

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: BAC

Number of Outstanding Listed Securities: 174,210,333

Date: January 5, 2023

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 December 12, 2022, the Company closed the first tranche of its \$500,000 private placement, issuing 851,515 units of the company at a price of 6.6 cents per unit for aggregate gross proceeds of \$56,200.

Each unit consists of one common share and one transferrable common share purchase warrant. Each whole warrant shall entitle the holder thereof to acquire one additional common share in the capital of the company (or its successor) at a price of 13.2 cents per warrant share until the date that is 24 months from the closing date.

The Company intends to use the net proceeds from the offering for working capital requirements and other general corporate purposes. The company continues to work with investors and financial institutions to process all orders and close the offering.

No commissions will be paid with respect to the unit offering, however, the issuer may pay a finder's fee to certain finders of 7 per cent of the aggregate gross proceeds of subscriptions facilitated by such finders. The finder's fee may be paid in cash and/or units, at the option of the finder. In connection with the closing of the first tranche, the company will pay finder's fees of \$2,310 and 35,000 broker warrants to Canaccord Genuity.

Additionally, pursuant to the company's stock option plan, the company granted on Dec. 12, 2022, stock options to certain directors, officers and employees to purchase an aggregate of 3.7 million common shares of the company at an exercise price of 10 cents per optioned share for a period of five years from the date of grant. Some of these options replace previously granted, now expired, options. Subsequent to the grant of such options, an aggregate amount of 5,985,882 common shares of the company remains available for issuance under the company's stock option plan, as reapproved by the shareholders of the company during the company's last annual general meeting held on Sept. 16, 2021.

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

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. In October 2021, the Chinese government imposed a 13% tax on the import of high arsenic/gold concentrates. The purchasers of concentrates in the Ponce Enriquez market have subsequently passed on this cost to the producer reducing what they pay the miner to roughly 50% of the contained gold values. 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 solution it can offer superior pricing for these concentrates to the local producers, better payment terms, provide domestic Ecuadorian employment opportunities. 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.

Feasibility Study for Ponce Enriquez

On December 16, 2021, BacTech announced and released the executive summary results of its 3rd party produced Bankable Feasibility Study ("BFS") for the staged development of its 100% owner-operated bioleaching facility in Tenguel, Ecuador ("TE"). The results point toward a very robust and economically compelling project with strong performance metrics.

South American mining and metallurgical engineering and development firm EPCM Consultores S.R.L. ("EPCMC") was engaged in July 2021 to undertake the independent feasibility study for the Company's proposed bioleach processing plant located in Tenguel, strategically situated for easy accessibility to Ponce Enriquez ("PE") mining operations. The BFS outlines process economics expectations and metrics pointing toward solid and long-term program viability, while considering associated capital and operating costs for the project.

On February 8, 2022, BacTech released updated executive summary results of its third party-produced bankable feasibility study (BFS-II) for the staged development of its 100-per-cent-owner-operated bioleaching facility in Ponce Enriquez (PE), Ecuador. BFS economics have been updated to reflect improved optimization works allowing an increased throughput and improved average gold head grade. All dollar figures are in U.S. dollars unless otherwise indicated. This press release updates the results reported in the December 16, 2021 press release. The latest estimates are reflected in the data that follow:

Updated key economic highlights:

- Pre-tax net present value (NPV) with 5-per-cent discount rate of \$60.7 million (up 29.4 per cent from \$46.9 million);
- Pre-tax internal rate of return (IRR) of 57.9 per cent (up from 48 per cent);
- Annual gold production of 30,900 ounces (up 19 per cent from 25,900 ounces);
- Capital cost of \$17.0 million (increased from \$15.5 million);
- Bioleach operating cost of \$212 per tonne;

- Assumed purchase prices of concentrate -- 65 per cent of the contained gold value;
- Pre-tax earnings prior to employee bonus -- \$10.9 million (up from \$8.94 million);
- Estimated local employee bonus pool -- \$1.64 million;
- Payback (75-per-cent debt) -- two years.

The feasibility study contemplates the purchase of concentrates, high in both arsenic and gold levels, from mines located in the Ponce Enriquez area of SW Ecuador. In total, there are over 90 small mines operating in the area. BacTech intends to return local miner compensation back to previous payment levels, prior to a sweeping price reduction imposed by Chinese buyers due to recent import levies on arsenic/gold concentrates entering China.

The Company has acquired 100 acre parcel of land to be used for the operations in Tenguel which formally closed in September 2022. The Company had placed a total of USD 95,000 (\$126,825) as a non-refundable deposit with the vendor, as the Company completed the applications made to the Ministries of Mining, Water and Environment, for approval of a water usage license, and tailings approval for the post bioleach residues.

Next Steps

Using the flow sheet developed by the BFS, 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 17M 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. The current output from the Ponce Enriquez area is estimated to be 200-250 tpd of gold/arsenic concentrates. This could lead to a straight-forward expansion as BacTech’s plants are modular in design.

Permitting

On October 3, 2022, the Company announced that it had received official ESIA (Environmental and Social Impact Assessment) approval from the Ministry of Environment, Water, and Ecological Transition. This key approval marks a significant milestone with the process taking approximately seven months.

BacTech will now pursue the final community consultation phase, pending further government direction, in order to secure its Environmental License and associated permit approvals for the construction of the Tenguel bioleaching plant. BacTech remains in close contact with the Ministry of Environment, Water and Ecological Transition as well as the Ministry of Energy and Mines, who are together preparing the community consultation

guidelines. The company will continue to work closely with the regulatory authorities, local communities and all other stakeholders to ensure a collaborative agreement.

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.

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 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.

Refer to Section 1 and 2 –announcements regarding the project in Ecuador

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⁾
Unit financing – one common share and one warrant	851,515 Units for gross proceeds of \$56,200	Note A	Working Capital and advance of Ecuador Project
Stock Options	3,700,000	Exercise price of 10 cent per options for a period of 5 yrs	NA

Note A Each unit consists of one common share and one transferrable common share purchase warrant. Each whole warrant shall entitle the holder thereof to acquire one additional common share in the capital of the company (or its successor) at a price of 13.2 cents per warrant share until the date that is 24 months from the closing date.

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.

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 outbreaks 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 5, 2023

Name of Director or Officer: Louis R. Nagy

Signature: *signed "Louis R. Nagy"*

Official Capacity: Chief Financial Officer

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/DD
BacTech Environmental Corporation	December 2022	23/01/05
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City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
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