

# FORM 7

## MONTHLY PROGRESS REPORT

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

Trading Symbol: BAC

Number of Outstanding Listed Securities: 87,143,756

Date: June 6, 2018

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 UPDATE

On May 14, 2018, the Company closed the final tranche of its debenture financing. The final tranche raised under the Series III Debenture was \$85,000 bringing the total raised to \$185,000. The debenture pays 12% annually, includes a 20% common share equity bonus and a proportional share of a Net Smelter Royalty on the Company's Telamayu Tailings project. There were also 340,000 common shares issued as Bonus Equity Interest in this tranche with a 4-month hold.

The Company also announced that it has settled \$113,223 in obligations to ongoing service providers, including members of senior management and professional advisors, through the issuance of common shares in BacTech. A total of 2,264,475 common shares were issued including 2 million common shares to two insiders of the Company.

On April 10, 2018, BacTech announced it is discussing the possibility of producing tin with the way the market is trending. At a recent lithium and battery material conference held in Perth, Australia, the head of Rio Tinto's Venture group presented a chart from a Massachusetts Institute of Technology study they had commissioned to determine what metals and minerals were to be most impacted by new technologies using a number of criteria.

BacTech is optimizing its processing methods on the material at Telamayu to unlock the maximum amount of metal for recovery, which is anticipated to include not only tin but silver and copper. BacTech has been advised by the University of Oruro in Bolivia, which is an accredited lab, that its latest results, which will detail metal recovery to date, will be available for dissemination in the near future. Work is under way to add to the company's tin tailings holdings in Bolivia, a country that historically been one of the largest tin producers in the world. For further information on this topic please refer to the press release issued by BacTech on April 10, 2018.

### BOLIVIA

On October 25, 2017 the BacTech released the results from its initial metallurgical test work on material sourced from the Telamayu tailings in Bolivia.

Overall the results were positive except for tin recovery at 40% into a low grade concentrate. Additional test work using different reagents and centrifugal concentration are being carried out on a new 100 kg sample at Met-Solve in Vancouver to potentially add more tin recovery. The results are broken down below by metal type.

#### **Copper**

Bench scale laboratory washing tests conducted at ambient temperature using 1 kg samples of 'as-received' material gave a copper extraction of between 56.4% and 66.9%. The variation in recovery was dependent upon whether acid additions were made to the

wash water. A larger scale batch test using 120kg of feed resulted in a copper extraction of 59.6% with a sulphuric acid consumption of 21.6kg/t of feed. Cementation of copper from the wash solution gave a cement quality copper precipitate of 97.8% purity and a scrap iron consumption of 1.08kg iron per kg of copper precipitated. Copper recovery from the solution was 99.9%. After this first step of copper recovery, 30kg of washed material was screened at 65mesh (230um) and a bulk sulphide flotation test conducted under acidic conditions on the undersize fraction to produce a silver copper rougher concentrate. The results from flotation of this undersize fraction indicated that a further 23.5% of the copper present in the original 'as-received' feed can be captured into a flotation concentrate, complimented by 61% of the silver. The concentrate assayed 753g/t silver and 0.71% copper. The combination of copper recovered from wash water combined with the copper reporting to the rougher flotation concentrate gave an overall copper recovery of 83.1%.

### **Silver**

The silver remains inert in the acid washing stage and remains unaltered whether washing is conducted or not. Silver recovery for the second flotation test was improved to 75.3% compared to the recovery obtained from the first test of 61% - although into a higher concentrate mass of 33.5%. The second flotation test was conducted under alkali conditions and a different reagent regime. This suggests that conducting further optimization work on reagent schemes, may lead to further improvements in silver recovery.

Such an improvement on flotation reagent regimes was investigated by using a sulphidization step prior to flotation. The objective of this step is to make semi-oxidized material more amenable to the sulphide flotation process. This resulted in a silver recovery of 65% into a concentrate mass of 22.2% and an assay value of 3,190g/t silver while copper recovery also improved. These tests support the premise that conducting further flotation optimization work may lead to improved grade and metal recovery.

### **Tin**

The tailings from the flotation of copper and silver were subjected to additional flotation testing for the recovery of tin. From the limited flotation conditions investigated, 33.1% of the tin was recovered into a concentrate of 13.1% by mass but at a very low grade of 3.1% tin. Further test work using a wider range of flotation reagents and test conditions may result in an improvement in both tin grade and recovery. Alternative methods for upgrading an improved tin rougher concentrate may also improve the final concentrate grade while reducing loss of recovery. Initial diagnostic type testing using a laboratory super-panner recovered 42.4% of the tin at a concentrate grade of 9.6% into a mass of 6.4%. These results are preliminary in conclusion because of the exploratory nature of the gravity techniques investigated in this phase of test work. The application of magnetic separation to remove hematite iron gangue may also be of value for upgrading final concentrates.

