

**Form 2A**  
**LISTING STATEMENT**  
**Table of Concordance**  
**BacTech Environmental Corporation (the “Issuer”)**

|           | <b>Information Required by Form 2A Listing Statement</b>  | <b>Corresponding Item in the Management Information Circular (MIC) of the Issuer dated October 14, 2010</b> | <b>MIC Page Number</b> |
|-----------|---|---|------------------------|
| <b>1.</b> | <b>Table of Contents</b>  |   |                        |
| <b>2.</b> | <b>Corporate Structure</b>  |   |                        |
|           | 2.1 Name  | Information Concerning BacTech  | 25 – 26                |
|           | 2.2 Statute   | Information Concerning BacTech  | 25 – 26                |
|           | 2.3 Intercompany relationships  | Information Concerning BacTech  | 25 – 26                |
|           | 2.4 Fundamental change/arrangement  | The Arrangement   | 14 - 20                |
|           | 2.5 Non-corporate/non-Canadian Issuers  | N/A   |                        |
| <b>3.</b> | <b>General Development of the Business</b>  |   |                        |
|           | 3.1 Development of business over past 3 financial years (and subsequent period)   | General Description of the Business   | 26 – 37                |
|           | 3.2 Significant acquisitions and dispositions   | The Arrangement   | 14 – 20                |
|           | 3.3 Material trend, commitment, event, uncertainty  | N/A   |                        |
| <b>4.</b> | <b>Narrative Description of the Business</b>  |   |                        |
|           | 4.1 Description of business   | Greenco Following the Arrangement   | 46 – 52                |
|           | 4.1(1)(a) Objectives within 12 month period   | The Remediation Technology Business   | 47 – 50                |
|           | 4.1(1)(b) Significant event or milestone that must occur for business objectives to be accomplished, time period for occurrence and costs related to each event | The Arrangement   | 14 - 20                |
|           | 4.1(1)(c) Total funds available and breakdown of funds  | Financial Position  | 51                     |
|           | 4.1(1)(d) Principal purposes for which funds will be used   | Financial Position  | 51                     |
|           | 4.1(1)(e) Information on principal products or services   | The Remediation Technology Business   | 47                     |
|           | 4.1(1)(f) Information concerning production and sales   | The Remediation Technology Business   | 47                     |
|           | 4.1(1)(g) Competitive conditions  | Competing Methods of Treatment  | 30                     |
|           | 4.1(1)(h) Lending operations, investment policies and lending and investment restrictions   | N/A   |                        |

|           |   |  |         |
|-----------|---|--|---------|
|           | 4.1(2) Bankruptcy, receivership or similar proceedings  | N/A  |         |
|           | 4.1(3) Material reorganization  | The Arrangement  | 14 – 20 |
|           | 4.2 Disclosure by issuers with asset backed securities  | N/A  |         |
|           | 4.4 Disclosure by issuers with oil and gas operations   | N/A  |         |
| <b>5.</b> | <b>Selected Consolidated Financial Information</b>  |  |         |
|           | 5.1 Annual Information – financial data for last 3 completed financial years and any subsequent period where financial statements have been prepared, accompanied by discussion | Summary Financial Information of BacTech<br>(Predecessor company prior to Plan of Arrangement)   | 36 - 37 |
|           | 5.2 Quarterly information – for 8 most recently completed quarters  | See 5.2 below<br>(Predecessor company prior to Plan of Arrangement)  |         |
|           | 5.3 Dividends – Restrictions on paying dividends and dividend policy  | N/A  |         |
|           | 5.4 Foreign GAAP  | N/A  |         |
| <b>6.</b> | <b>Management's Discussion and Analysis (MD&amp;A)</b>  |  |         |
|           | 6.1 Annual MD&A – date of MD&A  | Development of the Business for the Past Three Years<br>(Predecessor company prior to Plan of Arrangement)<br>Annual MD&A date, April 15, 2010 | 32 - 37 |
|           | 6.2 Overall performance   | See 6.1  |         |
|           | 6.3 Selected annual information for 3 most recently completed financial years   | See 6.1  |         |
|           | 6.4 Factors that have caused period to period variations  | See 6.1  |         |
|           | 6.5 Managements analysis of the Issuer's operations for most recently completed financial year  | See 6.1  |         |
|           | 6.6 Summary of quarterly results – for 8 most recently completed quarters   | See 5.2  |         |
|           | 6.7 Analysis of liquidity   | See 6.1  |         |
|           | 6.8 Capital recourses   | Description of Authorized and Issued Share Capital   | 51 - 52 |
|           | 6.9 Off-balance sheet arrangements  | N/A  |         |
|           | 6.10 Transactions with related parties  | N/A  |         |
|           | 6.11 Fourth quarter events/items that affected Issuer's financial condition   | N/A  |         |
|           | 6.12 Proposed transactions – Effect on financial condition, results of operations, cash flows   | N/A  |         |

|            |   |                                     |                 |
|------------|---|-------------------------------------|-----------------|
|            | 6.13 Changes in accounting policies including initial adoption  | N/A                                 |                 |
|            | 6.14 Financial instruments and other instruments  | N/A                                 |                 |
|            | 6.15 Date of interim MD&A   | August 6, 2010                      |                 |
|            | 6.16 Details of interim MD&A  | See 6.1                             |                 |
|            | 6.17 Additional financial disclosure for Issuers who have not had significant revenue from operations in either of its last two financial years | N/A                                 |                 |
| <b>7.</b>  | <b>Market for Securities</b>  |                                     |                 |
|            | 7.1 Exchanges and quotation systems on which Issuer's securities are listed, posted for trading or quoted                                       | N/A                                 |                 |
| 8.         | 8.1 Material change and its effect on share and loan capital of the Issuer – recently completed financial year                                  | N/A                                 |                 |
| 9.         | Options to Purchase Securities  | None                                |                 |
|            | 9.1 Options to purchase securities held by specific persons   | N/A                                 |                 |
| 10.        | Prior Sales   |                                     |                 |
|            | 10.1 Description or designation of each class of equity or debt securities  | Authorized and Issued Share Capital | 51 - 52         |
|            | 10.2 Prices at which securities of the same class as securities to be listed have been sold   | N/A                                 |                 |
|            | 10.3 Stock exchange price   | N/A                                 |                 |
| <b>11.</b> | <b>Escrowed Securities</b>  |                                     |                 |
|            | 11.1 Table of escrowed securities   | N/A                                 |                 |
| <b>12.</b> | <b>Principal Shareholders</b>   |                                     |                 |
|            | 12.1 Principal shareholders as of specified date not more than 30 days before date of listing   | Voting Shares and Principal Holders | 13              |
| 13.        | Directors and Officers  | Directors<br>Senior Officers        | 51 and 38<br>51 |
|            | 13.1 Name, municipality of residence, positions and offices held with Issuer, and principal occupations within 5 preceding years                | See 13.1 below                      |                 |
|            | 13.2 Terms of office  | Senior Officers                     | 51              |
|            | 13.3 Number and percentage of securities owned  | See 14.0 below                      |                 |
|            | 13.4 Board committees   | Senior Officers                     | 51 and 38       |
|            | 13.5 Principal occupation if that   | Senior Officers                     | 38              |

|            |   |                              |         |
|------------|---|------------------------------|---------|
|            | occupation is acting as officer of another company  |                              |         |
|            | 13.6 Cease trade order or bankruptcy  | N/A                          |         |
|            | 13.7 Penalties and sanctions by, or settlement agreement with Canadian securities regulatory authority  | N/A                          |         |
|            | 13.8 Bankruptcy proceedings   | N/A                          |         |
|            | 13.9 Conflicts of interest  | N/A                          |         |
|            | 13.10 Management  | Senior Officers              | 38      |
| <b>14.</b> | <b>Capitalization</b>   |                              |         |
|            | 14.1 Chart with respect to each class of securities to be listed, including information on issued capital, public float, public security holders (registered), public security holders (beneficial), non-public security holders (registered) | See charts under 14 attached |         |
|            | 14.2 Chart with respect to securities convertible or exchangeable into class of listed securities   | See chart 14.2 attached      |         |
|            | 14.3 Listed securities reserved for issuance not included in item 14.2  | See 14.3 attached            |         |
| <b>15.</b> | <b>Executive Compensation</b>   |                              |         |
|            | 15.1 Statement of executive compensation  | N/A                          |         |
|            | 15.2 Exception  |                              |         |
| <b>16.</b> | <b>Indebtedness of Directors and Executive Officers</b>   |                              |         |
|            | 16.1, 16.2, 16.3, 16.4  | N/A                          |         |
| <b>17.</b> | <b>Risk Factors</b>   |                              |         |
|            | 17.1 Material risk factors  | Risk Factors                 | 52 – 57 |
| <b>18.</b> | <b>Promoters</b>  |                              |         |
|            | 18.1 Identities of promoters, and shares held and assets acquired from, to or transferred to Issuer by promoters  | N/A                          |         |
|            | 18.2 Promoter subject to cease trade order or bankruptcy  | N/A                          |         |
|            | 18.3 Penalties or sanctions imposed by Canadian securities regulatory authority or court or regulatory body   | N/A                          |         |
|            | 18.4 Bankruptcy proceedings   | N/A                          |         |
| <b>19.</b> | <b>Legal Proceedings</b>  |                              |         |
|            | 19.1 Material legal proceedings   | N/A                          |         |
| <b>20.</b> | <b>Interests of Management and Others in Material Transactions</b>  |                              |         |
|            | 20.1 Management interests in material   | N/A                          |         |

|            |   |  |         |
|------------|---|--|---------|
|            | transactions  |  |         |
| <b>21.</b> | <b>21.1 Auditor information</b>   | Auditors, Registrar and Transfer Agent   | 52      |
|            | 21.2 Transfer agent information   | Auditors, Registrar and Transfer Agent   | 52      |
| <b>22.</b> | <b>Material Contracts</b>   |  |         |
|            | 22.1 Material Contracts   | Material Contracts   | 40 - 41 |
|            | 22.2 Co-tenancy, unitholders' or limited partnership agreement (if applicable)  | N/A  |         |
| <b>23.</b> | <b>Interest of Experts</b>  |  |         |
|            | 23.1, 23.2, 23.3, 23.4  | N/A  |         |
| <b>24.</b> | <b>Other Material Facts</b>   |  |         |
|            | 24.1  | N/A  |         |
| <b>25.</b> | <b>Financial Statements</b>   |  |         |
|            | 25.1 Audited financial statements including auditors' reports required to be prepared and filed under applicable securities legislation for preceding 3 years as if Issuer were subject to such law, and financial statements for any completed interim period of the current fiscal year | Attached – 3 years of audited financial statements of Predecessor Company prior to Plan of Arrangement |         |
|            | 25.2 Additional information on Issuers re-qualifying for listing following a fundamental change   | N/A  |         |

## **ATTACHMENTS**

### **5.2 Quarterly information – for 8 most recently completed quarters**

#### **Quarterly Information from Predecessor Company Prior to Plan of Arrangement**

Selected quarterly information for the eight most recently completed quarters is presented below in Canadian currency (\$), and in accordance with Canadian generally accepted accounting principles.

|                              | <b>2010</b> |           | <b>2009</b> |           |           |           | <b>2008</b> |           |
|------------------------------|-------------|-----------|-------------|-----------|-----------|-----------|-------------|-----------|
|                              | <b>Q2</b>   | <b>Q1</b> | <b>Q4</b>   | <b>Q3</b> | <b>Q2</b> | <b>Q1</b> | <b>Q4</b>   | <b>Q3</b> |
|                              | \$000's     | \$000's   | \$000's     | \$000's   | \$000's   | \$000's   | \$000's     | \$000's   |
| Net revenues                 | 32          | -         | (14)        | 9         | -         | 31        | -           | -         |
| Operating loss               | (360)       | (285)     | (323)       | (242)     | (315)     | (202)     | (289)       | (635)     |
| Income/(Loss) for the period | (360)       | (285)     | (314)       | (242)     | (315)     | 2,601     | (322)       | (635)     |
|                              | <b>Q2</b>   | <b>Q1</b> | <b>Q4</b>   | <b>Q3</b> | <b>Q2</b> | <b>Q1</b> | <b>Q4</b>   | <b>Q3</b> |
|                              | \$          | \$        | \$          | \$        | \$        | \$        | \$          | \$        |
| Income/(loss) per share      | (0.01)      | 0.00      | (0.01)      | 0.00      | (0.01)    | 0.04      | (0.01)      | (0.01)    |

In fiscal 2008 and 2009, the Company provided consulting services on a fee for service basis to third party companies for bioleaching test work services.

The net income reported in Q1 of fiscal 2009 is a direct result of the gain from the settlement of the \$3.0 million debenture of \$2,731,373. On March 13, 2009, the Company reached an agreement with the current debenture holder to repurchase the \$3.0 million principal amount unsecured five year term 10% Series I Debenture issued on March 15, 2004, which was to mature on March 15, 2009. The book value of the debenture was \$3.1 million which included \$400,000 of accrued interest. The total book value of the debenture was settled with the payment of \$400,000 in cash, which generated a gain on the settlement of the debenture of \$2.7 million.

The Company's overhead expenses to maintain the public company and pursue the Company's core business strategy have decreased from the higher levels in 2004, and maintained at nominal levels in 2007 through to fiscal 2009, as a result of limited cash flow and no active mining properties.

### **13.1 Directors and Officers**

Name, municipality of residence, positions and offices held with Issuer, and principal occupations within 5 preceding years.

| <u>Name and Address</u>                   | <u>Position with Issuer</u>                      |
|---|--|
| M. Ross Orr<br>Toronto, Ontario           | Director<br>President & CEO                      |
| John C. Gingerich<br>Mississauga, Ontario | Director<br>Chairman of the Board                |
| William W. Cimowsky<br>Toronto, Ontario   | Director   |
| Jay L. Naster<br>Toronto, Ontario         | Director   |
| Louis R. Nagy<br>Newmarket, Ontario       | Chief Financial Officer &<br>Corporate Secretary |
| Paul C. Miller<br>Ocean Reef, Australia   | Vice President,<br>Technology & Engineering      |
| Junxiang Guo<br>Mississauga, Ontario      | Vice President, Metallurgy                       |

### **M. Ross Orr**

Mr. Orr has been the President and Chief Executive Officer of BacTech Mining Corporation since 2003 and has been a Director since 1997. In that capacity, he was instrumental in the Initial Public Offering of BacTech's common shares in 1997. From 1999 to 2002, he was a venture capital partner in CC Capital Partners. Prior to that, he worked as a Registered Representative for RBC Dominion Securities, and its predecessor, Pitfield Mackay Ross, for 10 years.

### **John C. Gingerich**

Mr. Gingerich is currently Chairman of the Board of BacTech Mining Corporation, a position he assumed in April 2006. Since September 2004, he has been the President and Chief Executive Officer of Advanced Explorations Inc. Prior to that, he was President of Geotechnical Business Solutions Inc., and before that, Senior Manager of Noranda Exploration, reporting directly to the President and Vice-President of Exploration. In this capacity he was responsible for managing budgets and programs in excess of \$1 million and worked regularly with corporate accountants and the Controller as part of the company's fiscal responsibility.

### **William W. Cimowsky**

Mr. Cimowsky has been a Director of BacTech Mining Corporation since July 2008. He is a founding partner and director of Ocean Partners Holdings Limited, a privately held company active in the global physical trading and marketing of copper, zinc, lead and precious metal concentrates. Prior to that, from 1994 until 2004, he was a trader with Pechiney World Trade USA, Inc. Mr. Cimowsky has over 25 years of experience in concentrate marketing, previously holding positions at Noranda Inc. and Pechiney/Alcan, before establishing Ocean Partners through a management buyout in 2004. Mr. Cimowsky holds Bachelor of Science (Geology) degree and an MBA degree from the University of Toronto.

### **Jay L. Naster**

Mr. Naster has been a Director of BacTech Mining Corporation since August 2009. He is a lawyer practicing in the areas of criminal, regulatory and disciplinary law with the Toronto law firm, Rosen & Company, which he joined in 2005. For several years prior to that, he served as Special Counsel to the Ontario Securities Commission, where he conducted complex regulatory and quasi-criminal prosecutions, with a specific emphasis on the conduct of senior officers, directors and advisors of public companies and investment dealers. He has appeared before all courts in Ontario and the Supreme Court of Canada. Mr. Naster was called to the bar for the province of Ontario in 1986.

### **Louis R. Nagy**

Mr. Nagy has been the Chief Financial Officer of junior mining companies including BacTech Mining Corporation and Advanced Explorations Inc. from June 2006 to the present. Prior to that, he provided sales tax recovery consulting services to a variety of large national companies across a wide spectrum of industries from 2002 to 2008. Mr. Nagy is a Chartered Accountant with over 20 years of experience, including public practice engagements, personal and

corporate tax assignments. Industry experience includes various finance and accounting roles, including CFO, within small to medium sized private and public companies.

#### **Paul C. Miller**

Dr. Miller joined BacTech Mining Corporation in Australia in 1996 as technical manager, and has been the Vice President, Technology & Engineering since 2003. He is responsible for all technical aspects of projects, from initial test work and management of studies through to project design and execution. Dr. Miller has over 25 years' industrial experience in bioleaching and commercial applications. He commenced his career working for Mintek in South Africa in 1981, and formed the original group evaluating bioleaching as a potential treatment option. In 1986, he joined Davy McKee in the U.K. as a group leader responsible for development of process technology in support of worldwide contracting activities, with an emphasis on refractory gold projects, determining the feasibility of bioleaching against competing technologies.

#### **Junxiang Guo**

Dr. Guo assumed the position of Vice President, Metallurgy of BacTech Mining Corporation in March 2010. From July 2007 to October 2009, he was Technical Director, Zijin Mining Group, Longyan City, China. From December 2005 to May 2007, he was Operations Manager of the Shandong MIC Biogold Ltd. plant in Laizhou, China. A metallurgist by training, Dr. Guo has 15 years of experience in applied research, operations and project management. His operational experience also includes Red Lake Mine in Canada and Zeravshan Gold Company in Tajikistan.

### **14. Capitalization**

| <b>14.1 Issued Capital</b>  |   |   |                                  |                                    |
|---|---|---|----------------------------------|------------------------------------|
|   | <b>Number of Securities (non-diluted)</b> | <b>Number of Securities (fully-diluted)</b> | <b>% of Issued (non-diluted)</b> | <b>% of Issued (fully diluted)</b> |
| Public Float  |   |   |                                  |                                    |
| Total outstanding (A)   | 26,588,700                                | 41,973,950                                  | 100%                             | 100%                               |
| Held by related persons <sup>1</sup> (B)  | 11,314,168                                | 20,146,668                                  | 43%                              | 48%                                |
| Total public float (A-B)  | 15,274,532                                | 21,827,282                                  | 57%                              | 52%                                |
|   |   |   |                                  |                                    |
| Freely-tradeable Float  | 26,588,700                                | 41,973,950                                  | 100%                             | 100%                               |
| Number of restricted shares <sup>2</sup> ( C )  | 0   | 0   |                                  |                                    |
| Total tradeable float (A-C)   | 26,588,700*                               | 41,973,950*                                 | 100%                             | 100%                               |
| <i>* Figures are as of the date of the Management Information Circular dated October 14, 2010</i> |   |   |                                  |                                    |

1. Related Persons or employees of the Issuer, or persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would



beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held).

2. Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders.

