech provided an update on the status of the Telamayu project. The Company recently arranged for a site visit by Bumigeme Inc., a Montreal-based engineering company to visit the Telamayu mill site in Bolivia. The purpose of the trip was to undertake a due diligence review on behalf of the Montreal-based engineering company. The following benefits were identified by the engineers:

- Availability of ample space in the existing plant;
- Water in sufficient quantity;
- Good power costs and availability (four cents to five cents per kilowatt-hour);
- New tailings site to be built at a small distance from the existing mill;
- Qualified manpower available locally; and
- Space for offices and housing is available.

The engineers made the following recommendations for the next phase of the project:

- Drilling of five holes twinning COMIBOL test pits dug in 2004;
- Subsequent coring, sampling and analysis of the tailings (a 500-metre program), confirming the concentrations of tin and gold, in addition to silver and copper;
- Preparation of a 400-kilogram sample for new metallurgical test work;
- Completing a National Instrument 43-101 resource estimation, report and recommendations.

Special attention will be given to the tin content of the tailings. Additional sampling and analysis will determine whether the high tin concentrations generated by COMIBOL in 2004 exploration wells are, in fact, correct, in which case the tin values would exceed the silver values and greatly enhance the economics of the project.

Since the release of the July 7th press release, the Company has decided to conduct a full drill program on 20 meter spacing. It is estimated that the total meters to be drilled will be roughly 560m (70 holes X 8 m depth) which is expected to be started the last week of November 2016 and be completed by the end of January 2017..

Of particular note, the association contract for the development of the remediation of tailings at Telamayu, Potosi, was signed between Empresa Minera Ambiental Bactech SA (Emabsa), Bactech's 98-per-cent-owned Bolivian subsidiary, and Comibol, the Bolivian State mining company, and was approved by the Bolivian government by Law N degrees 831 dated September 15, 2016.

The collected core samples from the drill program will be submitted to assay laboratories in Oruro, Bolivia and Canada. This will be the underpinning of a resource estimation following the guidelines established by Canadian National Instrument 43-101 reporting. Once the drill program has been completed, the Company will immediately begin metallurgical test work to determine the appropriate method for metal recovery (see the company's previous press releases). A complete NI 43-101 compliant preliminary economic assessment (PEA) will then be completed.

The second phase will be the construction of a processing plant that will create concentrates of silver, tin and copper using conventional processing. There will be contributions from gravity separation, flotation concentration, and copper precipitation from water creating the final products leaving site.

There is considerable infrastructure at the mill site including power, rail, a mill housing and a local workforce. The Telamayu mill has processed ores from the surrounding mines for over 70 years, with the Antigua and Nuevo tailings created from the operation. The existing infrastructure should lead to reduced capital costs.

The final stage is the commercialization of the plant which is expected to be completed within the next 12 to 15 months. All three stages require the posting of a performance bond that is released upon completion of each phase. BacTech has posted a bond of US\$26,000 to cover the initial phase.

Ecuador

The Company has begun its investigation into Ecuador by engaging the services of Dr. Marcello Veiga of the University of British Columbia and Ellis Martin of the Ellis Martin Report as announced in the Company's press release dated March 15, 2016. Dr. Veiga has over 10 years' experience dealing with artisanal miners in Ecuador and has been responsible for the construction of a number of concentrate plants in southern Ecuador that produce arsenopyrite concentrates.

BacTech is investigating the use of bioleaching to process high-arsenic/high-gold concentrates produced at flotation plants in the Ponce Enrique area of southern Ecuador. The use of flotation eliminates the need for artisanal miners to use mercury to recover precious metals. The area is known for its abundance of arsenopyrite ore.

On November 2, 2016, the Company announced that it has engaged the services of Laurentian University, specifically, the Vale Living with Lakes Centre, located in Sudbury, Ont., to provide bioleach test work for concentrates collected in Ecuador and elsewhere.

For this test work, BacTech will obtain up to 300kg of samples from concentrate producers in the Ponce Enrique area.

The study at Laurentian will be conducted under the guidance of Dr. Paul Miller, PhD (chemical engineering), CEng, MIMM, the company's vice-president of metallurgy and a leading expert in bioleaching. Dr. Nadia Mykytczuk of Laurentian will work in concert with BacTech, as well as oversee the work on behalf of the university.

Peru

In a joint press release dated November 17, 2015, BacTech announced that it had signed a non-binding memorandum of understanding with Duran Ventures Inc. ("Duran")

The basis of the memorandum of understanding is to determine the financial viability of constructing a bioleach circuit to be built as an add-on to Duran's Aquila Norte mineral processing plant near Trujillo, Peru (see Duran news release dated Oct. 19, 2015). Construction of the Aquila Norte plant, has reached the commercialization stage and should begin processing sulphide ores shortly.

If further investigation shows favourable economics on identifiable mineralized material, a joint venture will be formed with Duran's 80% subsidiary (Minera Aguila de Oro SAC) and BacTech, with each party holding 50% ownership of the bioleach circuit. BacTech will finance the cost of the construction of the bioleach circuit. Duran will have the right to participate in BacTech's financing if a construction decision is considered.

There has been very little progress in this project to date due to delays experienced by Duran in completing their sulphide flotation plant.

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 in Bolivia, Peru, 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.

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 trade-marks.

Not applicable.

10. Report on any employee hirings, 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⁾
Common Shares	2,500,000	Private Placement: \$0.05 per unit. One unit equals one common share and one warrant	Working capital and Bolivia project
Warrants	2,500,000	Same as above	Same as above

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.

Not applicable.

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

Not applicable.

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 were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX 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 CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: January 6, 2017

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	December 2016	17/01/06
Issuer Address		
20 Eglinton Ave. W., Suite 1820		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Toronto, Ontario, M4R 1K8		(416)813-0303
Contact Name	Contact Position	Contact Telephone No.
Louis R. Nagy	Chief Financial Officer	(416) 813-0303 x224
Contact Email Address	Web Site Address	
lnagy@bactechgreen.com	www.bactechgreen.com	