All the test work was conducted at the University of Oruro in Bolivia, an accredited lab for metallurgical test work. A second round of test work is underway in Vancouver at Met-Solve to improve on tin recoveries as well as to verify the copper/silver approach.

On September 12, 2017, the Company reported a summary of a recently completed National Instrument 43-101 mineral resource estimate on its Telamayu tailings

reclamation project in Bolivia. The recent 57-drill-hole campaign and subsequent assay results form the basis of the resource calculation. The full report will be posted on SEDAR and on the company's website in the coming weeks. For more information please refer to the press release dated September 12, 2017.

Qualified person: The mineral resource estimate was prepared by Pierre O'Dowd, PGeo, an independent qualified person as defined by the NI 43-101. Mr. O'Dowd has reviewed and approved the contents of this release.

The following are the highlights of the report:

- Indicated and inferred resource of 373,000 tonnes and 79,000 tonnes, respectively;
- Average tin grade of 1.30 per cent indicated and 1.19 per cent inferred;
- Average silver grade of 8.2 ounces per ton indicated and 8.7 ounces per ton inferred;
- Average (total) copper grade of 1.15 per cent indicated and 1.07 per cent inferred;
- Average (soluble) copper grade of 0.63 per cent indicated and 0.65 per cent inferred.

Ag oz./t	Ag g/t	% Sn	% CU S.	% Cu T.	BD	TONNAGE	Ag grams	Ag ounces	Sn lbs.
<b>INDICATED</b>									
8,223	281,88	1,30	0,63	1,15	1,63	373 016	105 144 992	3 380 868	9 725 887
<b>INFERRED</b>									
8,689	297,84	1,19	0,65	1,07	1,75	78 991	23 526 958	756 494	1 885 809

BD: Bulk Density

### Future Plans

Initial metallurgical test work was conducted at the University of Oruro in Bolivia. Preliminary recovery results for copper and silver were deemed to be acceptable. The tin recoveries were not and subsequently 100 kg of material was shipped in May to Met-Solve in Vancouver where a study will be conducted using centrifugal processing to recover the fine-grained tin. In addition, magnetic separation will be tested as a possible recovery method for the estimate 1% tungsten in the tailings. Results are expected in three months time.

The second phase will be the design and 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, including the stages above, is expected to be completed within the next 10 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.

A significant milestone for this project was the completion of the association contract for the development of the remediation of tailings at Telamayu, Potosi, that 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.

## 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 seal 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 it 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.

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. Given the existing tailings have reached their capacity a solution is needed to allow mining to continue in this pro-mining community.

*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. The Company is in the early stages of investigating the trucking of tailings material down the mountain to a bioleach facility to be located on the coastal plain. This would allow the miners to continue to earn a living knowing there is ample room to add new tailings to the facilities. In January of this year 150 kg of material (concentrates, tailings and ore) were shipped to Laurentian University. After several months of bioleaching the material we expect to release the results of the study in the near future.*

*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 its international projects.*

#### *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 will be conducted and partially funded under the Ontario government's Center of Excellence program.*

*The Company is working closely with Dr. Nadia Mykytczuk at Laurentian University to complete the five-to-six-month bioleach test work program. which the first phase of program is now complete and the results are now being analyzed. Oxidation results along with metal recovery results are expected to be completed in the following month. 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 May 2, 2017, the Company announced that their joint application with Laurentian University to Ontario Centres of Excellence had been approved for \$75,000 through OCE's Voucher for Innovation and Productivity II, offered on behalf of the Province of Ontario. The funding was used to complete the bioleaching test work at Laureation University*

#### *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.

*See reference in Note 1 – April 10, 2018 announcement.*

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.

*See reference in Note1 – May 14, 2018 announcement.*

14. Provide details of any securities issued and options or warrants granted.

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds<sup>(1)</sup></b>
Common Shares	340,000 common shares	340,000 common shares issued as bonus interest as part of the debenture unit financing	Working capital and support development expenditures on the projects in Bolivia and Ecuador.
Common Shares	2,264,475 common shares	2,264,475 common shares issued to settle \$113,223 of debt	Shares for debt settlement

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.

*See reference in Note1 – April 10, 2018 announcement.*



## 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: June 6, 2018

**Name of Director or Officer:** Louis R. Nagy

**Signature:** *signed "Louis R. Nagy"*

**Official Capacity:** Chief Financial Officer

<b>Issuer Details</b> Name of Issuer	For Month End	Date of Report YY/MM/DD
BacTech Environmental Corporation	May 2018	18/06/06
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