### **Public Security Holders (Registered)**

The following table pertains to those registered shareholders of the Issuer, other than persons enumerated in section (B) of the previous chart:

#### **Common shares**

| <b>Size of holding</b> | <b>Number of holders</b> | <b>Total number of securities</b> |
|------------------------|--------------------------|-----------------------------------|
| 1 - 99 shares          | 1                        | 1                                 |
| 100 - 499 shares       | 0                        | 0                                 |
| 500 - 999 shares       | 0                        | 0                                 |
| 1,000 - 1,999 shares   | 1                        | 200                               |
| 2,000 - 2,999 shares   | 0                        | 0                                 |
| 3,000 - 3,999 shares   | 1                        | 600                               |
| 4,000 - 4,999 shares   | 0                        | 0                                 |
| 5,000 or more shares   | 53                       | 26,587,899                        |
| Totals                 | 56                       | 26,588,700*                       |

*\* Figures are as of the date of the Management Information Circular dated October 14, 2010*

### **Public Security Holders (Beneficial)**

The following table pertains to (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings.

## Common Shares

| Size of holding      | Number of holders | Total number of securities |
|----------------------|-------------------|----------------------------|
| 1 - 99 shares        | 3                 | 10                         |
| 100 - 499 shares     | 11                | 496                        |
| 500 - 999 shares     | 14                | 1,600                      |
| 1,000 - 1,999 shares | 35                | 8,000                      |
| 2,000 - 2,999 shares | 37                | 15,400                     |
| 3,000 - 3,999 shares | 27                | 16,800                     |
| 4,000 - 4,999 shares | 21                | 17,100                     |
| 5,000 or more shares | 461               | 7,764,057                  |
| Unable to confirm    |                   | 18,765,237                 |
| Totals               | 609               | 26,588,700*                |

\* Figures are as of the date of the Management Information Circular dated October 14, 2010

## Non-Public Security Holders (Registered)

The following table pertains to the “non-public security holders”, as enumerated in section (B) of the issued capital chart.

## Common Shares

| Size of holding      | Number of holders | Total number of securities |
|----------------------|-------------------|----------------------------|
| 1 - 99 shares        |                   |                            |
| 100 - 499 shares     |                   |                            |
| 500 - 999 shares     |                   |                            |
| 1,000 - 1,999 shares |                   |                            |
| 2,000 - 2,999 shares |                   |                            |
| 3,000 - 3,999 shares |                   |                            |
| 4,000 - 4,999 shares |                   |                            |
| 5,000 or more shares |                   |                            |
| Totals               | 0                 | 0                          |

## 14.2 Convertible or Exchangeable Securities

The following table outlines all outstanding securities convertible or exchangeable into common shares of the Issuer:

| Description of Security   | Number of convertible/<br>exchangeable<br>securities outstanding | Number of listed<br>securities issuable<br>upon conversion/<br>exercise |
|---|--|---|
| Stock options   | 0  | 0   |
| Warrants  | 14,525,250*  | 14,525,250  |
| Convertible debenture   | 860,000*   | 860,000   |
| <i>* Figures are as of the date of the Management Information Circular dated October 14, 2010</i> |  |   |

**14.3** There are no other common shares reserved for issuance that are not included in section 14.2

Amended December 1, 2010



# **BACTECH MINING CORPORATION**

50 Richmond Street East  
Suite 300  
Toronto, Ontario M5C 1N7

## **NOTICE OF SPECIAL MEETING AND MANAGEMENT INFORMATION CIRCULAR**

**RELATING TO THE ARRANGEMENT  
INVOLVING BACTECH MINING CORPORATION, ITS  
SHAREHOLDERS AND BACTECH ENVIRONMENTAL  
CORP.**

**OCTOBER 14, 2010**

# **BACTECH MINING CORPORATION**

50 Richmond Street East, Suite 300  
Toronto, Ontario M5C 1N7

## **NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

Notice is hereby given that a special meeting (the “Meeting”) of the shareholders (the “BacTech Shareholders”) of BacTech Mining Corporation (“BacTech” or the “Corporation”) will be held at the offices of Borden Ladner Gervais LLP, Scotia Plaza, 40 King Street West, Suite 4400, Toronto, Ontario, on Friday, November 12, 2010 at 10:00 a.m. (Toronto time) for the following purposes:

1. to consider and, if thought fit, pass, with or without variation, a special resolution (the “Name Change Resolution”) authorizing an amendment to the Corporation’s articles to change the name of the Corporation to “REBgold Corporation” or such other similar name as the directors may approve, all as more particularly described in the Circular;
2. to consider, pursuant to an order (the “Interim Order”) of the Superior Court of Justice (Ontario) (Commercial List) (the “Court”) dated October 13, 2010, and, if deemed advisable, to pass, with or without variation, a special resolution approving an arrangement (the “Arrangement”) under section 192 of the *Canada Business Corporations Act* (the “CBCA”) which involves, among other things, the distribution to BacTech Shareholders of shares of BacTech Environmental Corporation (“Greenco”), currently a wholly-owned subsidiary of the Corporation, all as more particularly described in the Circular;
3. to consider and, if thought fit, ratify and approve an amendment to the by-laws of the Corporation to remove the requirement that a majority of the directors of the Corporation be resident Canadians;
4. to consider and, if thought fit, pass, with or without variation, a resolution to approve, ratify and confirm a stock option plan for BacTech Environmental Corporation; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

A complete description of the Arrangement and related transactions is included in the Circular. The full text of the Arrangement Resolution is set forth in Appendix “A” to the Circular. The Arrangement will be completed pursuant to the arrangement agreement dated October 7, 2010 (the “Arrangement Agreement”), the text of which is attached as Appendix “B” to the Circular.

The Arrangement is subject to shareholder approval pursuant to the Interim Order. Before the Arrangement can become effective, it must also be approved by a final order (the “Final Order”) of the Court. A copy of the Interim Order and the notice of application for the Final Order are attached as Appendices “C” and “D”, respectively, to the Circular.

**Pursuant to the Interim Order, the CBCA and the plan of arrangement providing for the Arrangement (the “Plan of Arrangement”), BacTech Shareholders have the right to dissent in respect of the Arrangement Resolution. If the Arrangement is completed, each BacTech Shareholder who exercises a right of dissent pursuant to the Interim Order, the CBCA and the Plan of Arrangement (a “Dissenting Shareholder”) will be entitled to be paid the fair market value of his, her or its common shares of the Corporation if the Corporation shall have received from the Dissenting Shareholder by 5:00 p.m. (Toronto time) on the business day immediately preceding the day of the Meeting, or any**

adjournment thereof, at 50 Richmond Street East, Suite 300, Toronto, Ontario M5C 1N7 or the chairman of the Meeting shall have received on the day of the Meeting, or any adjournment thereof, prior to its commencement, a written objection to the Arrangement Resolution, and the Dissenting Shareholder shall have otherwise complied with the dissent procedures under the CBCA (as modified in certain respects by the Interim Order and the Plan of Arrangement). The foregoing rights of dissent are described in the Circular under the heading “Rights of Dissenting Shareholders” and in Appendix “E” to the Circular.

Only BacTech Shareholders of record at the close of business on September 27, 2010 are entitled to notice of and to vote at the Meeting and any adjournment thereof.

Registered BacTech Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and to mail it to or deposit it with the Secretary of the Corporation, care of Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or faxed to (416) 263-9524 or 1-866-249-7775. In order to be valid and acted upon at the Meeting, forms of proxy must be received at the aforesaid address no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) before the time of the Meeting or any adjournments or postponements thereof. If you are a non-registered BacTech Shareholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or the other intermediary. Failure to do so may result in your shares of the Corporation not being voted at the Meeting.

Dated at Toronto, Ontario on the 14th day of October, 2010.

By Order of the Board of Directors

(signed) M. Ross Orr

President and Chief Executive Officer

## TABLE OF CONTENTS

|   |    |   |    |
|---|----|---|----|
| Notice To United States Shareholders .....                            | 1  | Details of the Arrangement.....                             | 15 |
| Information Concerning Forward-Looking Statements .....               | 2  | Authority of the Board.....                                 | 18 |
| Information Contained in This Circular.....                           | 2  | Conditions to the Arrangement .....                         | 18 |
| Glossary of Terms .....   | 3  | Shareholder Approval.....                                   | 19 |
| Summary.....  | 8  | Court Approval .....  | 19 |
| The Meeting .....   | 8  | Stock Exchange Listings.....                                | 19 |
| The Arrangement .....   | 8  | Effect of the Arrangement on BacTech Share Commitments..... | 20 |
| Reasons for the Arrangement .....                                     | 9  | Effect of the Arrangement on BacTech Share Options .....    | 20 |
| Recommendation of the Board of Directors.....                         | 9  | Resale of New Shares and Greenco Shares .....               | 20 |
| Votes Required for the Arrangement.....                               | 9  | Amendment of By-Law No. 1 of the Corporation .....          | 21 |
| Proxies.....  | 10 | Approval of Greenco Stock Option Plan.....                  | 21 |
| Rights of Dissent .....   | 10 | Rights of Dissenting Shareholders.....                      | 23 |
| Income Tax Considerations.....  | 10 | Information Concerning Bactech.....                         | 25 |
| Summary Financial Information.....                                    | 10 | Name and Incorporation .....                                | 25 |
| Reporting Currencies and Accounting Principles .....                  | 11 | General Description of the Business .....                   | 26 |
| General Proxy Information .....                                       | 11 | The BacTech Bioleaching Technology .....                    | 27 |
| Solicitation of Proxies by Management .....                           | 11 | Intellectual Property Rights .....                          | 30 |
| Matters to be Considered by BacTech Shareholders at the Meeting ..... | 12 | Development of the Business for the Past Three Years.....   | 32 |
| Appointment of Proxyholders and Revocation of Proxies .....           | 12 | Summary Financial Information of BacTech.....               | 36 |
| Voting of Proxies .....   | 12 | Directors .....   | 38 |
| Voting Shares and Principal Holders .....                             | 13 | Senior Officers .....                                       | 38 |
| Change of Name of the Corporation .....                               | 13 | Description of Authorized and Issued Share Capital .....    | 38 |
| The Arrangement .....   | 14 | BacTech Options .....                                       | 39 |
| General.....  | 14 | BacTech Warrants .....                                      | 40 |
| Reasons for the Arrangement .....                                     | 14 | BacTech Debentures.....                                     | 40 |
| Recommendation of the Board of Directors.....                         | 15 | Other BacTech Share Commitments.....                        | 40 |
| Fairness of the Arrangement .....                                     | 15 | Material Contracts .....                                    | 40 |

|   |    |   |    |
|---|----|---|----|
| Auditors, Registrar and Transfer Agent.....                                   | 41 | Obtaining and Enforcing Patents.....  | 54 |
| Indebtedness of Directors and Officers.....                                   | 41 | Claims of Infringement of Proprietary Rights of Others .....                            | 54 |
| Additional Information .....  | 41 | Risks and Hazards Relating to Mineral Exploration and Exploitation.....                 | 55 |
| The Corporation following the Arrangement – REBgold.....                      | 41 | Risks Relating to Government Regulation.....  | 55 |
| Directors.....  | 41 | Regulations and Permits .....   | 56 |
| Senior Officers.....  | 42 | Uninsurable Risks .....   | 56 |
| The Mining Technology Business .....  | 42 | Inability to Enforce Legal Rights in Certain Circumstances.....                         | 56 |
| Authorized and Issued Share Capital .....                                     | 46 | Exchange Rate Fluctuations.....   | 56 |
| Shares Reserved for Issuance .....  | 46 | Share Price Fluctuations .....  | 56 |
| Auditors, Registrar and Transfer Agent.....                                   | 46 | Conflicts of Interest.....  | 57 |
| Greenco following the Arrangement .....                                       | 46 | Dividends Unlikely .....  | 57 |
| The Remediation Technology Business .....                                     | 47 | Potential Dilution .....  | 57 |
| Proposed Remediation Projects .....   | 47 | Income Tax Considerations.....  | 57 |
| Directors.....  | 51 | Canadian Federal Income Tax Considerations.....   | 57 |
| Senior Officers.....  | 51 | Certain United States Federal Income Tax Considerations .....                           | 62 |
| Authorized and Issued Share Capital .....                                     | 51 | Eligibility for Investment .....  | 74 |
| Financial Position .....  | 51 |   |    |
| Shares Reserved for Issuance .....  | 51 | APPENDICES – IN SEPARATE BINDER   |    |
| Auditors, Registrar and Transfer Agent.....                                   | 52 | Appendix “A” – Arrangement Resolution   |    |
| Risk Factors .....  | 52 | Appendix “B” – Arrangement Agreement and Plan of Arrangement                            |    |
| Need for Additional Financing .....   | 52 | Appendix “C” – Interim Order of the Court   |    |
| No Production Revenues.....   | 52 | Appendix “D” – Notice of Application for Final Order                                    |    |
| Political and Economic Uncertainties of Operations in Foreign Countries ..... | 53 | Appendix “E” – Section 190 of the CBCA  |    |
| Dependence on Management .....  | 53 | Appendix “F” – Unaudited Pro Forma Financial Statements of BacTech, REBgold and Greenco |    |
| Competition.....  | 53 | Appendix “G” – Proposed Greenco Stock Option Plan                                       |    |
| Title to Mineral Properties .....   | 54 |   |    |
| Protection of Intellectual Property Rights .....                              | 54 |   |    |



# **BACTECH MINING CORPORATION**

50 Richmond Street East, Suite 300

Toronto, Ontario M5C 1N7

## **MANAGEMENT INFORMATION CIRCULAR**

**This Circular is furnished in connection with the solicitation of proxies by management of BacTech Mining Corporation for use at the special meeting of shareholders of the Corporation to be held on November 12, 2010.**

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Glossary of Terms in this Circular.

In considering whether to vote for the approval of the Arrangement, BacTech Shareholders should be aware that there are various risks, including those described in the Section entitled “Risk Factors” in this Circular. BacTech Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

### **NOTICE TO UNITED STATES SHAREHOLDERS**

**THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY IN ANY STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The Greenco Shares to be distributed under the Arrangement have not been registered under the U.S. Securities Act and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof on the basis of the approval of the Court as described under “The Arrangement — Resale of New Shares and Greenco Shares” in this Circular. The solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements. Residents of the United States should be aware that such requirements differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

Information concerning any properties and operations of the Corporation, including any to be transferred to Greenco as part of the Arrangement, has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with generally accepted accounting principles in Canada and are subject to auditing and auditor independence standards in Canada, which may differ from accounting principles generally accepted in the United States. BacTech Shareholders should be aware that the reorganization of the Corporation pursuant to the Plan of Arrangement as described herein may have tax consequences in both the United States and Canada. Such consequences for BacTech Shareholders who are resident in, or citizens of, the United States may not be described fully herein. See “Income Tax Considerations — Certain Canadian Federal Income Tax

Considerations” and “Income Tax Considerations — Certain United States Federal Income Tax Considerations” in this Circular.

The enforcement by BacTech Shareholders of civil liabilities under the United States federal securities laws may be affected adversely by the fact that BacTech and Greenco are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein are residents of a foreign country and that all of the assets of the Corporation and Greenco are located outside the United States.

### **INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS**

Except for statements of historical fact contained herein, the information presented in this Circular constitutes “forward-looking statements” or “information” (collectively “statements”). These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “forecast”, “outlook”, “potential”, “continue”, “should”, “likely”, or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation or Greenco to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, risks related to our limited operating history and history of no earnings; competition from other mining and mineral processing companies; changes to government regulations; dependence on key personnel; general economic conditions; commodity prices; political and foreign exchange risks in the jurisdictions in which the Corporation and Greenco carry on, and propose to carry on, their respective business activities; the receipt of all necessary permits and approvals which the Corporation and Greenco may require for their proposed activities; protection of the Corporation’s and Greenco’s intellectual property rights; interest rates; availability of equity and debt financing; and other risks factors described from time to time in the documents filed by us with applicable securities regulators, including in this Circular under the heading “Risk Factors”.

Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Corporation undertakes no obligation to update any forward-looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

### **INFORMATION CONTAINED IN THIS CIRCULAR**

The information contained in this Circular is given as at October 14, 2010, unless otherwise noted. No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Corporation.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and BacTech Shareholders are urged to consult their own professional advisers in connection therewith.

Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are merely summaries of the terms of those documents. BacTech Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement is attached to this Circular as Appendix “B” and the Plan of Arrangement is attached as Exhibit A to the Arrangement Agreement.

## **GLOSSARY OF TERMS**

The following glossary of words and terms used in this document, including the cover pages and summary, is provided for ease of reference. These words and terms are not always used in the financial statements and other financial information contained herein or in the appendices hereto. Plural forms of these words and terms shall include the singular and vice-versa.

“**Affiliate**”, “**associate**” and “**subsidiary**” have the meanings ascribed thereto in the Securities Act (Ontario);

“**Arrangement**” means the arrangement under the provisions of section 192 of the CBCA on the terms and conditions set out in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or made at the direction of the Court in the Final Order;

“**Arrangement Agreement**” means the arrangement agreement dated as of October 7, 2010 between the Corporation and Greenco, a copy of which is attached hereto as Appendix “B”, as amended or supplemented prior to the Effective Date;

“**Arrangement Resolution**” means the special resolution regarding the Arrangement to be considered by the BacTech Shareholders at the Meeting, the full text of which is attached hereto as Appendix “A”;

“**Articles of Arrangement**” means the articles of arrangement in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order is made;

“**BacTech**” or the “**Corporation**” means BacTech Mining Corporation, a corporation existing under the CBCA;

“**BacTech Bioleaching Technology**” means BacTech’s proprietary bioleaching technology;

“**BacTech Debentures**” means the unsecured convertible debentures of BacTech which are outstanding on the Effective Date;

“**BacTech Options**” means the common share purchase options issued pursuant to the BacTech Stock Option Plan which are outstanding on the Effective Date;

“**BacTech Shareholder**” means a holder of BacTech Shares;

“**BacTech Share Commitments**” means the obligation of BacTech to issue New Shares and to deliver Greenco Shares to (i) the holders of BacTech Debentures and BacTech Warrants which are outstanding on the Effective Date, upon the conversion or exercise of such BacTech Debentures, BacTech Options

and BacTech Warrants, and (ii) Yamana pursuant to the Yamana Share Obligation, but, for greater certainty, does not include BacTech's obligations pursuant to the BacTech Options which are outstanding on the Effective Date;

**"BacTech Shares"** means the common shares without par value in the capital of the Corporation, as constituted on the date of the Arrangement Agreement;

**"BacTech Stock Option Plan"** means the stock option plan of the Corporation;

**"BacTech Warrants"** means the common share purchase warrants of the Corporation outstanding on the Effective Date;

**"Beneficial Shareholder"** means a BacTech Shareholder who is not a Registered Shareholder;

**"Board of Directors"** and **"Board"** means the board of directors of BacTech;

**"Business Day"** means any day, other than a Saturday, Sunday or a statutory holiday in Toronto, Ontario;

**"Caldera"** means Caldera Resources Ltd., a company listed on the TSXV which is party to the Caldera MOU;

**"Caldera MOU"** means the memorandum of understanding dated July 15, 2009 between the Corporation and Caldera Resources Ltd. relating to gold and base metal projects in the Republic of Armenia, as described under "The Corporation Following the Arrangement – REBgold – The Mining Technology Business";

**"Canadian GAAP"** means generally accepted accounting principles in Canada;

**"CBCA"** means the *Canada Business Corporations Act* (Canada), as amended;

**"Certificate"** means the certificate giving effect to the Arrangement endorsed by the Director on the Articles of Arrangement pursuant to subsection 192(7) of the CBCA;

**"Circular"** means this management information circular of the Corporation dated October 14, 2010;

**"CNSX"** means the Canadian National Stock Exchange, being the stock exchange of that name operated by CNSX Markets Inc.;

**"Computershare"** means Computershare Investor Services Inc.;

**"Court"** means the Superior Court of Justice (Ontario) (Commercial List);

**"Demand for Payment"** has the meaning ascribed thereto under "Rights of Dissenting Shareholders";

**"Depository"** means Computershare Investor Services Inc., being the depository appointed by the Corporation for the purpose of, among other things, exchanging certificates representing BacTech Shares for New Shares and Greenco Shares;

