FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: BAC

Number of Outstanding Listed Securities: 58,882,930

Date: February 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

On January 19, the Company announced the second tranche of the financing and provided an updated on its status. The first tranche completed in December 2016, was for $100,000 and resulted in the issuance of two million common shares and one million common share purchase warrants. The warrants are exercisable at 10 cents for two years from closing. It is anticipated that the second closing of the financing will occur by the end of January, 2017.

The second tranche was for $67,500 under the same terms as above, with additional funds to be closed from a third tranche within the next two to three weeks. The Company is confident that it has the funds committed to complete the original goal of $200,000. It is possible that the total raised could reach as much as $300,000.

BOLIVIA

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 February 2017..

Of partiulcar note, he 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.

Current Activities Bolivia

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 Antiguo 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 stopped the driiling activities for the holiday season on December 23, and resumed drilling on January 3, 2017. The drill program is continuing as planned. The Initial assay results are expected to be received in February 2017.

ECUADOR

On January 27, the Company provided a Corporate on 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 artisanal gold miners (AGM) globally. An AGM is someone who produces small amounts of ore, usually through the use of rudimentary methods and tools. There are literally hundreds of thousands of these AGMs in the countries of Peru, Ecuador and Colombia, according to Dr. Marcelo Veiga of the University of British Columbia (UBC) School of Mining, a specialist in this field. Over 30 million people globally participate in at least one facet of the industry, and collectively, AGMs produce an estimated 10 million ounces of gold (Barrick Gold Corp. produced 5.5 million ounces in 2016).

The Problem

After mining the ore, AGMs typically use mercury as an amalgamator of gold and silver, and the resulting environmental damage is significant. In particular, the use of mercury 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 mercury amalgamation. The increased use of mercury over the past 10 years has led to many governments and non-governmental organizations looking for a solution to the problem. Interested readers should visit the company's website (under newsroom, May 24, 2016) to view a video produced by a documentary company, Vice, on AGM mining in Colombia that illustrates the health risks of dealing with mercury. The long-term effects of mercury exposure to humans have been well documented.

In Ponce Enriquez, southern Ecuador, steps were taken with the assistance of Dr. Veiga and the Canadian government to build sulphide flotation plants to produce arsenopyrite concentrates that are easier to ship and treat using methods other than mercury amalgamation. For the most part, especially in the case of simple sulphides, this led to a noticeable reduction in the use of mercury. However, in cases where arsenopyrite is the main refractory mineral, it provided a double-edged sword, namely, very good gold grades in the concentrates but also prohibitively high arsenic levels (over 10 per cent), making the resulting product much less attractive to buyers.

The Solution

This scenario creates a unique opportunity for Bactech and bioleaching. The reader may not be aware that bioleaching is an effective solution for processing high-arsenic compounds. Currently, due to the lack of buyers for arsenopyrite concentrates, in which arsenic can run as high as 17 per cent, there are few options for the miner to be paid a decent price for his labours. During the last year, over 150 tonnes per day of high arsenic compounds found their way to Asia for processing, but the prices paid to the miner can be

as low as 50 per cent of the value of the concentrate before even more deductions are made for high-arsenic penalties. In addition, the buyer retains any mineral credits such as silver and copper. Bactech would be able to recover more of the gold, as well as most of the other mineral credits, thus allowing higher payments to be made to local AGMs for their concentrate.

The opportunity provided to Bactech is real. Given Bactech's experience in bioleaching, and after studying the local market with the assistance of the company's newly appointed country representative, Bernardo Brito, 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. With Ponce Enriquez exports of high-arsenic concentrates growing at a 15-to-20-per-cent yearly rate during the last decade, Bactech would be able to capitalize on a booming mining district and contribute to its sustainability with minimal competition.

It is Bactech's intent to immediately source 250 kilograms of material from the local flotation plants and ship the product to Laurentian University in Sudbury, Ont. The company is working closely with Dr. Nadia Mykytczuk at Laurentian to design a five-to-six-month bioleach testwork program that will be used to confirm a scoping study being provided by Dr. Paul Miller of Bactech. 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.

The benefits to Ecuador and Ponce Enriquez are readily identifiable: from the government's perspective, an increase in employment and subsequent tax receipts; from the locals' perspective, an increase in what they are paid for their ores, as well as an improvement in the environment in which they live due to the elimination of the use of mercury because of the reduced arsenic release into the local environment from processing the concentrate.

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.

It is Bactech's intention to source a local partner in all of its international projects.

<u>Peru</u>

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	850,000	Private Placement: $0.05 per unit. One unit equals one common share and one warrant	Working capital and Bolivia project
Warrants	850,000	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 d*i*rectors, 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: February 6, 2017

Name of Director or Officer: Louis R. Nagy
Signature: *signed "Louis R. Nagy"*
Official Capacity: Chief Financial Officer

Issuer Details Name of Issuer BacTech Environmental Corporation	For Month End January 2017	Date of Report YY/MM/DD 17/02/06
Issuer Address 20 Eglinton Ave. W., Suite 1820		
City/Province/Postal Code Toronto, Ontario, M4R 1K8	Issuer Fax No.	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	