

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: BAC

Number of Outstanding Listed Securities: 101,153,756

Date: February 6, 2020

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.

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

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

GENERAL CORPORATE

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.

ECUADOR

On January 27, 2016 the Company provided a Corporate update on its activities and plans for the project in Ecuador. The following is the Company's vision for an Ecuadorian project, as reported in the press release, that includes the use of bioleaching to treat high-arsenic gold concentrates, resulting in a reduction in mercury use.

Industry background

With the significant increase in the price of gold over the past 10 years, there has been a corresponding surge in the number of small gold mining and artisanal operations (SGM) globally. An SGM is someone who produces small amounts of ore, usually through the use of rudimentary methods and tools where recoveries are poor. In Ponce Enriquez, Ecuador, there a number of small mining operations that sit 1000 to 1500 meters above sea level on the western side of the Andes. Cumulative production has led to a saturation of the tailings facilities that accompany these mines. The tailings, as reported by local miners run anywhere between 2 and 6 grams per tonne.

The Problem

After mining the ore, SGMs typically use primitive equipment such as Chilean mills (carpeting to extract gold) and much of gold is lost in production to the tailings. In particular, the use of this equipment to obtain gold from arsenopyrite-rich material can be an exercise in futility, as normally less than 10 per cent of the gold is separated from this refractory type of ore. This is due to the gold being physically encapsulated within the arsenopyrite, which is unreactive and impervious to cyanide treatment.

Once the arsenopyrite concentrate has been produced another problem arises for the miner. In many cases the level of arsenic in the concentrate far exceeds what is acceptable for burning at a roaster or smelter. The World Health Organization has placed a limit of 1% arsenic per tonne that can be processed using smelting. This is due to the creation of arsenic trioxide which is a deadly form of arsenic. Presently high arsenic concentrates (>10% As) are sold at up to 35% discounts to the contained metal value to Asian processors.

The Solution

This scenario creates a unique opportunity for BacTech and bioleaching. There is a need, identified by the government and miners, to process high levels of arsenic in concentrate in country. At present, concentrates are sold for 60-65% of the gold value and shipped offshore for processing. We can offer better prices locally for the small miner and still earn a healthy gross profit.

The opportunity provided to BacTech is real. Given BacTech's experience in bioleaching, and after studying the local market with, BacTech is confident that a strategy of building a bioleach circuit in Ponce Enriquez would provide healthy returns, not only for the company, but also for the local inhabitants. The Company has spent considerable time meeting with various ministries associated with mining and the environment. To date, the response has been very positive as they recognize the benefit of processing material in country especially if there is an answer to the arsenic issue.

Should BacTech be successful in implementing its strategy for Ecuador, there are opportunities to duplicate these plants in other high-arsenic areas of the Andes Mountains, namely northern Peru and Colombia.

Current Activities

On June 7, 2017 the Company reported that it had shipped approximately 150 kg of arsenopyrite gold concentrate to Laurentian University in Canada. With the supervision of Inspectorate Ecuador (subsidiary of Bureau Veritas S.A.), the concentrates were collected from various flotation plants in Ponce Enriquez, Southern Ecuador. In addition to concentrate, smaller samples of oxidized rock and unprocessed arsenopyritic ore were shipped. The material contains various levels of arsenic and will be subject to a test work programme aimed at demonstrating the economic, environmental and technical viability of using BacTech's Bioleaching Technology as a pre-treatment method for gold extraction. The test work was conducted and partially funded under the Ontario government's Center of Excellence program.

The Company worked closely with Dr. Nadia Mykytczuk at Laurentian University to complete the five-to-six-month bioleach test work program (the first phase of the program) which is now complete. A successful outcome from this program would allow BacTech to pursue the construction of a bioleach plant near the flotation circuits of the area, and to become the sole processor of gold concentrate that is currently shipped halfway around the world.

On July 23, 2018, BacTech announced that all of the materials tested to-date have responded well to the bio-oxidation testing procedure. This indicates a high amenability to bioleach processing demonstrating that high oxidation levels are achievable. Importantly, samples of neutralized arsenic precipitate containing stabilized arsenic, have been subjected to Toxicity Characteristic Leach Procedure (TCLP) testing showing that these precipitates are environmentally stable and benign meeting US EPA or equivalent regulatory requirements for disposal.

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 stock pile.

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.

See Section 1.

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.

See Section 1

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⁾
NA			

15. Provide details of any changes in *directors*, officers or committee members.
Not applicable.
16. 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: February 6, 2020

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	January 2020	20/02/06
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