**"Director"** means the Director appointed pursuant to section 260 of the CBCA;

**"Dissent Procedures"** means the procedures set forth in section 190 of the CBCA required to be taken by a registered holder of BacTech Shares to exercise the right of dissent in respect of such BacTech Shares in connection with the Arrangement;

**“Dissenting Shareholder”** means a BacTech Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its BacTech Shares in accordance with the Interim Order and the Plan of Arrangement;

**“Dissenting Shares”** means the BacTech Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

**“Effective Date”** means the date stamped on the Certificate as being the effective date in respect of the Arrangement;

**“Effective Time”** means 12:01 a.m. (Toronto time) on the Effective Date;

**“Final Order”** means the final order of the Court approving the Arrangement, as such order may be amended at any time prior to the Effective Date;

**“Greenco”** means BacTech Environmental Corporation, a wholly-owned subsidiary of BacTech existing under the CBCA;

**“Greenco Commitment”** means the covenants of Greenco to: (i) issue Greenco Shares to the holders of BacTech Warrants who exercise BacTech Warrants after the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive New Shares and Greenco Shares upon such exercise, (ii) issue Greenco Shares to the holders of BacTech Debentures who elect after the Effective Date to convert their BacTech Debentures, and are entitled pursuant to the corporate reorganization provisions of the BacTech Debentures to receive New Shares and Greenco Shares upon such exercise, (iii) pay to BacTech 20% of the principal and interest owing to the holders of the BacTech Debentures when such principal and interest amounts are required to be paid to the holders according to the terms of the BacTech Debentures (except to the extent that the holders convert such BacTech Debentures into New Shares and Greenco Shares), and (iv) issue Greenco Shares to Yamana pursuant to the Yamana Share Obligation, to the extent that Greenco Shares are issuable pursuant to the PNG Agreement;

**“Greenco Stock Option Plan”** means the proposed common share purchase option plan of Greenco, which is subject to BacTech Shareholder approval, a copy of which is attached to this Circular as Appendix “G”;

**“Greenco Shareholder”** means a holder of Greenco Shares;

**“Greenco Shares”** means the common shares without par value in the capital of Greenco, as constituted on the date of the Arrangement Agreement;

**“Greenco Share Value Proportion”** means the proportion, expressed as a percentage, which the fair market value of the Greenco Shares issued in exchange for each BacTech Share bears to the fair market value of the New Shares and Greenco Shares issued in exchange for each BacTech Share, based on the relative trading prices of the New Shares and the Greenco Shares, as specified in section 5.5 of the Plan of Arrangement;

**“Interim Order”** means the interim order of the Court pursuant to the CBCA in respect of the Arrangement, a copy of which is attached to this Circular as Appendix “C”;

**“Intermediaries”** refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

**“Meeting”** means the special meeting of BacTech Shareholders to be held on November 12, 2010 at 10:00 a.m. (Toronto Time), and includes any adjournment thereof;

**“Mining Technology Business”** means the business of using the BacTech Bioleaching Technology to liberate gold and base metals from ore produced by primary mining operations;

**“Name Change”** means the proposed change of the name of the Corporation to “REBgold Corporation” or such other similar name as may be approved by the Board;

**“Name Change Resolution”** means the special resolution approving the Name Change;

**“New Shares”** means the new class of common shares without par value which the Corporation will create pursuant to s.3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be substantially identical in every material respect to the BacTech Shares;

**“NI 43-101”** means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* adopted by the Canadian Securities Administrators.

**“Notice of Meeting”** means the notice of the Meeting dated October 14, 2010, which accompanies this Circular;

**“Plan of Arrangement”** means a plan of arrangement in substantially the form and content set forth in Schedule “A” attached to the Arrangement Agreement, as more fully described under “The Arrangement”;

**“PNG Agreement”** means the amended and restated purchase agreement dated as of July 8, 2010 among the Corporation, Yamana, Igwa Resources Ltd., BacTech Gold Corporation, Gold Aura (PNG) Limited, and Gold Anomaly Limited, as described under “Information Concerning BacTech – Other BacTech Share Commitments”;

**“Proxy”** means the proxy form accompanying this Circular;

**“REBgold”** means the Corporation after giving effect to the Name Change and the Arrangement;

**“Registered Shareholder”** means a registered holder of BacTech Shares as recorded in the shareholder register of the Corporation maintained by Computershare;

**“Remediation Assets”** means the assets to be transferred by BacTech to Greenco pursuant to the Arrangement, being (i) all of BacTech’s right, title and interest in the Remediation Projects, (ii) the Remediation Technology Licence, and (iii) approximately \$250,000 cash;

**“Remediation Projects”** means BacTech’s interests in the proposed tailings remediation projects located in the Cobalt area of Ontario and the Snow Lake area of Manitoba, as described under “Greenco After the Arrangement”;

**“Remediation Technology Business”** means the business of using the BacTech Bioleaching Technology for the remediation and reclamation of tailings left by previous mining operations;

**“Remediation Technology Licence”** means the perpetual, exclusive licence to be granted by BacTech to Greenco to use the BacTech Bioleaching Technology for the remediation and reclamation of tailings left by previous mining operations;

**“SEC”** means the United States Securities and Exchange Commission;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

**“Share Distribution Record Date”** means the close of business on the day which is four Business Days after the date of the Meeting or such other day as agreed to by the Corporation and Greenco, which date establishes the BacTech Shareholders who will be entitled to receive Greenco Shares pursuant to the Plan of Arrangement;

**“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time;

**“TSXV”** means the TSX Venture Exchange, being the stock exchange of that name operated by TMX Group Inc.;

**“U.S. Holder”** has the meaning ascribed thereto under “Income Tax Considerations — United States Federal Income Tax Considerations”;

**“Yamana”** means Yamana Gold Inc., a party to the PNG Agreement; and

**“Yamana Share Obligation”** means the Corporation’s obligation to issue BacTech Shares to Yamana pursuant to the PNG Agreement, as described below under “Information Concerning BacTech – Other BacTech Share Obligations”.

## SUMMARY

*The following is a summary of the information contained elsewhere in this Circular concerning a proposed reorganization of the Corporation by way of the Arrangement. This Circular also deals with the change of corporate name of the Corporation, and the approval of the Greenco Option Plan, which matters are not summarized in this summary. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms above. This summary is qualified in its entirety by the more detailed information and financial statements appearing or referred to elsewhere in this Circular and the schedules attached hereto.*

*All references to dollars are to Canadian dollars unless otherwise indicated. Certain capitalized words and terms used in this summary are defined in the “Glossary of Terms”.*

### **The Meeting**

The Meeting will be held at the offices of Borden Ladner Gervais LLP, Suite 4400, Scotia Plaza, 40 King Street West, Toronto, Ontario on Friday, November 12, 2010 commencing at 10:00 a.m. (Toronto time). At the Meeting, BacTech Shareholders will be asked to pass, with or without variation, the Name Change Resolution approving the Name Change, and the Arrangement Resolution approving the Arrangement among BacTech, Greenco and the BacTech Shareholders. The Arrangement will consist of the distribution of Greenco Shares to the BacTech Shareholders. BacTech Shareholders will also be requested to consider and, if thought fit, to pass an ordinary resolution ratifying and approving the adoption of the Greenco Option Plan.

### **The Arrangement**

The Corporation is a publicly traded company listed on the TSXV which carries on two businesses: the Mining Technology Business and the Remediation Technology Business. The Arrangement has been proposed to facilitate the separation of the two business activities. Management of the Corporation believes that separating the Corporation into two public companies offers a number of benefits to shareholders. Management believes that after the separation, each company will be better able to pursue its own specific operating strategies, and to implement its own unique growth strategies. Because the two companies will be focused on their respective industries, they will be more readily understood by, and attractive to, public investors, allowing each company to be in a better position to raise capital and align management and employee incentives with the interests of shareholders.

Pursuant to the Arrangement, BacTech will transfer to Greenco the Remediation Assets, which are comprised of (i) all of BacTech’s right, title and interest in the Remediation Projects, (ii) the Remediation Technology Licence, and (iii) approximately \$250,000 cash. In exchange, Greenco will issue to BacTech approximately 26,588,600 Greenco Shares and assume the Greenco Commitment. The existing BacTech Shares will be re-classified as BacTech Class A Shares, and the BacTech Class A Shares will be exchanged for a New Share and a BacTech Class A Preferred Share. The BacTech Class A Preferred Share will be redeemed and BacTech will distribute the Greenco Shares to the BacTech Shareholders who hold BacTech Shares on the Share Distribution Record Date, on the basis of one Greenco Share for each five BacTech Shares.

Each BacTech Shareholder, other than a Dissenting Shareholder, will receive for each BacTech Share held as of the Share Distribution Record Date, one New Share in the capital of the Corporation and one-fifth of a Greenco Share (rounded to the nearest whole number). The New Shares will be substantially identical in every material respect to the present BacTech Shares. See “The Arrangement – Details of the Arrangement”.

### **Effect of the Arrangement on BacTech Share Commitments**

As of the Effective Date, the BacTech Share Commitments will be exercisable, in accordance with the corporate reorganization provisions of such securities, into New Shares and Greenco Shares on the basis that the holder will receive, upon exercise, a number of New Shares that equals the number of BacTech



Shares that would have been received upon the exercise of the BacTech Share Commitments prior to the Effective Date, and a number of Greenco Shares that is equal to one-fifth (subject to rounding) of the number of New Shares so acquired. Greenco has agreed, pursuant to the Greenco Commitment, to issue Greenco Shares upon exercise of the BacTech Share Commitments and the Corporation is obligated, as the agent of Greenco, to collect and pay to Greenco a portion of the proceeds received for each BacTech Share Commitment so exercised, with the balance of the exercise price to be retained by BacTech. To the extent that the exercise of a BacTech Share Commitment entitles a person to a fraction of a Greenco Share, the number of Greenco Shares shall be rounded up or down to the nearest whole number.

### **Reasons for the Arrangement**

The Board of Directors has determined that the separation of the Mining Technology Business and the Remediation Technology Business is in the best interests of the Corporation and its shareholders. Although both businesses utilize the BacTech Bioleaching Technology, the strategy for identifying and acquiring suitable projects for each application is quite separate. Moreover, operating the two Businesses within the same entity does not enhance the ability of the Corporation to obtain financing, and may actually hinder financing. The Board is of the opinion that completion of the Arrangement will allow each of REBgold and Greenco to present separate and focused business plans to the capital markets, and solicit interest from parties active in their respective lines of business.

### **Recommendation of the Board of Directors**

**The Board of Directors has concluded that the Arrangement is fair and reasonable to, and is in the best interests of, BacTech and the BacTech Shareholders and unanimously recommends that BacTech Shareholders vote in favour of the Arrangement. See “The Arrangement — Recommendation of the Board of Directors”.**

### **Votes Required for the Arrangement**

In order for the Arrangement to be approved, the affirmative vote of at least two-thirds of the votes cast by the holders of BacTech Shares present in person or by proxy at the Meeting must be obtained. See “Legal and Regulatory Matters”.

### **Stock Exchange Listings**

The BacTech Shares are currently listed and traded on the TSXV. The completion of the Arrangement is conditional on (i) the TSXV having accepted notice of the Name Change and Arrangement and having conditionally approved the listing of the New Shares, and (ii) either the TSXV or the CNSX having conditionally approved the listing of the BacTech Class A Preferred Shares and Greenco Shares.

### **Information Concerning the Corporation and Greenco After the Arrangement**

Following completion of the Arrangement, the Corporation will continue to carry on the Mining Technology Business. It is a condition of the Arrangement that the New Shares continue to be listed on the TSXV. Each BacTech Shareholder will continue to be a shareholder of the Corporation, with each currently held BacTech Share being exchanged for one New Share in the capital of the Corporation and one-fifth of a Greenco Share (rounded to the nearest whole number). See “The Corporation After the Arrangement” for a summary description of the Corporation assuming completion of the Arrangement and the Name Change. See Appendix “F” for selected *pro-forma* unaudited financial information for the Corporation, REBgold and Greenco.

Following completion of the Arrangement, Greenco will be a public company, the shareholders of which will be the holders of BacTech Shares on the Share Distribution Record Date. Greenco will hold the Remediation Assets, and will carry on the Remediation Technology Business. Closing of the Arrangement is conditional upon BacTech Class A Preferred Shares and the Greenco Shares being conditionally approved for listing on either the TSXV or CNSX. See “Greenco After the Arrangement” for a description of the Remediation Assets, corporate structure and business, including selected *pro-forma* unaudited financial information of Greenco assuming completion of the Arrangement.

## Proxies

To be valid, a proxy must be dated and signed by the BacTech Shareholder or his attorney authorized in writing or, if the BacTech Shareholder is a corporation, by a duly authorized officer or attorney. The proxy, to be acted upon, must be received by Computershare Investor Services Inc., 11th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) before the time of the Meeting or any adjournments or postponements thereof.

Unless a BacTech Shareholder specifies otherwise, the BacTech Shares represented by a proxy furnished to BacTech will be voted in favour of the Arrangement Resolution to approve the Arrangement. See “General Proxy Information”.

## Rights of Dissent

Registered Shareholders may exercise rights of dissent pursuant to and in the manner set forth in section 190 of the CBCA, as modified by the Interim Order or the Final Order and in accordance with the procedures set forth under “Rights of Dissenting Shareholders”.

## Income Tax Considerations

Canadian Federal income tax considerations for BacTech Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary herein entitled “Income Tax Considerations – Certain Canadian Federal Income Tax Considerations”, and certain United States Federal income tax considerations for BacTech Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary entitled “Income Tax Considerations – Certain U.S. Federal Income Tax Considerations”

## Summary Financial Information

The following table presents selected financial information for BacTech for the six month period ending June 30, 2010 and for the years ended December 31, 2009 and 2008, prepared in accordance with Canadian generally accepted accounting principles.

|                                | <b>June 30,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>December 31,<br/>2008</b> |
|--------------------------------|--------------------------|------------------------------|------------------------------|
|                                | \$                       | \$                           | \$                           |
| Net revenues                   | 32,181                   | 26,766                       | 105,345                      |
| Operating loss                 | (645,192)                | (1,082,024)                  | (1,542,460)                  |
| Other gains                    | -                        | 2,731,373                    | 420,421                      |
| Net income/(loss) for the year | (645,192)                | 1,730,299                    | (976,897)                    |
| Net income/(loss) per share    | (0.01)                   | 0.02                         | (0.02)                       |
| Total assets                   | 654,716                  | 526,771                      | 175,027                      |
| Total liabilities              | 1,268,329                | 1,353,202                    | 4,208,469                    |

Reference should be made to the full financial statements and related management discussion and analysis for each of these periods, copies of which are available on [www.sedar.com](http://www.sedar.com) or upon request from the Corporation.

## **REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES**

In this Circular, unless otherwise stated, dollar amounts are expressed in Canadian dollars. The historical financial statements of the Corporation referred to in this Circular, as well as the *pro forma* financial statements for each of REBgold and Greenco, are reported in Canadian dollars and have been prepared in accordance with Canadian GAAP.

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies by Management**

This Circular is furnished in connection with the solicitation by the management of the Corporation of proxies to be used at the Meeting to be held on November 12, 2010 at 10:00 a.m. (Toronto time) at the offices of Borden Ladner Gervais LLP, Scotia Plaza, 40 King Street West, Suite 4400, Toronto, Ontario, and at any adjournment thereof for the purposes set forth in the accompanying Notice of Meeting. The cost of preparing, assembling and mailing the Notice of Meeting, the Circular and the Proxy will be borne by the Corporation. While management intends to solicit most proxies by mail, some proxies may be solicited by telephone or other personal contact by directors, officers or employees of the Corporation. The cost of such solicitation will be borne by the Corporation. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the BacTech Shareholders in favour of the matters set forth in the Notice of Meeting. BacTech will reimburse intermediaries such as clearing agencies, securities dealers, banks, trust companies or their nominees for reasonable expenses incurred in sending proxy material to non-registered beneficial BacTech Shareholders and obtaining proxies therefrom.

The Corporation has distributed copies of the Notice of Meeting, this Circular and the Proxy to intermediaries such as clearing agencies, securities dealers, banks and trust companies or their nominees for distribution to non-registered BacTech Shareholders whose BacTech Shares are held by or in the custody of such intermediaries. Intermediaries are required to forward these documents to non-registered BacTech Shareholders. The solicitation of proxies from non-registered BacTech Shareholders will be carried out by the intermediaries, or by BacTech if the names and addresses of non-registered BacTech Shareholders are provided by the intermediaries. The cost of the solicitation will be borne by BacTech. Non-registered BacTech Shareholders who wish to file proxies should follow the instructions of their intermediary with respect to the procedure to be followed. Generally, non-registered BacTech Shareholders will either: (a) be provided with a proxy executed by the intermediary, as the registered shareholder, but otherwise uncompleted and the non-registered BacTech Shareholder may complete the proxy and return it directly to Computershare Investor Services Inc.; or (b) be provided with a request for voting instructions by the intermediary, as the registered shareholder, in which case the intermediary must send to Computershare Investor Services Inc. an executed proxy completed in accordance with any voting instructions received by it from the non-registered BacTech Shareholder and may not vote in the event that no instructions are received.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by BacTech. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Circular. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation. Except as otherwise stated herein, the information contained in this Circular is given as of October 14, 2010.

The record date for the determination of BacTech Shareholders entitled to receive notice of the Meeting is September 27, 2010. In accordance with the provisions of the CBCA, BacTech will prepare or arrange for the preparation of a list of BacTech Shareholders as of the record date. Each BacTech Shareholder named in the list will be entitled to vote the BacTech Shares shown opposite the holder's name on the list at the Meeting.

### **Matters to be Considered by BacTech Shareholders at the Meeting**

At the Meeting, BacTech Shareholders will be asked to pass, with or without variation, (i) a special resolution authorizing the change of name of the Corporation to REBgold Corporation or such other similar name as shall be acceptable to the regulatory authorities and approved by the Board of Directors; (ii) the Arrangement Resolution attached as Appendix "A" to this Circular; (iii) an ordinary resolution ratifying and approving an amendment to the Corporation's By-laws to remove the requirement that a majority of the Corporation's directors be resident Canadians; (iv) if the Arrangement Resolution is passed, an ordinary resolution approving the Greenco Stock Option Plan, and (v) such other business as may properly come before the Meeting.

### **Appointment of Proxyholders and Revocation of Proxies**

**The persons named in the accompanying Proxy are directors and officers of BacTech. Each BacTech Shareholder unable to be present at the Meeting has the right to appoint a person, who need not be a BacTech Shareholder, other than the persons designated in the accompanying Proxy, to attend and act on behalf of the BacTech Shareholder at the Meeting. To exercise this right, a BacTech Shareholder may either insert such other person's name in the blank space provided in the accompanying Proxy or complete another appropriate form of proxy.**

To be valid, a proxy must be dated and signed by the BacTech Shareholder or his or her attorney authorized in writing or, if the BacTech Shareholder is a corporation, by a duly authorized officer or attorney. The proxy, to be acted upon, must be received by Computershare Investor Services Inc., 11th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) before the time of the Meeting or any adjournments or postponements thereof.

A BacTech Shareholder who has given a proxy may revoke it by: (a) depositing an instrument in writing (including another proxy) executed by the BacTech Shareholder or by the BacTech Shareholder's attorney authorized in writing or by electronic signature at the registered office of BacTech, 50 Richmond Street East, Suite 300, Toronto, Ontario M5C 1N7, at any time up to 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) before the time of the Meeting or any adjournments or postponements thereof; or (b) in any other manner permitted by law including attending the Meeting in person. Revocation of a proxy by a BacTech Shareholder will not constitute a written objection for the purpose of the exercise of rights of dissent under the Dissent Procedures by such BacTech Shareholder.

### **Voting of Proxies**

The persons named in the enclosed Proxy will vote the BacTech Shares in respect of which they are appointed in accordance with the instructions of the BacTech Shareholder indicated on the Proxy.

**In the absence of such instructions, or if the instructions are not certain, such BacTech Shares will be voted in favour of the Arrangement Resolution. The enclosed Proxy, when properly completed and signed, confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to any other matter which may properly come before the Meeting. As of the date of this Circular, management of BacTech is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any such amendment, variation or other matter**

**properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy to vote on such other business in accordance with their judgment.**

#### **Voting Shares and Principal Holders**

The authorized share capital of BacTech includes an unlimited number of BacTech Shares. As at September 27, 2010, 132,943,039 BacTech Shares were outstanding. Each BacTech Share carries one vote in respect of each matter to be voted upon at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as of the date hereof, the following companies are the only persons or companies that beneficially own or exercise control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the Meeting:

| <b>Name of Shareholder and Municipality of Residence</b> | <b>Number of Common Shares Owned, Controlled or Directed</b> | <b>% of the Outstanding Common Shares</b> |
|--|--|---|
| Baker Steel Capital Managers LLP<br>London, England      | 24,191,667   | 18.2%                                     |
| Yamana Gold Inc.<br>Toronto, Ontario                     | 13,333,333   | 10.0%                                     |

#### **CHANGE OF NAME OF THE CORPORATION**

If the Arrangement is completed, all of the Corporation's assets relating to the Remediation Technology Business will be transferred to Greenco, and the Corporation will be engaged only in the Mining Technology Business. Accordingly, the Board is recommending that the corporate name be changed to "REBgold Corporation".

At the Meeting, BacTech Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution in the form set out below (the "Name Change Resolution"), subject to such amendments, variations or additions as may be approved at the Meeting, to approve the change of the Corporation's name to "REBgold Corporation" or such other similar name as the directors see fit.

The Board of Directors recommends the adoption of the Name Change Resolution. To be effective, the Name Change Resolution must be approved by not less than two-thirds of the votes cast by the BacTech Shareholders present in person or represented by proxy at the Meeting.

The text of the Name Change Resolution to be submitted to shareholders at the Meeting is as follows:

**"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The Corporation is hereby authorized to apply for a certificate of amendment under section 173 of the Canada Business Corporations Act to amend its articles to change the Corporation's name to "REBgold Corporation" or such other similar name as the directors see fit.
2. Notwithstanding that this resolution has been passed (and the change of name of the Corporation approved) by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered without further notice to or approval of the shareholders of the Corporation to not proceed with the change of the Corporation's name to "REBgold Corporation" or such other similar name as the directors see fit.

3. Any director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution.”

**Unless the shareholder has specifically instructed in the enclosed form of proxy that the BacTech Shares represented by such proxy are to be voted against the Name Change Resolution, the persons named in the accompanying proxy will vote FOR the approval of the Name Change Resolution.**

## **THE ARRANGEMENT**

### **General**

The Corporation is a publicly traded company listed on the TSXV which carries on two businesses: the Mining Technology Business and the Remediation Technology Business. The Arrangement has been proposed to facilitate the separation of the two business activities. Pursuant to the Arrangement, BacTech will transfer to Greenco the Remediation Assets, which are comprised of (i) all of BacTech’s right, title and interest in the Remediation Projects, (ii) the Remediation Technology Licence, and (iii) approximately \$250,000 cash. In exchange, Greenco will issue to BacTech approximately 26,588,600 Greenco Shares and assume the Greenco Commitment. The exact number of Greenco Shares to be issued to BacTech in exchange for the Remediation Assets will be that number which, when added to the 100 Greenco Shares currently owned by BacTech, will be sufficient for BacTech to distribute the Greenco Shares to BacTech Shareholders pursuant to the Arrangement, on the basis of one Greenco Share for each five BacTech Shares.

Each BacTech Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will, immediately after the Arrangement, hold one New Share in the capital of the Corporation and one-fifth of a Greenco Share for each currently held BacTech Share. The New Shares will be substantially identical to the present BacTech Shares. The effect is that, immediately after the Arrangement is effective, the BacTech Shareholders as of the Share Distribution Record Date will own, as a group, (i) all of the issued and outstanding New Shares, being 100% of the shares of REBgold which will then be outstanding, and (ii) all of the issued and outstanding Greenco Shares.

### **Reasons for the Arrangement**

The Board of Directors has determined that the separation of the Mining Technology Business and the Remediation Technology Business is in the best interests of the Corporation and its shareholders. As a result, the Board approved a reorganization of the Corporation pursuant to the Arrangement, as described in this Circular.

The Board is of the view that the Arrangement will benefit the Corporation and the BacTech Shareholders. This conclusion is based on the following factors:

- Since the Corporation was established in 1997, the Corporation has advanced the BacTech Bioleaching Technology to the point where it is commercially applicable in both the primary mining industry and the mining remediation industry.
- Although both businesses currently carried on by the Corporation utilize the BacTech Bioleaching Technology, the strategy for identifying and acquiring suitable projects for each application is quite separate.
- Operating the two Businesses within the same entity does not enhance the ability of the Corporation to obtain financing, and may actually hinder financing.

- Following the Arrangement, new management of the Corporation (referred to herein as “REBgold”), will be free to focus entirely on the Mining Technology Business, and the existing management of the Corporation, who will be the management team for Greenco, will be able to focus exclusively on the Remediation Technology Business.
- As a separate company engaged in the Remediation Technology Business, Greenco will have direct access to public and private capital markets focused on environmental remediation investment opportunities.
- As separate companies, each of REBgold and Greenco will be able to establish equity based compensation arrangements to enable it to better attract, motivate and retain directors, officers and key employees with experience and expertise in the Corporation’s particular business area.

### **Recommendation of the Board of Directors**

After careful consideration of the factors described above, the Board of Directors has concluded that the Arrangement is fair and reasonable to, and in the best interests of, BacTech and the BacTech Shareholders and has authorized the submission of the Arrangement to BacTech Shareholders and the Court for approval. **The Board of Directors unanimously recommends that BacTech Shareholders vote in favour of the Arrangement.**

### **Fairness of the Arrangement**

The Arrangement was determined by the Board to be fair to BacTech Shareholders based upon the following factors, among others:

1. The procedures by which the Arrangement will be approved, including the requirement for approval by two-thirds of the BacTech Shareholders voting on the Arrangement, and approval by the Court after a hearing at which fairness will be considered;
2. The condition of the Arrangement that each of the New Shares and the Greenco Shares be listed on either the TSXV or CNSX ensures that shareholders will have a public market on which to trade their shares;
3. The opportunity for BacTech Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their BacTech Shares; and
4. Each BacTech Shareholder on the Share Distribution Record Date (other than Dissenting Shareholders) will participate in the Arrangement on a *pro rata* basis and, upon completion of the Arrangement, will continue to hold the same *pro rata* interest in each of Greenco and REBgold that such BacTech Shareholder held in the Corporation prior to the Arrangement.

### **Details of the Arrangement**

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Arrangement Agreement which is attached to this Circular as Appendix “B” and the full text of the Plan of Arrangement which is attached as Schedule “A” to the Arrangement Agreement. Each of these documents should be read carefully in their entirety.

Pursuant to the Plan of Arrangement, the following principal steps will occur and be deemed to occur in the following chronological order commencing at the Effective Time:

1. The Corporation will transfer the Remediation Assets to Greenco.
2. In consideration of the transfer of the Remediation Assets, Greenco will (i) issue to the Corporation that number of Greenco Shares which, when added to the 100 Greenco Shares currently held by the Corporation, will be sufficient to enable the Corporation to distribute

Greenco Shares to the BacTech Shareholders on the basis set out below, and (ii) assume the Greenco Commitment, as provided in the Arrangement Agreement.

3. The Articles of the Corporation shall be amended to change the authorized capital of the Corporation by:
  - (a) Reclassifying the BacTech Shares as “Class A Shares”, being the “BacTech Class A Shares” referred to in this Circular,
  - (b) Creating an unlimited number of a new class of shares designated as “Common Shares”, being the New Shares referred to in this Circular, and
  - (c) Creating an unlimited number of a new class of shares designed as “Class A Preferred Shares”, having the rights, privileges, restrictions and conditions set out in Exhibit “B” to the Plan of Arrangement, being the “BacTech Class A Preferred Shares” referred to in this Circular.
4. Each issued BacTech Class A Share held by a Dissenting Shareholder will be cancelled and the Dissenting Shareholders will be entitled to be paid fair value for their Dissenting Shares in accordance with the Plan of Arrangement.
5. Other than the BacTech Class A Shares held by Dissenting Shareholders, each issued BacTech Class A Share will be exchanged for one New Share and one BacTech Class A Preferred Share and each such BacTech Class A Share shall thereupon be cancelled and the aggregate paid-up capital (as that term is defined for purposes of the Tax Act) of the BacTech Class A Shares immediately prior to the Effective Time less the amount of cash paid to Dissenting Shareholders under step 4 above will be allocated between the New Shares and the BacTech Class A Preferred Shares so that the aggregate paid-up capital of the BacTech Class A Preferred Shares shall be equal to the lesser of the aggregate fair market value of the distributed Greenco Shares as of the Effective Date and the paid-up capital of the BacTech Class A Shares. The aggregate fair market value of the distributed Greenco Shares shall be determined as at the Effective Date by resolution of the Board of Directors.
6. BacTech will redeem the BacTech Class A Preferred Shares for consideration consisting solely of the Distributed Greenco Shares such that each holder of BacTech Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive one Greenco Share for each five BacTech Class A Preferred Shares held by such holder.
7. The BacTech Class A Shares and the BacTech Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps 4 and 5 above are completed, will be cancelled with the appropriate entries being made in the central securities register of BacTech, and the Articles of the Corporation will be amended to change the authorized share capital of the Corporation by eliminating the BacTech Class A Shares and the BacTech Class A Preferred Shares therefrom.
8. The distributed Greenco Shares transferred to the holders of the BacTech Class A Preferred Shares pursuant to step 4 above will be registered in the names of the former holders of BacTech Class A Preferred Shares and appropriate entries will be made in the central securities register of Greenco.
9. After the Effective Date:
  - (a) All BacTech Share Commitments shall be exercisable for New Shares and Greenco Shares in accordance with the corporate reorganization provisions of such commitments, whereby the right to acquire one BacTech Share under a BacTech Share Commitment shall be satisfied by the issuance of one New Share and one-fifth of a Greenco Share (subject to the rounding of fractions);



- (b) Pursuant to the Greenco Commitment, Greenco will issue the required number of Greenco Shares upon the exercise of BacTech Share Commitments as is directed by the Corporation; and
- (c) The Corporation will, as agent for Greenco, collect and pay to Greenco a portion of the proceeds received upon the exercise of each BacTech Share Commitment, determined in accordance with the following formula:

$$A = B \times (C \div 5) \div ((C \div 5) + D)$$

Where:

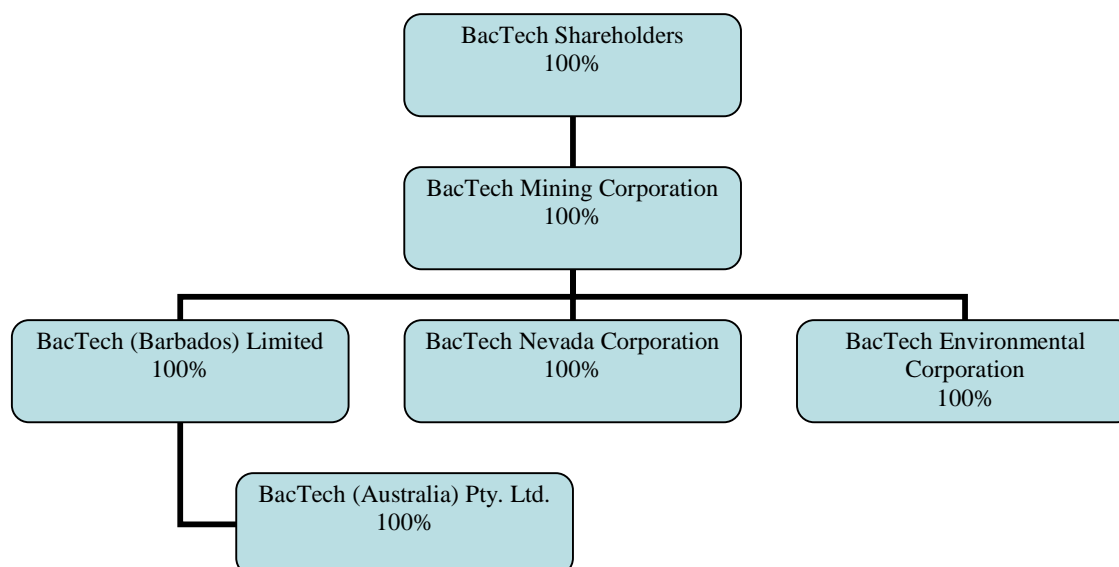
- A is the portion of the proceeds to be received by Greenco for each BacTech Share Commitment exercised after the Effective Date;
- B is the exercise price of the BacTech Share Commitment;
- C is the volume weighted average trading price of the Greenco Shares for the first ten (10) trading days commencing on the Effective Date and on which the Greenco Shares trade on either the CNSX or the TSXV; and
- D is the volume weighted average trading price of the New Shares for the first ten (10) trading days commencing on the Effective Date and on which the New Shares trade on the TSXV.

The balance of the exercise price received upon the exercise of the BacTech Share Commitment shall be retained by BacTech. BacTech shall not acquire any beneficial ownership of the Greenco Shares to be issued upon any exercise of BacTech Share Commitments.

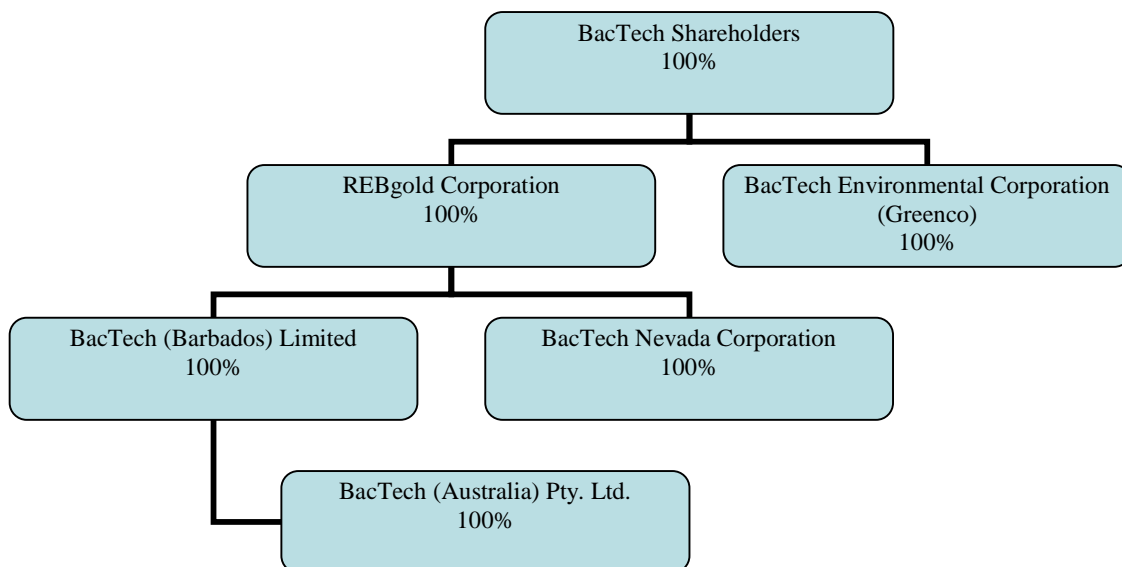
For information concerning the number of BacTech Share Commitments as at the date hereof, see “The Corporation after the Arrangement – Changes in Share Capital”.

The effect of the Arrangement can be summarized by the following BacTech Shareholders diagrams:

#### CURRENT STRUCTURE



## FINAL STRUCTURE



### Authority of the Board

By passing the Arrangement Resolution, the BacTech Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Corporation to complete the Arrangement without any requirement to seek or obtain any further approval of the BacTech Shareholders.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to BacTech Shareholders. The Board has no current intention to amend the Plan of Arrangement, however, it is possible that the Board may determine that it is appropriate that amendments be made.

### Conditions to the Arrangement

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

1. the Arrangement Agreement must be approved by the BacTech Shareholders at the Meeting in the manner referred to under “Shareholder Approval”;
2. the Arrangement must be approved by the Court in the manner referred to under “Court Approval of the Arrangement”;
3. the TSXV shall have conditionally approved the listing of the New Shares, subject only to such conditions as the Board of Directors determines are reasonably capable of being satisfied by the Corporation;
4. either the TSXV or the CNSX shall have conditionally approved the listing of the BacTech Class A Shares and the Greenco Shares, subject only to such conditions as the Board of Directors determines are reasonably capable of being satisfied by Greenco;
5. all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Corporation and Greenco; and

6. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Corporation or Greenco, as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Board intends to cause a certified copy of the Final Order to be filed with the Registrar under the Act, together with such other material as may be required by the Registrar, in order that the Arrangement will become effective.

Management of the Corporation believes that all material consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained in the ordinary course upon application therefor.

### **Shareholder Approval**

#### ***BacTech Shareholder Approval***

In order for the Arrangement to become effective, the Arrangement Resolution must be passed, with or without variation, by a special resolution of at least 66 and 2/3rds of the eligible votes cast in respect of the Arrangement Resolution by BacTech Shareholders present in person or by proxy at the Meeting.

#### ***Greenco Shareholder Approval***

The Corporation, being the sole shareholder of Greenco, has approved the Arrangement by consent resolution.

### **Court Approval**

#### ***Interim Order***

An arrangement under the CBCA requires Court approval. Prior to the mailing of this Circular, upon the application of BacTech, the Interim Order was obtained for the purposes of establishing procedures for the calling of the Meeting and prescribing the conduct of the Meeting and other matters. The full text of the Interim Order is set forth in Appendix “C” to this Circular.

#### ***Final Order***

The CBCA requires that an application be made to the Court for approval of the Arrangement and the Interim Order contemplates that an application for the Final Order will be made on November 25, 2010 at 10:00 am. (Toronto time), or as soon thereafter as counsel may be heard, at the Court at 393 University Avenue, Toronto, Ontario. The full text of the notice of application in respect of the Final Order is set forth in Appendix “D” to this Circular.

Counsel to BacTech has advised BacTech that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the BacTech Shareholders. Counsel to BacTech has further advised BacTech that the Court has very broad discretion under the CBCA when making orders in respect of the Arrangement and that the Court may approve the Arrangement either as proposed or as amended in any manner that the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may see fit.

At the hearing of the application for the Final Order, any BacTech Shareholder who wishes to participate, be represented and present evidence or arguments may do so, subject to filing and serving upon the Corporation a notice of appearance as provided in the Interim Order.

### **Stock Exchange Listings**

The BacTech Shares are listed and posted for trading on the TSXV under the symbol “BM”. It is a condition of completion of the Arrangement that the New Shares be conditionally approved for listing on

the TSXV and that the Greenco Shares be conditionally approved for listing on either the TSXV or the CNSX.

### **Effect of the Arrangement on BacTech Share Commitments**

BacTech Share Commitments which are outstanding on the Effective Date will be exercisable, in accordance with the corporate reorganization provisions of such securities, for New Shares and Greenco Shares on the basis that the holder will receive upon exercise, in lieu of the BacTech Shares which would have been received if the BacTech Share Commitment had been exercised prior to the Effective Date, the number of New Shares and Greenco Shares for which such BacTech Shares would have been exchanged pursuant to the Arrangement (being one New Share and one-fifth of a Greenco Share for each BacTech Share).

### **Effect of the Arrangement on BacTech Share Options**

BacTech Options are not included in the definition of BacTech Share Commitments. Holders of BacTech Options which are outstanding on the Effective Date will be exercisable for New Shares following the Arrangement, and there will be no adjustment to the exercise price in respect of the distribution of the Greenco Shares.

### **Resale of New Shares and Greenco Shares**

#### ***Exemptions from Canadian Prospectus Requirements and Resale Restrictions***

The issue of New Shares and Greenco Shares pursuant to the Arrangement will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable provincial securities legislation in Canada. Under applicable provincial securities laws such securities may be resold in Canada without hold period restrictions, except that any person, company or combination of persons or companies holding a sufficient number of securities to affect materially the control of the issuer of such securities will be restricted from reselling such securities.

#### ***Application of United States Securities Laws***

The New Shares and Greenco Shares to be issued to BacTech Shareholders under the Arrangement have not been registered under the U.S. Securities Act, or under the securities laws of any State of the United States, and will be issued to BacTech Shareholders resident in the United States in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act on the basis of the approval of the Arrangement by the Court, and pursuant to available exemptions from registration under applicable state securities laws. The Court will be advised that the Court's approval, if obtained, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act.

#### ***U.S. Resale Restrictions – Securities Issued to BacTech Shareholders***

New Shares and Greenco Shares to be issued to a BacTech Shareholder who is an "affiliate" of the Corporation prior to the Arrangement or will be an "affiliate" of either Greenco or Greenco after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. Pursuant to Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer for the purposes of the U.S. Securities Act is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.

**The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the securities received upon completion of the Arrangement. All holders of securities received in connection with the Arrangement are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

## AMENDMENT OF BY-LAW NO. 1 OF THE CORPORATION

Prior to October 7, 2010, section 3.02 of By-law No. 1 of the Corporation provided as follows:

**“3.02. Qualifications:** A majority of the directors of the Corporation shall be resident Canadians, at least two of the directors shall not be officers or employees of the Corporation or any affiliate of the Corporation, and no person may be a director of the Corporation who is disqualified under the Act.”

By-law No. 1 was originally adopted by the Corporation in 1997. At that time, the requirement that a majority of the directors of the Corporation be resident Canadians was consistent with the requirements of the CBCA. Since that time, the CBCA has been amended, such that the CBCA now requires that at least 25% of the directors of a corporation governed by the CBCA shall be resident Canadians.

In light of the international nature of the Corporation’s activities and proposed activities, the Board considers that it is expedient that the Corporation have as much flexibility with respect to the resident status of directors as is permitted under the CBCA. Accordingly, by resolution of the Board effective October 7, 2010, the Board approved an amendment to By-law No. 1, such that section 3.02 now reads as follows:

**“3.02. Qualifications:** At least two of the directors of the Corporation shall not be officers or employees of the Corporation or any affiliate of the Corporation, and no person may be a director of the Corporation who is disqualified under the Act.”

At the Meeting, BacTech Shareholders will be asked to consider and, if thought fit, ratify and approve the foregoing amendment to By-law No. 1. A majority of the votes cast on the matter is required to ratify and approve the amendment. If the amendment to By-law No. 1 is not approved at the Meeting, the amendment will cease to be effective.

**Unless the shareholder has specifically instructed in the enclosed form of proxy that the BacTech Shares represented by such proxy are to be voted against the by-law amendment, the persons named in the accompanying proxy will vote FOR the ratification and approval of the amendment to By-law No. 1.**

## APPROVAL OF GREENCO STOCK OPTION PLAN

At the Meeting, BacTech Shareholders will be asked to consider and, if thought fit, approve the adoption by Greenco of the Greenco Stock Option Plan. The full text of the Greenco Stock Option Plan is attached to this Circular as Appendix “G”. The purpose of the Greenco Stock Option Plan is to authorize Greenco to grant to service providers options to purchase Greenco Shares, thereby enabling Greenco to attract, retain and motivate service providers by providing them with the opportunity, through share options, to acquire an increased proprietary interest in Greenco.

The material provisions of the Greenco Stock Option Plan are as follows:

- (a) the persons who are eligible to be granted options under the Greenco Stock Option Plan are “service providers”, which means (i) full or part-time employees or directors or officers of Greenco; (ii) any other person employed by a company or individual providing management services to Greenco; (iii) any other person or company engaged to provide ongoing consulting services to Greenco or any affiliated entity of Greenco; (iv) investor relations employees or consultants; (v) any registered retirement savings plan established by a service provider; and (vi) any corporation controlled by an eligible service provider, the issued and outstanding voting shares of which are and will continue to be beneficially owned by such eligible service provider and/or the spouse, children and/or grandchildren of such eligible service provider;

- (b) the Greenco Stock Option Plan provides for a “rolling” maximum such that a maximum of 10% of the issued Common Shares of Greenco at the time of the grant may be reserved for issuance pursuant to the Greenco Stock Option Plan;
- (c) the maximum number of shares which may be reserved for issuance under the Greenco Stock Option Plan to any one insider and his or her associates within any one year period shall not exceed 5% of the number of Common Shares outstanding at the date of grant;
- (d) the maximum number of shares which may be reserved for issuance in any one year period to any one consultant under the Greenco Stock Option Plan and under any other employer Greenco Stock Option Plans or options for services, shall not exceed 2% of the number of Common Shares outstanding at the date of grant;
- (e) the exercise price for the Common Shares under each option granted under the Greenco Stock Option Plan is determined by the board of directors, or by a committee appointed for this purpose by the board, on the basis of the market price at the time of granting of each option. If at the time of grant of an option the shares of Greenco are listed on the TSXV, the exercise price may not be less than the Discounted Market Price on the TSXV, subject to a minimum price of \$0.10.
- (f) options granted under the Greenco Stock Option Plan may, at the discretion of the board of directors or committee, provide that the number of shares which may be acquired pursuant to the option shall not exceed a specified number or percentage each year (or other specified period) during the term of the option (a “vesting restriction”); however, all options become immediately exercisable upon the occurrence of an “Acceleration Event” as defined in the Greenco Stock Option Plan, which includes a take-over of Greenco, a merger of Greenco where Greenco is not the continuing or surviving corporation, the sale of all or substantially all of the assets of Greenco, or the liquidation or dissolution of Greenco;
- (g) options may be granted under the Greenco Stock Option Plan for a term not exceeding five years;
- (h) if a holder of an option ceases to be a service provider to Greenco (other than as a result of the death of such holder), such holder’s options terminate on the earlier of (i) 90 days after the holder ceases to be a service provider (or 30 days if the holder is an investor relations employee), and (ii) the original expiry date of the option;
- (i) if a holder of an option dies while he or she is a service provider, such holder’s options terminate on the earlier of (i) one year after the date of death of the holder, and (ii) the original expiry date of the option; and
- (j) options may not be assigned or transferred, except by will or by the laws of descent and distribution.

As of the date of this Circular, no options have been granted under the Greenco Stock Option Plan. It is anticipated that options will be granted to service providers of Greenco following completion of the Arrangement.

At the Meeting, BacTech Shareholders will be asked to approve an ordinary resolution ratifying and approving the adoption of the Greenco Stock Option Plan. A simple majority of the votes cast on the matter is required for approval, exclusive of votes attaching to shares held by insiders eligible to participate in the Greenco Stock Option Plan or their associates. To the knowledge of the Corporation, an aggregate of 4,708,267 BacTech Shares are held by insiders of the Corporation eligible to participate in the Greenco Stock Option Plan and their associates.

**Unless the shareholder has specifically instructed in the enclosed form of proxy that the BacTech Shares represented by such proxy are to be voted against adoption of the Greenco Stock Option**

**Plan, the persons named in the accompanying proxy will vote FOR the ratification and approval of the adoption of the Greenco Stock Option Plan.**

### **RIGHTS OF DISSENTING SHAREHOLDERS**

Section 190 of the CBCA provides BacTech Shareholders with the right to dissent from certain resolutions of a corporation that effect extraordinary corporate transactions or fundamental corporate changes. The interim Order provides BacTech Shareholders with the right to dissent in respect of the Arrangement in accordance with section 190 of the CBCA.

A Dissenting Shareholder is entitled, when the Arrangement becomes effective, to be paid by BacTech the fair value, determined as of the close of business on the day before the date of the Final Order, of the BacTech Shares held by such Dissenting Shareholder.

The following description of the rights of Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of the BacTech Shares held by such Dissenting Shareholder and is qualified in its entirety by reference to the full text of the Interim Order, the Plan of Arrangement and section 190 of the CBCA. The Interim Order is set forth in Appendix “C” to this Circular. The complete text of section 190 of the CBCA is set forth in Appendix “F” to this Circular. A BacTech Shareholder who intends to exercise the right of dissent and appraisal should seek legal advice and carefully consider and strictly comply with the Dissent Procedures. Failure to comply with the Dissent Procedures and to adhere to the procedures established therein, may result in the loss of all rights thereunder.

Pursuant to the provisions of the interim Order and the Plan of Arrangement, BacTech Shareholders may dissent, in accordance with the procedures set forth below, in respect of the Arrangement under section 190 of the CBCA, and seek to become entitled to be paid by BacTech the fair value (within the meaning of that term under section 190 of the CBCA) of the BacTech Shares held by such BacTech Shareholders in respect of which such right of dissent is exercised.

At the hearing of the application for the Final Order, the Court has the discretion to alter the rights of dissent described in the Interim Order based on the evidence presented at such hearing.

Persons who are beneficial owners of BacTech Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holder of BacTech Shares is entitled to dissent and, accordingly, beneficial owners of BacTech Shares wishing to dissent in respect of the Arrangement must contact the broker, custodian, nominee or other intermediary in whose name their BacTech Shares are registered in order to exercise their right of dissent in respect of the Arrangement.

A Dissenting Shareholder is not entitled to dissent with respect to any BacTech Shares if such Dissenting Shareholder votes any BacTech Shares in favour of the Arrangement, but such Dissenting Shareholder may abstain from voting on the Arrangement Resolution (or submitting a proxy) without affecting the Dissenting Shareholder’s rights of dissent. A Dissenting Shareholder may dissent only with respect to all of the BacTech Shares held by such Dissenting Shareholder on his or her own behalf or on behalf of any one beneficial owner and registered in his or her name.

In order to dissent, a Dissenting Shareholder must send to BacTech at 50 Richmond Street East, Suite 300, Toronto, Ontario M5C 1N7, Attention: The Secretary, a written objection to the Arrangement Resolution (the “Objection Notice”) which must be received by the Secretary of BacTech or the chairman of the Meeting at or before the Meeting, failing which such person will have no right to make a claim under this procedure. The execution or exercise of a proxy does not constitute an Objection Notice for the purposes of subsection 190(6) of the CBCA.

If the Arrangement Resolution is adopted, BacTech will, within ten days after the adoption of the Arrangement Resolution, send to each Dissenting Shareholder who has filed an Objection Notice a notice stating that the Arrangement Resolution has been adopted (the “BacTech Notice”). A BacTech Notice is not required to be sent to any Dissenting Shareholder who voted for the Arrangement Resolutions at the Meeting or who has withdrawn an Objection Notice in respect of the BacTech Shares held by such Dissenting Shareholder.

Within 20 days after the Dissenting Shareholder receives the BacTech Notice or, if no BacTech Notice is received by such Dissenting Shareholder, within 20 days after such Dissenting Shareholder learns that the Arrangement Resolution has been adopted, such Dissenting Shareholder is required to send a written notice to BacTech at the address set forth above containing the Dissenting Shareholder’s name and address, the number of BacTech Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents and the demand for payment of the fair value of such BacTech Shares (the “Demand for Payment”). Within 30 days thereafter, the Dissenting Shareholder must send the certificate(s) representing such BacTech Shares to BacTech, failing which such Dissenting Shareholder will have no right to make a claim under the Dissent Procedures. Such certificates will be endorsed by BacTech with a notice that the person is a Dissenting Shareholder and will be returned forthwith to the Dissenting Shareholder.

On sending the Demand for Payment to BacTech, a Dissenting Shareholder ceases to have any rights as a BacTech Shareholder, other than the right to be paid the fair value of the BacTech Shares held by such Dissenting Shareholder, unless the Dissenting Shareholder withdraws his Demand for Payment before BacTech sends a Written Offer (as defined below), BacTech fails to make a Written Offer and the Dissenting Shareholder withdraws the Demand for Payment, or the Board of Directors terminates the Arrangement Agreement, in which case the rights of the Dissenting Shareholder as a BacTech Shareholder will be reinstated as of the date such Dissenting Shareholder sent a Demand for Payment to BacTech. **If a Dissenting Shareholder fails to comply with each of the steps required to dissent effectively, or otherwise is ultimately not entitled to be paid fair value for his or her BacTech Shares, or withdraws his or her dissent, provided the Arrangement becomes effective, the Dissenting Shareholder will be deemed to have participated in the Arrangement as and from the Effective Date on the same basis as any non-dissenting BacTech Shareholders.**

BacTech shall, not later than seven days after the later of the Effective Date or the date BacTech receives the Demand for Payment, send to each Dissenting Shareholder who has sent a Demand for Payment, a written offer (the “Written Offer”) to pay for the BacTech Shares in respect of which such Dissenting Shareholder dissents in an amount considered by the Board of Directors to be fair value of such BacTech Shares as of the close of business on the day before the Final Order was issued, accompanied by a statement showing how the fair value was determined. Every Written Offer will be paid on the same terms for each BacTech Share. Dissenting Shareholders who accept the Written Offer will be paid by BacTech within ten days after the date on which the Written Offer is accepted, provided share certificates representing BacTech Shares held by such Dissenting Shareholder have been delivered to BacTech. The Written Offer lapses if BacTech does not receive an acceptance thereof within 30 days after the date the Written Offer was made.

If BacTech fails to make the Written Offer, or the Dissenting Shareholder fails to accept the Written Offer, BacTech, within 50 days after the Effective Date or within such further period as a court may allow, BacTech may apply to a court to fix a fair value for the BacTech Shares in respect of which such Dissenting Shareholder dissents. If BacTech fails to make such application, a Dissenting Shareholder has the right to apply to a court for the same purpose within a further period of 20 days or such further period as a court may allow. A Dissenting Shareholder is not required to give security for costs in such application. The applications referred to above may be made to the Court or a court having jurisdiction in any other province of Canada where the Dissenting Shareholder resides, if BacTech carries on business in that province. All Dissenting Shareholders whose BacTech Shares have not been purchased by BacTech and who have sent an Objection Notice in accordance with the Dissent Procedures, will be joined as



parties to the application and will be bound by the decision of the court. BacTech must notify each affected Dissenting Shareholder of the date, place and consequences of the application and of such Dissenting Shareholder's right to appear and to be heard in person or by counsel. The court may determine whether any person is a Dissenting Shareholder who should be joined as a party and the court will fix a fair value of the BacTech Shares of all Dissenting Shareholders. Provided that the Arrangement becomes effective, a BacTech Shareholder who complies with each of the steps required to dissent effectively is entitled to be paid the fair value of the BacTech Shares in respect of which he or she dissents, as determined by the court. There can be no assurance that such fair value will be greater than or equivalent to the consideration offered to BacTech Shareholders under the Arrangement.

BacTech Shareholders who exercise their rights of dissent and who (a) are ultimately entitled to be paid fair value for their BacTech Shares shall have their BacTech Shares cancelled as of the Effective Date; or (b) for any reason are ultimately not entitled to be paid fair value for their BacTech Shares or withdraw their dissent in accordance with section 190 of the CBCA shall be deemed to have participated in the Arrangement as of and from the Effective Date on the same basis as any non-dissenting BacTech Shareholder. In no case shall BacTech or Greenco be required to recognize such BacTech Shareholders as holders of BacTech Shares at and after the Effective Date, and the names of BacTech Shareholders shall be deleted from BacTech's register of BacTech Shareholders on the Effective Date.

## **INFORMATION CONCERNING BACTECH**

### **Name and Incorporation**

Pursuant to a certificate of incorporation effective February 13, 1997, the Corporation was incorporated under the name BacTech Solutions Ltd. under the provisions of the CBCA. Pursuant to a certificate of amendment dated February 26, 1997, the Corporation changed its name to BacTech Metallurgical Solutions Ltd. and by certificate of amendment dated April 7, 2000 to BacTech Enviromet Corporation. On December 23, 2003 by certificate of amendment BacTech Enviromet Corporation changed its name to BacTech Mining Corporation. On July 5, 2007, BacTech amended its articles to permit the directors to appoint one or more additional directors (not to exceed one-fifth of the directors elected at the last annual meeting of shareholders) to hold office until the close of the next annual meeting of shareholders.

Effective October 2, 2000, the Corporation's Common Shares, previously quoted on the Canadian Dealing Network Inc., were transferred to the newly created Tier 3 of the TSXV (then, the Canadian Venture Exchange) under the symbol "YBA". The Corporation graduated to Tier 2 of the TSXV effective October 7, 2003, trading under the symbol "BM".

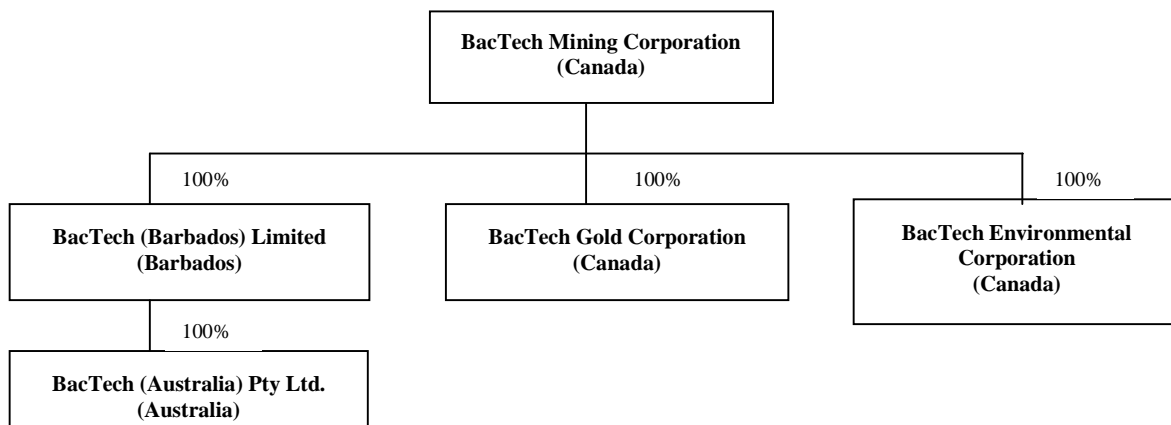
The Corporation's registered and head office is located at 50 Richmond Street East, Suite 300, Toronto, Ontario, M5C 1N7.

BacTech has the following five wholly-owned subsidiaries: (i) BacTech (Barbados) Limited, incorporated under the *Companies Act of Barbados* on April 25, 1997; (ii) BacTech (Australia) Pty Ltd., incorporated under the *Corporations Law* (Western Australia) on June 7, 1988; (iii) BacTech Nevada Corporation, incorporated under the laws of Nevada by articles of incorporation dated July 23, 2003; (iv) BacTech Gold Corporation (formerly 6858821 Canada Inc.), incorporated under the CBCA by a certificate of incorporation dated October 19, 2007; and (v) BacTech Environmental Corporation (referred to in this Circular as Greenco), incorporated under the CBCA on October 5, 2010.

BacTech (Australia) Pty Ltd. is the subsidiary that owns the intellectual property patents, know-how and intellectual property rights for the BacTech Bioleaching Technology. Pursuant to a technology licence agreement with an effective date of September 30, 1997, these rights have been licenced to BacTech Barbados Limited and BacTech Mining Corporation.

BacTech Nevada Corporation is not considered to be a material subsidiary and does not currently hold any material assets or liabilities.

The following chart sets forth the names of the material subsidiaries of the Corporation, their respective jurisdictions of incorporation and the current voting and equity interest therein.



### General Description of the Business

BacTech was incorporated in 1997 to acquire BacTech (Australia) Pty. Ltd., which held the BacTech Bioleaching Technology, which utilizes bacteria in the extraction of precious and base metals from complex refractory ores and concentrates. The registered trademark for the BacTech Bioleaching Technology is "BACOX".

The BacTech Bioleaching Technology employs the use of naturally occurring bacteria, harmless to both humans and the environment, to liberate precious and base metals from refractory sulphide ores and arsenic concentrates. Ores are considered to be refractory when a significant proportion of the contained metal cannot be recovered by conventional processes. These types of ores are becoming increasingly common particularly as more easily exploited oxide deposits are depleted.

Bioleaching uses bacteria in reactors (tanks) to oxidize sulphides. By providing the bacteria with optimal operating and living conditions in reactors, the bacteria are capable of oxidizing metal encapsulated in sulphides in as little as 5-6 days, as opposed to many years in their natural habitat. This is a common residence time in a commercial bioleach plant and the control of this and other parameters, such as the particle size of feed, are relatively simple and readily managed by operators with the proper training.

Historically, liberation of metals was achieved by smelting or burning of sulphide ores or concentrates. Concentration of metal sulphides into a smaller mass is often performed prior to smelting or bioleaching, as these are the more expensive parts of an overall operation, and it is cheaper to treat smaller tonnages of material. Although economically efficient, smelting produces noxious sulphur dioxide (SO<sub>2</sub>) emissions that create acid rain. Bioleaching produces no offensive gases as it is a hydrometallurgical form of treatment. There are often many deleterious elements such as arsenic associated with sulphide minerals and these often report to the flue gases in smelting. Bioleaching has a further environmental attribute by effectively stabilizing any arsenic present and producing a stable end product for tailings disposal.

By replacing smelting and/or roasting with a bioleach process, the production of sulphur dioxide emissions, which is the primary source of acid rain, is eliminated. In addition, the capital and operating costs of a bioleach facility are significantly less than for existing treatment methods.

BacTech has successfully licensed its proprietary gold bioleaching technology on three separate occasions, of which two plants are still operational.

Additional information concerning the current status of the Mining Technology Business and the Remediation Technology Business is set out below under “The Corporation Following The Arrangement – REBgold – The Mining Technology Business” and “Greenco Following The Arrangement – The Remediation Technology Business”, respectively.

### **The BacTech Bioleaching Technology**

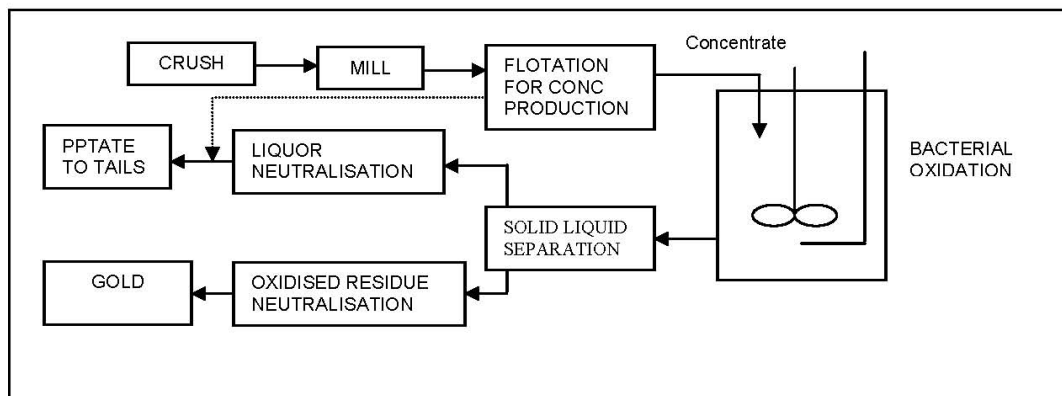
BacTech’s technology utilizes various strains of bacteria adapted to a specific application. The bacteria operating in a solution at temperatures between 30°C and 80°C act on the metal sulphides in the presence of air to liberate base metals such as copper, nickel, cobalt, zinc and iron into the solution. The solutions are then treated to extract the valuable products as pure metals using other existing technology. Any precious metals present are not dissolved by the bacteria, but remain behind in the residue. As the bacteria are responsible for removing the sulphide minerals which otherwise prevent precious metal recovery, the metals can be recovered from the residue after bacterial leaching using conventional means. The technology can therefore be applied to a wide range of metals and is either applied to ores that are stacked in heaps (heap leaching) or to mineral concentrates that are treated in agitated aerated reactors (bioreactor or tank leaching). The Corporation has commercialized the technology for the treatment of gold concentrates and is focused on commercializing bioleaching for base metal applications. The bioleaching and recovery of copper from chalcopyrite concentrates has already been successfully progressed to a demonstration scale plant. A description of BacTech’s gold technology as used in commercial practice is given below, followed by a description of BacTech’s copper bioleaching technology and relevance to the treatment of other base metals

#### ***Bioleaching Technology for Gold Deposits***

In many ores the gold is encapsulated in sulphide minerals and is thus inaccessible for conventional extraction. Arsenic is commonly associated with these ores as often the gold is trapped in an arsenic sulphide mineral known as arsenopyrite. Historically, these so called refractory gold ores were treated by producing a sulphur rich concentrate that was roasted at high temperatures to break down the mineral matrix and liberate the gold for subsequent extraction. This process produces toxic sulphur gases often containing arsenic which is environmentally unacceptable. In contrast, the BacTech Bioleaching Technology process produces no toxic gases, takes place at normal temperatures and atmospheric pressure and leaves arsenic in an environmentally stable form. It is conducted in a series of open stirred tanks (bioreactors) which are aerated and temperature controlled with water cooling, as the process generates heat in even the coldest climates. It is a continuous process in which a slurry of the gold concentrate material is fed into the first stage creating an overflow of slurry which cascades through the remaining stages of tanks over a period of a few days. The bacteria grow and divide in the reactors such that after initial inoculation (or seeding) of the process, the bacterial population is maintained without the need for adding more biomass to the process. In order to support bacterial growth a range of simple inorganic nutrients such as nitrogen; phosphorous and potassium are also provided. After the bioleaching operation a solid liquid separation and residue washing process is used. The residue is then passed onto conventional gold and silver recovery operations while the liquid is neutralized to remove the iron and arsenic values creating clean water for re-use in the process. The iron and arsenic are precipitated in the neutralization process producing an inert stable material which is suitable for disposal. This precipitate meets the requirements of the Environmental Protection Agency of the United States of America (US EPA), or the equivalent standards of a country in which the technology is employed. The gold recovery obtained after bioleaching pre-treatment is usually greater than 95%; whereas without oxidation pre-

treatment, the gold recovery from many refractory ores would be limited to less than 20%. The treatment process using the BacTech Bioleaching Technology for refractory gold concentrate is shown below:

Flow sheet for Precious Metal Concentrate Treatment Using BacTech's Gold Bioleach Technology



### ***Bioleaching Technology for Copper Deposits***

Each year many millions of tonnes of copper metal are produced worldwide by the smelting of concentrates. These concentrates are produced at mine sites and often shipped many miles around the world to smelters for toll treatment. The smelting process generates large amounts of sulphur gases and is becoming increasingly environmentally unacceptable. This is particularly true for the treatment of “dirty concentrates” that contain elements such as zinc, lead, arsenic, fluorine, bismuth etc. The BacTech Bioleaching Technology can be applied directly at mine sites, is environmentally responsible and handles “dirty” and low grade concentrates at little additional cost; creating revenue from metals otherwise classified as penalty elements by smelters. When bioleaching technology is employed, directly saleable London Metal Exchange (LME) grade “A” cathode copper is the end-product from the mine. Many of the associated process steps required for copper bioleaching use existing technologies and much of the hardware for the copper bioleach technology makes use of BacTech’s stirred tank bioleaching technology which is currently used for refractory gold treatment. The process know-how has been developed by BacTech on how to successfully integrate the bioleaching step into an overall copper extraction/ recovery process.

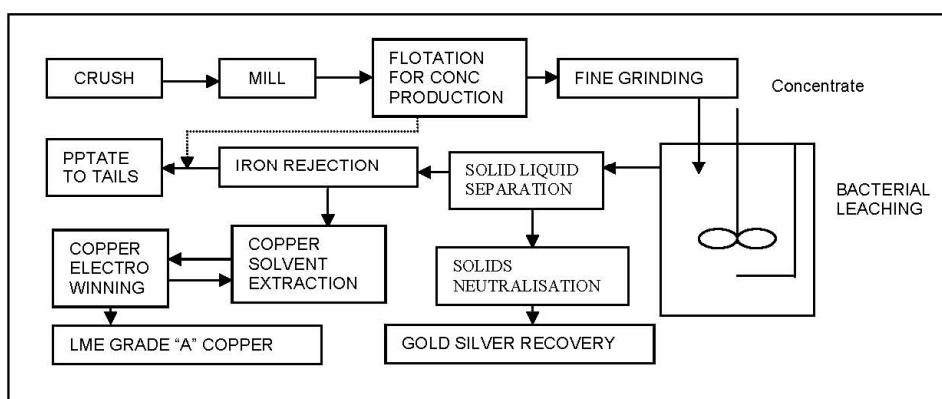
BacTech’s copper technology is biased towards using moderate thermophiles with an optimum temperature for operation of between 45°C and 50°C, as opposed to using extreme thermophiles which operate at much higher temperatures. In many instances, using moderate thermophiles allows a much higher oxygen solubility to be achieved in reactors by operating at a lower temperature and is a key economic driver to achieve good oxidation and high copper extractions. Copper extractions of 96% have been demonstrated from chalcopyrite leaching using BacTech’s moderate thermophiles. The engineering of plant operations is also less challenging at these lower temperatures and allows potential cost reductions for materials of construction. Lower temperature cultures are also often considered to be more robust and versatile with an ability to treat a wider range of concentrate types and are more resistant to process shocks as demonstrated in the gold industry. An integral part of the BacTech process is also the use of Redox control, which ensures operation in a very closely defined redox window. This requirement prevents passivation of the mineral surfaces to achieve very high copper extractions from chalcopyrite mineralogy. The technology has been successfully demonstrated at a one-tonne per day concentrate scale on a fully integrated continuous plant using solvent extraction and electro-winning routines for copper recovery producing LME grade “A” Metal. Copper extractions of 96% have been demonstrated from

chalcopyrite leaching using BacTech's moderate thermophiles. Downstream copper losses in recovery operations would be limited to 1% giving an overall recovery of copper from concentrates of 95%.

A simple flow sheet of the major unit operations in a complete process is illustrated below:

Flow sheet for Chalcopyrite and Precious metal concentrate treatment using BacTech Copper

Bioleach Technology in agitated aerated reactors



The following table shows the final product purity of samples from cathodes produced from the demonstration plant indicating the final products to be of LME grade "A" quality:

**Final Product Purity of LME Grade "A" Copper Product from Bioleaching**

| Element  | Lab 1   | Lab 2   | Lab 3   | Lab 4   | Lab 5   | Max Limits |
|----------|---------|---------|---------|---------|---------|------------|
| Ag       | 1.093   | 1.1249  | 0.7     | <1      | 2.4     | 25         |
| As       | 0.672   | 0.647   | <0.1    | <1      | <0.1    | 5          |
| Bi       | 0.988   | 0.0351  | <0.1    | <1      | <0.1    | 1          |
| Fe       | 7.31    | 5.959   | 2.5     | <1      | 0.1     | 10         |
| Pb       | 3.937   | 6.079   | 4.2     | <1      | 1.1     | 5          |
| Ni       | 0.067   | 0.5109  | <0.1    | <1      | <0.1    | 10         |
| S        | 9.952   | 5.2     | 3.9     | <1      | 0.4     | 15         |
| Sb       | 1.093   | 1.144   | <0.1    | <1      | <0.1    | 4          |
| Se       | 0.57    | 0.7111  | <0.1    | <1      | <0.1    | 2          |
| Sn       | 0.92    | 0.02716 | <0.1    | <1      | <0.1    | 5          |
| Te       | 0.96    | 0.09906 | <0.1    | <1      | <0.1    | 2          |
| Zn       | 0.034   | 1.351   | 0.4     | <1      | <0.1    | N.A        |
| Se;Te;Bi | 2.518   | 0.845   | <0.3    | <3      | -       | 3          |
| % Copper | 99.9971 | 99.9977 | 99.9947 | 99.9981 | 99.9994 | 99.9932Min |

With respect to the environmental treatment of deleterious elements, arsenic is stabilized with iron as ferric arsenate, meeting U.S. EPA or equivalent environmental regulations for a by-product. This feature has been well proven and demonstrated in bacterial oxidation plants in the gold industry, which have been operating successfully for many years. Routine testing is used to confirm the benign by-products of relevant elements with Toxicity Characteristic Leach Procedure (“TCLP”) testing and other relevant evaluations as required.

### ***BacTech Bioleaching Technology – Other Metals***

The BacTech Bioleaching Technology has particular relevance to the treatment of copper nickel concentrates produced from ores in which it is difficult or impossible to achieve good separation between the copper and nickel minerals in the concentrate. Conventional smelting routes for the processing of these concentrates are prohibitively expensive. The mixed concentrate can be bioleached and the copper and nickel separated from the resultant solution. Other mixed metal sulphides have also been tested by BacTech at laboratory scale including continuous piloting for bioleaching of a nickel cobalt copper concentrate and batch operations for selective recovery of these metals. The treatment of complex polymetallic concentrates containing copper; nickel; lead; and zinc have also been successfully tested at laboratory scale.

### ***Heap leaching – direct ore treatment***

The bioleaching methods can also be applied by BacTech in heap leaching environments in which the ore can be treated directly. This involves crushing ore, stacking it onto an impermeable membrane and spraying it with a bacterial solution. The solution drains through the heap and is recovered and resprayed over the heap. Where the ore contains base metals sulphides; the base metals are released into the solution and recovered by conventional processes prior to return of the solution to the heap. Where the ore contains precious metals, the solution is recycled until sufficient sulphide has been removed to expose the gold and silver. The ore is then removed and washed and submitted to conventional precious metal extraction and recovery operations. While heap leaching may be a lower cost method than using agitated aerated reactors, it takes a substantially longer time and the total metal recovery is often lower.

Recently, BacTech was re-engaged by Continental Precious Minerals Inc. to expand the research work started on a large black shale oil deposit in Sweden. BacTech is currently investigating the liberation of uranium, molybdenum and nickel contained in the sands using heap-leach bioleaching, as well as a kerogen by-product. The research results for this round of test work will be completed by the end of 2010.

### ***Competing methods of treatment***

The common methods of treatment which compete commercially with bacterial leaching are roasting/smelting and pressure leaching. As noted above, there are environmental problems associated with roasting/smelting, particularly if arsenic is present in the materials being treated. Generally, the sulphur dioxide produced requires collection with expensive scrubbing or production of sulphuric acid for which there is often a limited market. A more serious problem is the production of arsenic trioxide which is a known carcinogen and its former uses are disappearing. Collection and disposal of arsenic trioxide is also difficult.

Pressure leaching provides an alternative to roasting/smelting and is typically carried out in autoclaves at very high temperatures and pressures. It is a sophisticated process requiring advanced materials of construction; and highly skilled engineers for operation. The cost of maintenance is extremely high due to the need for constant replacement of specialized valves due to corrosion and wear. The capital cost and operating cost of the process is usually much higher than that associated with a bioleaching plant.

### ***Intellectual Property Rights***

The Corporation has applied for process patents in countries where deemed necessary. Because bacteria are naturally occurring, the Corporation cannot obtain patents for the bacteria, but rather can only apply

for patents relating to their application. However, the Corporation's experience has been that the art of bioleaching is made up of 50% process patent and 50% "know-how".

Through its subsidiary company BacTech Australia Pty Ltd., the Corporation holds a number of patents and patent applications related to bioleaching technology for both precious and base metals. A number of proprietary low-temperature cultures (mesophilic); intermediate temperature cultures (moderate thermophiles) and high temperature cultures (extreme thermophiles) are available for commercial applications depending on project requirements. The patent and patent applications detail certain claims in the application of bioleaching for the treatment of concentrates in stirred aerated reactors and also for the treatment of certain ore types using heap leaching. Both stirred tank and heap leaching routes are often explored as alternative methods of processing dependent upon project type.

Although the first application of stirred reactor bioleach technology in the world occurred over 20 years ago, BacTech remains one of only two commercial entities in the world with a successful track record in implementation of this type of technology for economic processing of gold concentrates at significant scale. While patents represent an important part of BacTech's intellectual property, a significant amount of intellectual property is also vested in "know-how": trade-secrets together with the experience gained in operations since the first application of BacTech's technology in 1994. The protection of this know-how is of great importance to the Corporation as it represents significant value in advancing future applications of the company's technology and also represents a potential barrier of entry to new competitors.

BacTech has generated significant expertise in project evaluation techniques, conducted to assess the suitability of projects to bioleach processing in comparison to adopting other techniques such as roasting/smelting or pressure leaching. BacTech's "know-how" is also available for laboratory test work procedures which are required at all stages of an evaluation in order to develop the design criteria for engineering and scale-up to a commercial process. These programmes of work also provide the necessary input to proprietary process and economic models which BacTech has developed and uses in feasibility studies. The successful integration of bioleaching technology into the overall flow sheet for metal extraction and recovery also represents an important area of the BacTech's expertise. "Know-how" in bioleach plant design for economic application of the technology is also a part of the Corporation's intellectual property which is undertaken in conjunction with engineering companies under confidentiality agreements to protect the technology. BacTech's input at all stages of successful project implementation from plant construction phases, through to commissioning and operations monitoring and new process developments represent important facets of the Corporation's intellectual property. Where the technology has been licensed to end-users, license agreements have been established which incorporate clauses for protection of the technology in order to prevent disclosure and use of the technology by others. The following chart lists the current BacTech patents.

| <b>THERMOTOLERANT BACTERIA</b> |                               |               |
|--------------------------------|-------------------------------|---------------|
| <b>Country</b>                 | <b>Application/Patent No.</b> | <b>Status</b> |
| Canada                         | 1,308,916                     | Granted       |
| Canada                         | 2,132,440                     | Granted       |
| South Africa                   | 91/2051                       | Granted       |
|                                |                               |               |
| <b>COPPER PATENT</b>           |                               |               |
| <b>Country</b>                 | <b>Application/Patent No.</b> | <b>Status</b> |
| Mexico                         | 3809                          | Pending       |
|                                |                               |               |
| <b>BAR REACTOR</b>             |                               |               |
| <b>Country</b>                 | <b>Application/Patent No.</b> | <b>Status</b> |
| Chile                          | 412-2000                      | Granted       |

|                                |                               |               |
|--------------------------------|-------------------------------|---------------|
| Spain                          | 200150044                     | Granted       |
| United States                  | USH2140H (09/831,579)         | Registered    |
| <b>CHALCOPYRITE HEAP LEACH</b> |                               |               |
| <b>Country</b>                 | <b>Application/Patent No.</b> | <b>Status</b> |
| Chile                          | 20001292                      | Pending       |
| Mexico                         | 265848                        | Granted       |
| Namibia                        | 2001/0076                     | Granted       |
| Peru                           | 3092                          | Granted       |
| South Africa                   | 2001/9510                     | Granted       |

### **Development of the Business for the Past Three Years**

From its formation until 2002, the Corporation's business strategy was focused on licensing its technology to mining companies seeking metallurgical solutions to bring properties into production. In 2003, the Corporation amended this strategy to focus on the acquisition of direct interests in mining projects, where the application of its technology could create enhanced economics.

#### ***Year Ended December 31, 2008***

##### Papua New Guinea

In June 2008, the Corporation announced its first project under its refractory gold acquisition program through the proposed purchase of a 33% interest in two properties located in Papua New Guinea ("PNG") from Yamana. The balance of the ownership in the projects (67%), was held by the current operator, Gold Aura Limited ("GOA"), of Brisbane, Australia (now called Gold Anomaly Limited).

While the supporting database for the project lacked the quality assurance / quality control (QA/QC) procedures currently required to meet resource or reserve criteria, BacTech was sufficiently encouraged by the size and grade of the identified mineralized systems, and their suitability to treatment using BacTech's bacteriological leaching technology, to aggressively pursue various avenues to validate and confirm the existence of a minable gold reserve. However, as noted below, in 2009 the Corporation and Yamana agreed that the Corporation would not proceed with the purchase of Yamana's interest in the PNG properties.

##### Cobalt Tailings

In the later part of 2008, BacTech became increasingly active in the Cobalt area (North-Eastern Ontario) through investigation of the use of its proprietary bioleach technology to treat arsenic-laden mine tailings left behind 100 years ago by silver miners.

In September 2008, the Corporation announced the signing of a Memorandum of Understanding with Gold Bullion Development Corp. ("Gold Bullion", TSX-V: GBB) of Cobalt, Ontario. The basis of the agreement had BacTech investigate the use of its proprietary bioleaching technology to treat the Castle Mine's tailings deposit in Gowganda, North-Eastern Ontario, for the recovery of cobalt, nickel and silver. In addition, BacTech investigated the potential environmental remediation for the associated arsenic in the tailings.

BacTech's goal was to build a demonstration bioleach facility that would treat 200,000 tonnes of tailings per annum to demonstrate the Corporation's ability to stabilize and neutralize the arsenic, while also recovering the significant quantities of cobalt, nickel and silver that remain in the tailings. BacTech applied to various government agencies for a portion of the capital needed to construct a bioleach demonstration plant near Cobalt. In the event that the demonstration plant study was successful, BacTech envisaged building a commercial facility to treat up to approximately 1,000,000 tonnes of tailings per annum. It was expected that a commercial plant with that capacity would operate for a minimum of 15 years, thereby providing long-term employment for the region.



### Other Projects

The Corporation initiated its first tailings endeavour in the latter part of 2007 focused exclusively on the treatment of tailings with its own technology. The Corporation conducted experimental development work on tailings of an active mine in eastern Canada, at its own expense. The work on the tailings included a metallurgical test program which included drilling the tails, assaying and sampling that was completed in fiscal 2007. The 2008 work program consisted of flotation test work for concentrate production from the tails material, bioleach test work for metal extraction and associated downstream test work for metal recovery. The Corporation and the mining company which owned the mine could not agree on terms for an agreement to treat the tailings.

The Corporation completed the initial stages of the work programs for the Two Boys and Godbout Property. After reviewing the results from these studies, the Corporation decided to relinquish its option rights to these properties in 2008.

### Finance

The Corporation financed a portion of the Corporation's operations for the year ended December 31, 2008 from the \$670,420 in gross proceeds from the sale of shares of Sino Gold Mining in 2007, as well as the private placement and debenture noted below.

On May 5, 2008, the Corporation completed a non-brokered private placement of 2,500,000 flow through units at a price of \$0.10 per unit for gross proceeds of \$250,000. Each unit consisted of one flow through BacTech Share and one half of a common share purchase warrant. Each warrant entitled the holder to purchase one non flow through BacTech Share of the Corporation at a price of \$0.15 until May 2, 2009.

On August 7, 2008, the Corporation completed a redeemable convertible debenture financing for \$530,000, bearing interest at a fixed rate of 18% per year. Under the terms of the private placement, the Corporation issued units, with each unit being comprised of a 2-year \$10,000 principal convertible redeemable debenture (the "2008 Debentures") and 50,000 common share purchase warrants. The Corporation had the option to redeem the 2008 Debentures in full within 4 months after their issuance, in which case each holder of the 2008 Debentures would have had the option to convert 20% of their holdings into BacTech Shares at a price of \$0.10 per share. The Corporation did not redeem the 2008 Debentures, and after 4 months the 2008 Debentures became convertible into BacTech Shares at a price of \$0.10 per share. Each warrant was exercisable for one BacTech Share at a price of \$0.15 per common share until August 7, 2010.

### ***Year Ended December 31, 2009***

#### Cobalt Tailings

During 2009 BacTech continued with its metallurgical test work on the tailings' samples taken from the Castle Mine tailings deposit located near Gowganda, Ontario. The objective of the metallurgical test work was to test the effects of using both gravity and flotation techniques to upgrade the tailings to produce concentrates suitable for bioleach test work. The initial study, started in November 2008, focused on the use of gravity techniques with the objective of recovering coarser silver values. The January 2009 study used a combination of gravity and flotation methods, in order to improve metal recovery while decreasing the mass of concentrate used as a feed to a bioleach process. The test work was conducted at SGS Lakefield Metallurgical Laboratory in Lakefield, Ontario.

The initial study results were encouraging; higher than anticipated cobalt and arsenic values reporting to a concentrate, with over 90% of the arsenic in the tailings reporting to the concentrate. The concentrates produced by SGS Lakefield were shipped to SGS Oretest in Perth, Australia, and to the University of Toronto, for the purpose of initiating bioleach and diagnostic leach testing, together with downstream metal recovery tests.

The high retention of arsenic in the concentrate, which was one of the main objectives of the test work, was very encouraging from an environmental rehabilitation perspective. The BacTech Bioleaching Technology is a proven and effective technology for producing a stable form of arsenic, which makes this both an environmental reclamation project and a metal recovery project. The technology is able to process concentrates with high arsenic values which would normally be considered unacceptable for conventional processing methods such as smelting or roasting.

BacTech continued with its 2009 field work by completing a systematic sonic drill program on the Castle Mine tailings deposit in July 2009. A two tonne sample of tailings was taken from the Castle Mine tailings deposit and shipped to SGS Lakefield for further work. Drill core generated by the program was first assayed for metal content before being subjected to gravity and flotation concentration. The results of the test work on this two tonne sample obtained directly by BacTech in late 2009, which was thought to contain mineral concentrations similar to those reported by Gold Bullion Development Corp (“GBB”) and to those reported from the samples originally provided by GBB to BacTech, could not be replicated relative to the previous studies. As a result, the Corporation decided to focus on the other tailings in the Cobalt area going forward, with no further work planned for the Gowganda area tailings.

#### Armenian Gold Project - Lichkvaz-Tey Gold Deposit

In October 2009, BacTech announced that its strategic partner, Caldera Resources Inc. (“Caldera”) had received permission to conduct a sampling campaign at the Lichkvaz-Tey gold project located in Southern Armenia, from the Minister of Energy and Mines of the Republic of Armenia. The project is being pursued jointly with Caldera pursuant to the Caldera MOU. BacTech has the option to acquire a 40% interest in the project, in return for providing technical support and test work for the project.

The Lichkvaz-Tey gold property has a Soviet-era GKZ mineral resource, categorized as C1 and C2, of 3.4 million tonnes grading on average 5.1 g/t Au, 33.2 g/t Ag and 0.41% Cu. This translates to approximately 575,000 oz of gold, 3.7 million oz of silver and 33.4 million pounds of copper.

In December 2009, Caldera and BacTech secured 350 kilograms of underground samples from the Lichkvaz-Tey gold property. From this underground sample, a 50 kilogram sample was shipped to SGS Lakefield for concentrate preparation and analysis.

#### Papua New Guinea

On November 16, 2009, the Corporation announced that it would not be acquiring Yamana’s 33% stake in the two refractory gold projects in PNG. The restructured arrangement was formalized in the PNG Agreement, pursuant to which Gold Anomaly Limited will purchase Yamana’s 33% interest, resulting in owning 100% of the project. In consideration of the termination of the Corporation’s obligation to purchase Yamana’s 33% interest, the Corporation has agreed to issue certain BacTech Shares to Yamana (referred to herein as the Yamana Share Obligation) as described below under “Other BacTech Share Obligations”. BacTech will be providing bioleach support to Gold Anomaly as part of the bankable feasibility study of the Project.

#### Finance

On March 13, 2009, the Corporation reached an agreement with the current debenture holder to repurchase the \$3.0 million principal amount unsecured five year term 10% Series I Debenture issued on March 15, 2004, which was to mature on March 15, 2009. The Corporation paid \$400,000 in cash to the current debenture holder in full satisfaction of the outstanding debt obligation. Following the repayment of the debt, which occurred April 2, 2009, the debenture holder cancelled the outstanding debenture and discharged the Corporation from any further debt obligations.

On April 15, 2009, the Corporation completed a private placement of 18,750,000 units at a price of \$0.04 per unit, for total gross proceeds of \$750,000. Each unit was comprised of one BacTech Share and one common share purchase warrant. Each warrant entitles the holder to acquire one BacTech Share at a

price of \$0.07 per share during the first year of the two year exercise period, and at a price of \$0.10 per share during the second year.

On May 4, 2009, the Corporation closed an additional private placement, for total gross proceeds of \$200,000. The Corporation issued 4,000,000 units with a unit price of \$0.05. Each unit was comprised of one common share and one two-year common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.07 per share during the first year of the two year exercise period, and at a price of \$0.10 per share during the second year.

On October 15, 2009, the Corporation closed the final tranche of a private placement, for total gross proceeds of \$422,600 from the three tranches. The Corporation issued 5,282,500 units at price of \$0.08 per unit. Each unit was comprised of one BacTech Share and one half of a one common share purchase warrant. Each whole warrant entitles the holder to acquire one BacTech Share at a price of \$0.12 per share for a period of one year from date of closing.

The funds raised from these three private placements were used to repurchase, for \$400,000, the Corporation's outstanding convertible debenture with a face value of \$3.0 million, as well as for general working capital, and to fund further studies for the Cobalt tailings and Armenian Gold projects.

### ***2010 to Date***

#### **Cobalt Tailings**

In April 2010, the Corporation signed an agreement with Blackstone Development Inc. ("Blackstone") of Cobalt, Ontario, granting the Corporation access to Blackstone's considerable tailings inventory in the Cobalt camp in North-Eastern Ontario. Under the terms of the agreement, BacTech will pay \$10,000 to Blackstone and issue 1,000,000 common shares in the BacTech reclamation company. Also, an additional 100,000 shares will be issued to Blackstone annually for the life of the project and a 2% NSR will be paid to Blackstone on any metals recovered from the tailings. The Blackstone tails cover the majority of the Cobalt camp that, at one time, was the most prolific silver mining camp in modern times. The claim package includes more than 50 past-producing mines and their related tailings. Blackstone estimates that as much as 8 to 10 million tonnes of tailings are situated on their land package.

BacTech continues with its goal to build a demonstration bioleach facility in the Cobalt area, as first announced in September 2008, but has reduced the requirement of the annual tailings processed from 200,000 tonnes to 100,000 tonnes of tailings per annum to demonstrate our ability to stabilize the arsenic, while also recovering quantities of cobalt, nickel and silver that remain in the tailings. Bioleaching is an environmentally-friendly and commercially-proven technology for gold that not only liberates metals from refractory or sulphide ores, but also stabilizes arsenic in a benign end product approved for disposal by the U.S. Environmental Protection Agency. The building of a demonstration plant in the Cobalt area is conditional on positive results from preliminary bioleaching test work.

With the reduction in size of the plant, the anticipated cost to build this demonstration plant, including one year of working capital, has decreased to approximately \$12.0 million. BacTech will re-apply to federal and Ontario agencies for a combined total of \$6.0 million in funding as a result of the change in the size of the demonstration plant. Bioleaching significantly reduces the use of additional public funds required for the environmental clean-up of the tailings, outside of what is needed to build a demonstration plant of sufficient size to allow for scale-up to a commercial plant. Should the government funding be granted, BacTech and the future joint venture partner would be required to raise the remaining \$6.0 million in approximately the next 12 months.

In the event that the demonstration plant study is successful, BacTech envisages building a commercial facility to treat up to approximately 1,000,000 tonnes of tailings per annum. It is expected that a commercial plant with that capacity would operate for a minimum of 15 years, thereby providing long-term employment for the region.

The Corporation sees the Cobalt area as a unique opportunity to create a world-class research facility, provide new employment opportunities, and stimulate the local tax base, while helping clean up the environment.

#### Armenian Gold Project - Lichkvaz-Tey Gold Deposit

In December 2009, Caldera and BacTech secured 350 kilograms of underground samples from the Lichkvaz-Tey gold property. From this underground sample, a 50 kilogram subsample was shipped to SGS Lakefield for concentrate preparation and analysis. In March 2010, the concentrate samples from SGS Lakefield were shipped to SGS Orestest to complete the bioleach analysis. The test results from the bioleaching study were positive in confirming that the refractory ore at the Lichkvaz-Tey gold project is amenable to bioleaching. Upon receipt of successful bioleaching results, and subject to satisfactory resolution of the litigation between the Armenian government and a former owner of the property, a formal bid to buy the project is to be lodged with the Armenian Government. BacTech's share of the project would be 40%.

#### Finance

The Corporation completed a Subscription Receipt financing transaction on March 8, 2010. Pursuant to the financing, BacTech issued 850 Subscription Receipts at a price of \$1,000 each, raising gross proceeds of \$850,000. The Subscription Receipts were issued in contemplation of a proposed reorganization pursuant to which the Corporation would retain the Remediation Technology Assets and would transfer the Mining Technology Assets to a subsidiary. The Board of Directors of the Corporation subsequently decided not to proceed with that form of reorganization. Accordingly, the Corporation satisfied its obligations in respect of 830 of the Subscription Receipts by issuing an aggregate of 17,015,000 BacTech Shares and 17,015,000 BacTech Series B Warrants. Each Series B Warrant entitles the holder to purchase one additional BacTech Share at an exercise price of \$0.10 until July 17, 2015. BacTech satisfied its obligations with respect to the remaining 20 Subscription Receipts by paying an aggregate of \$21,000 to the holders.

Effective August 6, 2010, and concurrently with the settlement of the Subscription Receipts, the Corporation completed a private placement of 26,663,333 units at a price of \$0.075 per unit, for aggregate gross proceeds of \$2,000,000. Each unit consists of one BacTech Share and one BacTech Series A Warrant. Each Series A Warrant entitles the holder to purchase one additional BacTech Share at an exercise price of \$0.105 until August 6, 2013.

#### **Summary Financial Information of BacTech**

The following table presents selected financial information of BacTech for the six month period ended June 30, 2010 and for the years ended December 31, 2009 and 2008, prepared in accordance with Canadian generally accepted accounting principles.

|                                | <b>June 30,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>December 31,<br/>2008</b> |
|--------------------------------|--------------------------|------------------------------|------------------------------|
|                                | \$                       | \$                           | \$                           |
| Net revenues                   | 32,181                   | 26,766                       | 105,345                      |
| Operating loss                 | (645,192)                | (1,082,024)                  | (1,542,460)                  |
| Other gains                    | -                        | 2,731,373                    | 420,421                      |
| Net income/(loss) for the year | (645,192)                | 1,730,299                    | (976,897)                    |
| Net income/(loss) per share    | (0.01)                   | 0.02                         | (0.02)                       |
| Total assets                   | 654,716                  | 526,771                      | 175,027                      |
| Total liabilities              | 1,268,329                | 1,353,202                    | 4,208,469                    |

In the six month period ended June 30, 2010 and in each of the fiscal years for 2009 and 2008, BacTech generated revenue by providing consulting services on a fee for service basis to third party companies for bioleaching test work services.

The net income reported in 2009 is a direct result of the gain from the settlement of the \$3.0 million debenture of \$2,731,373. In addition, net income and operating loss for 2009 when compared to net income for 2008 reflect a reduction in debenture interest expenses of approximately \$300,000 and debenture accretion expenses of approximately \$83,000 relative to the prior year. In 2008, the Corporation generated a gain of \$420,420 from the sale of marketable securities. For comparative purposes, the operating loss reported for 2008 is comparable to 2009, after adjusting the 2008 operating loss for the interest charged on the debenture of \$300,000, debenture accretion of \$83,000 and a one time mineral property write-down of \$275,315. The Corporation's overhead expenses to maintain the public company and pursue the Corporation's core business strategy have significantly decreased from the higher levels in 2004, and have been maintained at nominal levels since 2006 through to June 30, 2010. For the six months ended June 30, 2010 the Corporation's overhead expenses remained at nominal levels as a result of limited cash flow and reduced exploration and development activities.

Total assets were significantly lower in 2008 as a result of having only one active project with capitalized costs of \$110, 445. Additional project expenditures were incurred and capitalized for fiscal 2009 and for the six months ended June 30, 2010 with a balance of \$436,173 (2009 – \$411,494) in deferred explorations costs.

The significant reduction in total liabilities for 2009 resulted from the settlement of the \$3.0 million debenture. On March 13, 2009 the Corporation reached an agreement with the debenture holder to repurchase the \$3.0 million principal amount unsecured five year term 10% Series I Debenture issued on March 15, 2004, which was to mature on March 15, 2009. The book value of the debenture was \$3.1 million which included \$400,000 of accrued interest. The total book value of the debenture was settled with the payment of \$400,000 in cash, which generated a gain on the settlement of the debenture of \$2.7 million. During the six months ended June 30, 2010 the Corporation continued to make inroads with repayment of some of the accounts payable as a result of the Subscription Receipt financing completed in March 2010.

## Directors

The following table sets out the names of the current Directors of the Corporation, their position with the Corporation, their principal occupation, the date upon which they became a director of the Corporation and the number of BacTech Shares beneficially owned, controlled or directed, directly or indirectly, by them.

| <b>Name &amp; Municipality of Residence<sup>(1)</sup></b>           | <b>Office</b>                | <b>Director Since</b> | <b>Present Occupation if Different from Office Held<sup>(1)</sup></b> | <b>Shares Beneficially Owned or Over Which Control is Exercised<sup>(1)</sup></b> |
|---|------------------------------|-----------------------|---|---|
| M. Ross Orr <sup>(2)(3)</sup><br>Toronto, Ontario, Canada           | President & CEO,<br>Director | 1997                  | Same  | 2,250,000   |
| John C. Gingerich <sup>(2)</sup><br>Mississauga, Ontario,<br>Canada | Chairman of the<br>Board     | 2006                  | President & CEO,<br>Advanced Explorations Inc.                        | 549,500   |
| W. Walter Cimowsky <sup>(3)</sup><br>Toronto, Ontario, Canada       | Director                     | 2008                  | Partner, Ocean Partners<br>Holdings Limited                           | 100,000   |
| Jay L. Naster<br>Toronto, Ontario, Canada                           | Director                     | 2009                  | Barrister<br>Rosen & Company  | 6,000   |

### Notes:

- (1) Information as to the place of residence, principal occupation and shares beneficially owned, directly or indirectly, or controlled or directed, has been furnished by the respective directors.
- (2) Member of the Corporation's Audit Committee.
- (3) Member of the Corporation's Compensation and Corporate Governance Committee.

## Senior Officers

The senior officers of the Corporation are as follows:

|   |   |                  |
|---|---|------------------|
| President & CEO                             | - | M. Ross Orr      |
| Chief Financial Officer                     | - | Louis Nagy       |
| Vice President,<br>Technology & Engineering | - | Dr. Paul Miller  |
| Vice-President, Metallurgy                  | - | Dr. Junxiang Guo |

Information concerning the executive compensation of the senior officers of the Corporation, including compensation discussion and analysis, is set out in the management information circular of the Corporation dated May 16, 2010 distributed in connection with the annual and special meeting of BacTech Shareholders, a copy of which is available upon request from the Corporation, or on [www.sedar.com](http://www.sedar.com).

## Description of Authorized and Issued Share Capital

The Corporation is authorized to issue an unlimited number of common shares (which are referred to as BacTech Shares in this Circular), which are without nominal or par value. As at the date hereof, 132,943,039 BacTech Shares were issued and outstanding.

Each BacTech Share ranks equally with all other BacTech Shares with respect to dissolution, liquidation or winding-up of the Corporation and payment of dividends. The holders of BacTech Shares are entitled to one vote for each share held on all matters to be voted on by such holders and are entitled to receive

pro rata such dividends as may be declared by the board of directors out of funds legally available therefor and to receive pro rata the remaining property of the Corporation on dissolution. The holders of BacTech Shares have no pre-emptive or conversion rights.

### **BacTech Options**

The Corporation has a stock option plan, referred to in this Circular as the BacTech Stock Option Plan, which was initially adopted in 2003. On May 17, 2006, the Board of Directors amended the BacTech Stock Option Plan to change it to a 10% “rolling” plan, such that the maximum number of BacTech Shares reserved for issuance would be changed from a fixed number to 10% of the number of BacTech Shares then issued and outstanding. Since being converted to a rolling plan, the BacTech Stock Option Plan has been ratified by the BacTech Shareholders at each annual meeting up to and including the meeting held on June 28, 2010. The terms of the BacTech Stock Option Plan are described in the management information circular of the Corporation distributed in connection with the annual and special meeting of BacTech Shareholders, a copy of which is available upon request from the Corporation, or on [www.sedar.com](http://www.sedar.com).

The following is a summary of the BacTech Options which have been granted by the Corporation which were outstanding as of October 14, 2010:

| <b>Date of Grant</b> | <b>Number of Common Shares Under Option</b> | <b>Exercise Price</b> | <b>Expiry Date</b> | <b>Market Price at Date of Grant</b> |
|----------------------|---|-----------------------|--------------------|--------------------------------------|
| March 21, 2006       | 2,100,000                                   | \$0.12                | March 20, 2011     | \$0.11                               |
| June 1, 2006         | 175,000                                     | \$0.30                | May 31, 2011       | \$0.30                               |
| July 4, 2006         | 75,000                                      | \$0.27                | July 3, 2011       | \$0.27                               |
| July 18, 2006        | 150,000                                     | \$0.40                | July 17, 2011      | \$0.26                               |
| January 31, 2007     | 150,000                                     | \$0.15                | January 30, 2012   | \$0.15                               |
| March 9, 2007        | 100,000                                     | \$0.25                | March 8, 2012      | \$0.21                               |
| March 28, 2007       | 500,000                                     | \$0.30                | March 27, 2012     | \$0.24                               |
| July 27, 2007        | 300,000                                     | \$0.20                | July 26, 2012      | \$0.17                               |
| June 24, 2008        | 775,000                                     | \$0.15                | June 23, 2013      | \$0.15                               |
| July 10, 2008        | 150,000                                     | \$0.15                | July 9, 2013       | \$0.14                               |
| February 2, 2009     | 120,000                                     | \$0.10                | February 1, 2014   | \$0.03                               |
| May 6, 2010          | 100,000                                     | \$0.10                | May 5, 2015        | \$0.06                               |
| August 21, 2009      | 2,250,000                                   | \$0.10                | August 20, 2014    | \$0.085                              |
| August 12, 2010      | 3,700,000                                   | \$0.10                | August 11, 2015    | \$0.085                              |
| <b>TOTAL:</b>        | <b>10,645,000</b>                           |                       |                    |                                      |

### BacTech Warrants

Each of the BacTech Warrants entitles the holder to purchase one BacTech Share at the applicable exercise price, up to and including the expiry date for such BacTech Warrant. The following is a summary of the BacTech Warrants which have been issued by the Corporation and which were outstanding as of October 14, 2010:

| Series or Designation | Date of Issuance | Number of Warrants Outstanding | Exercise Price | Expiry Date      |
|-----------------------|------------------|--------------------------------|----------------|------------------|
| Series R              | March 31, 2009   | 2,500,000                      | \$0.10         | March 31, 2011   |
| Series S              | April 2, 2009    | 9,750,000                      | \$0.10         | April 2, 2011    |
| Series T              | April 14, 2009   | 6,375,000                      | \$0.10         | April 14, 2011   |
| Series U              | April 14, 2009   | 1,426,667                      | \$0.06         | April 14, 2011   |
| Series V              | May 1, 2009      | 4,000,000                      | \$0.10         | May 1, 2011      |
| Series Y              | October 15, 2009 | 156,250                        | \$0.12         | October 15, 2010 |
| Series Z              | October 15, 2009 | 440,000                        | \$0.08         | October 15, 2010 |
| Series A              | August 6, 2010   | 26,663,333                     | \$0.105        | August 6, 2013   |
| Series B              | August 6, 2010   | 17,015,000                     | \$0.10         | June 17, 2015    |
| Series C              | October 13, 2010 | 4,300,000                      | \$0.12         | October 13, 2011 |
| TOTAL                 |                  | 72,626,250                     |                |                  |

### BacTech Debentures

As of October 14, 2010, there were issued and outstanding BacTech Debentures in the aggregate principal amount of \$430,000, which bear interest at 1.5% per month payable semi-annually, mature on October 13, 2011, and are convertible into BacTech Shares at a conversion price of \$0.10 per share. In the event that the closing price of the BacTech Shares on the TSXV is at or greater than \$0.15, the Corporation has the right, in its sole discretion, to redeem the BacTech Debentures through the issuance of BacTech Shares at the conversion price of \$0.10 per share.

### Other BacTech Share Commitments

Pursuant to the PNG Agreement, the Corporation has agreed to issue BacTech Shares to Yamana as consideration for the termination of the Corporation's obligation to purchase Yamana's interest in certain PNG mineral exploration properties (the "Yamana Share Obligation"). If the transaction contemplated by the PNG Agreement is completed on or before December 15, 2010, the Corporation is obligated to issue 6,106,780 BacTech Shares to Yamana. If the transaction is not completed by December 15, 2010 solely by reason of the failure to obtain the required government and regulatory approvals specified in the PNG Agreement, the Corporation will be obligated to issue to Yamana, no later than December 31, 2010, that number of BacTech Shares which is determined when \$487,500 is divided by the average market price of the BacTech Shares for the 20 trading days preceding the date of issuance.

### Material Contracts

The only material contracts entered into by BacTech during the last two years, other than in the ordinary course of business, that can be reasonably regarded as presently being material to BacTech, are as follows:

- (1) the PNG Agreement;
- (2) the Caldera MOU; and



(3) the Arrangement Agreement.

A copy of the foregoing agreements may be inspected, prior to the Meeting, during normal business hours at the principal offices of BacTech and at the offices of Borden Ladner Gervais LLP, Scotia Plaza, 40 King Street West, Toronto, Ontario M5H 3Y4. The Arrangement Agreement is attached to this Circular as Appendix “B”.

#### **Auditors, Registrar and Transfer Agent**

The auditors of BacTech are MSCM LLP (formerly Moore Stephens Cooper Molyneux LLP), 8<sup>th</sup> Floor, 701 Evans Avenue, Toronto, Ontario M9C 1A3. The registrar and transfer agent for the BacTech Shares is Computershare Investor Services Inc., 11th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

#### **Indebtedness of Directors and Officers**

No officer or director of the Corporation or any of their associates is, or during the most recently completed financial year of the Corporation was, indebted to the Corporation or any of its affiliates.

#### **Additional Information**

Copies of annual information forms, financial statements and information circulars, filed by BacTech with the provincial securities commissions or similar authorities in Canada and all material change reports (other than confidential material change reports) are available from BacTech at its registered and principal office located at 50 Richmond Street East, Suite 300, Toronto, Ontario M5C 1N7, telephone (416) 813-0303.

### **THE CORPORATION FOLLOWING THE ARRANGEMENT – REBGOLD**

#### **Directors**

It is intended that following completion of the Arrangement, the board of directors of the Corporation would be reconstituted, to consist of the following persons:

| <b>Name and Municipality of Residence</b>   | <b>Office</b>  | <b>Director Since</b> | <b>Shares Beneficially Owned or Over Which Control is Exercised<sup>(1)</sup></b> |
|---|--|-----------------------|---|
| M. Ross Orr<br>Toronto, Ontario             | Director   | 1997                  | 2,250,000   |
| Mark A. Burridge<br>London, U.K.            | Proposed Director,<br>Chairman, Interim<br>President and CEO | N/A                   | 200,000   |
| Stephen L. Fabian<br>Belo Horizonte, Brazil | Proposed Director  | N/A                   | 1,762,500   |
| Peter Secker<br>Toronto, Ontario            | Proposed Director  | N/A                   | Nil   |

In order to reconstitute the board of directors as set out above, three of the current directors of the Corporation, being Messrs. Gingerich, Cimowsky and Naster, would resign as directors, and Messrs. Burridge, Fabian and Secker would be appointed as directors to fill the vacancies caused by such resignations. The principal occupations of Messrs. Burridge, Fabian and Secker for the past five years are as follows:

*Mark A. Burridge* – Mr. Burridge was CEO of Cambrian Mining Plc up from July 2007 until its acquisition by Western Canadian Coal in July 2009. Prior to that, he was Managing Director at Hatch Corporate Finance, a corporate finance advisory firm from April 2003 to June 2007. Earlier experience includes positions with Merrill Lynch, where he was a ranked Analyst, and with Barrick Gold Corporation, as a Geological Engineer. He has a degree in Mining Geology and is a Chartered Financial Analyst.

*Stephen L. Fabian* – Mr. Fabian graduated in Mining Engineering (B.E. Min) from the University Of New South Wales School Of Mines in 1981. He has worked in both underground base metal operations and in open pit coal mining in Australia. Between 1985 and 1988 he was employed by Bankers Trust Australia Limited as a mining analyst and later as a portfolio manager specializing in the resources sector. From 1988 to 1993 he was employed by County NatWest Australia as a specialist mining analyst. In 1993 he was transferred to NatWest Markets' London operations to lead the Australian mining finance department. From March 1999 to March 2007, Mr. Fabian was the President and CEO of Brazilian Diamonds Limited, during which time he changed the focus of that company's activities from gold exploration to diamond exploration and development. He resigned as President of Brazilian Diamonds in March 2007 in order to focus on creating a new mining company, Ferrous Resources Limited, which is developing iron ore properties in Minas Gerais State, Brazil. He was acting CEO of Ferrous until December 2007. In 2008, he returned as CEO of Brazilian Diamonds and also launched another iron ore company, South American Ferro Metals, which is currently listing on the Australian Stock Exchange (ASX). Mr. Fabian is also a principal and director of the Genus Capital Fund, a specialist venture capital investment fund focussed on early stage opportunities in the resources sector which has now listed on the London Stock Exchange as the Baker Steel Resources Trust.

*Peter A. Secker* – Mr. Secker is currently the President and CEO of Canada Lithium Corp (2009). Previous to that he was Chief Executive Officer of JMS Civil and Mining in Australia (2007 to 2009), a civil and mining engineering firm with annual turnover of \$300M. From 2003 to 2007 Mr. Secker was Chief Executive Officer of Michelago Ltd., which was acquired by Sino Gold (now Eldorado) in 2008. Mr. Secker has an extensive background in bioleaching, having overseen the development, construction and operations for two of BacTech's bioleaching plants, firstly the Youanmi gold plant in Australia in 1994 and subsequently the BioGold plant in Shandong, China in 2003.

### **Senior Officers**

Following completion of the Arrangement, it is expected that the senior officers of REBgold will be as follows:

|   |   |                  |
|---|---|------------------|
| Chairman                                    | - | Mark A. Burridge |
| Interim President & CEO                     | - | Mark A. Burridge |
| Chief Financial Officer                     | - | Louis Nagy       |
| Vice President,<br>Technology & Engineering | - | Dr. Paul Miller  |
| Vice-President, Metallurgy                  | - | Dr. Junxiang Guo |

### **The Mining Technology Business**

Following the Name Change and the Arrangement, the Corporation, which will then have the corporate name REBgold Corporation, will continue to own the BacTech Bioleaching Technology (subject to the Remediation Technology Licence in favour of Greenco), and will be engaged exclusively in the Mining Technology Business, with a focus on the development and operation of gold assets. References in this

section of the Circular to REBgold are to the Corporation after giving effect to the Name Change and the Arrangement.

A general description of the BacTech Bioleaching Technology and of the Mining Technology Business are set out above under “Information Concerning BacTech”.

The business plan for REBgold entails using the BacTech Bioleaching Technology as a competitive advantage to acquire and develop equity stakes in projects. REBgold could acquire equity through the contribution of the BacTech Bioleach Technology to the project, the payment of cash for an equity stake or a combination of the two. REBgold could also issue a technology license in exchange for a royalty on a project in certain instances.

The specific projects which BacTech is currently engaged in, and which will be the initial focus of REBgold following the Arrangement, are described below.

### ***The Lichkvaz-Tey Gold Deposit***

In the near term, REBgold’s principal focus will be on the Lichkvaz-Tey Gold Deposit, located in southern Armenia. In 2008, BacTech became aware of this property, which is a refractory gold deposit formerly held by Australian based Tamaya Resources Ltd. (“Tamaya”). Tamaya became insolvent in 2008, and the Armenian government repossessed the property.

The Lichkvaz-Tey deposit is located near the town of Meghri, approximately 380 km southeast of Yerevan, the capital of Armenia. It consists of two mines, Lichkvaz-Tey and the Terterasar, which were explored during the Soviet era but not developed.

The Lichkvaz-Tey mineral occurrence comprises vein sets ranging up to 4-5 meters in width. The length of the system is 800 meters, it has a known vertical extent of 400 meters and is open at depth. Historic exploration was mostly comprised of the development of underground adits and drive development along the veins. Underground development took place on 8 horizons covering a 350 meter vertical extent and typically spaced 40-80 meters apart. In addition there were 22 holes drilled, but drill results are not available.

BacTech enlisted the assistance of Caldera Resources Ltd., to pursue the project jointly. Pursuant to the Caldera MOU, the Corporation has the right to back into any project secured by Caldera in the Republic of Armenia where the processing technology has been deemed to be bioleaching. In the case of the Lichkvaz-Tey Gold Deposit, the Corporation has the right to back-in for a 40% interest. To exercise its back-in right, BacTech will assume responsibility for all costs related to test work to determine the viability of using the BacTech Bioleaching Technology as the process technology for the Lichkvaz-Tey Gold Deposit. If the results of the test work is positive, and the property ownership issue is resolved in favour of the Armenian government, it is anticipated that a consortium comprised of Caldera 51%, BacTech 40% and a local Armenian partner 9%, will be established, which will submit a bid for the property to the Armenian government.

After the dissolution of the USSR in 1991, the project was acquired by a local Armenian company called Sipian-1. Sipian-1 in turn optioned the property to Iberian Resources. Iberian was subsequently acquired by Tamaya Resources. The Armenian government took ownership of the project when Tamaya filed for bankruptcy. Sipian-1 challenged the government’s actions in court, on the basis that Sipian-1 still holds the rights to the property. The court upheld the government’s ownership. Sipian-1 has subsequently appealed the decision and a ruling is expected before year-end. Should the government prevail in court, the consortium will submit a bid in due course to acquire the project.

In October, 2009 Caldera received permission from the Ministry of Nature Protection of the Republic of Armenia, to conduct geologic studies to evaluate the Lichkvaz-Tey refractory gold deposit. Subsequently, the Minister of Energy and Mines of the Republic of Armenia issued an Order granting Caldera and its subsidiary, Biomine LLC, permission to access the Lichkvaz-Tey site to conduct a

sampling campaign. Caldera engaged the services of Mr. Ricardo Valls, M.Sc., P.Geo., to supervise and collect surface and underground samples at the project. Mr. Valls is an independent geologist and member of the Ordre du Géologues du Québec and the Association of Professional Geoscientists of Ontario.

Mr. Valls reviewed the GKZ (Russian Federation State Commission on Mineral Resources) reports that were received from the Armenian Ministry of Energy and Mines, and confirmed the following published mineral resources:

| Estimated Resources of the Lichkvaz deposit by the GKZ in 1986 |      |        |      |       |       |      |        |        |      |       |        |      |       |
|--|------|--------|------|-------|-------|------|--------|--------|------|-------|--------|------|-------|
| Element  | Unit | C1     | Unit | Grade | C2    | Unit | Grade  | P1     | Unit | Grade | P2     | Unit | Grade |
| Ore  | KT   | 1,291  |      |       | 1,490 |      |        | 4,700  |      |       | 2,000  |      |       |
| Gold   | Kg   | 10,144 | g/t  | 7.85  | 7,063 | g/t  | 4.74   | 21,360 | g/t  | 4.5   | 10,000 | g/t  | 5     |
| Silver   | T    | 49.7   | g/t  | 38.5  | 45.4  | g/t  | 30.5   | 87     | g/t  | 18.5  | 30     | g/t  | 15    |
| Copper   | KT   | 6.2    | %    | 0.48  | 5.3   | %    | 0.35   |        |      |       |        |      |       |
| Sulphur  | KT   |        |      |       | 240.3 | %    | 8.64   |        |      |       |        |      |       |
| Zinc   | KT   |        |      |       | 23.6  | %    | 0.85   |        |      |       |        |      |       |
| Lead   | KT   |        |      |       | 15.1  | %    | 0.54   |        |      |       |        |      |       |
| Selenium   | T    |        |      |       | 15.1  | g/t  | 5.4    |        |      |       |        |      |       |
| Tellurium  | T    |        |      |       | 23.7  | g/t  | 8.5    |        |      |       |        |      |       |
| Bismuth  | T    |        |      |       | 195.2 | %    | 0.0038 |        |      |       |        |      |       |

According to the Committee for Mineral Reserves International Reporting Standards (CRIRSCO), “C1” and “C2” classifications are equivalent to “indicated” and “inferred” resources. Resources identified as P1 and P2 in the same report can be considered in the “Inferred” and “Mineralized Zone” categories respectively, as defined by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) in their document “Estimation of Mineral Resources and Mineral Reserves Best Practices Guidelines”.

Mr. Valls stated in his report that, taking into consideration the solid geological and structural control on the distribution of the mineralization within the Lichkvaz-Tey project, he agrees with such classification.

The table below, prepared by Mr. Valls, P.Geo., presents the GKZ data by metal and category using CIM classifications.

| Summary of Total Metal by Category<br>November 13th, 2009 |                |                  |                   |                   |                   |
|---|----------------|------------------|-------------------|-------------------|-------------------|
| Category  | Gold (oz)      | Silver (oz)      | Copper (lb)       | Zinc (lb)         | Lead (lb)         |
| Measured  | 325,827        | 1,598,003        | 13,661,603        |                   |                   |
| Indicated   | 227,068        | 1,461,090        | 11,497,105        | 27,921,541        | 17,738,391        |
| <b>Total</b>  | <b>522,894</b> | <b>3,059,093</b> | <b>25,158,709</b> | <b>27,921,541</b> | <b>17,738,391</b> |
| Inferred  | 679,988        | 2,795,505        |                   |                   |                   |
| Mineralized Zone  | 321,507        | 964,522          |                   |                   |                   |

All numbers are historical estimates, and there is no NI 43-101 compliant resource estimate for the Lichkvaz-Tey project. Neither Caldera nor the Corporation has independently analyzed the historical estimate. The Corporation believes that the historical estimate provides an indication of the potential of the project, and is relevant to the ongoing evaluation of the project, but remains subject to verification.

As stated above, BacTech’s participation in the consortium relies on successful test work of the Lichkvaz-Tey ore to bioleaching. The following summarizes the results of the bioleach test work:

- The concentrate produced from the Lichkvaz-Tey ore was very amenable to bacterial oxidation. High oxidation levels of 93% were readily achieved with good solubility of iron arsenic and copper and zinc, at rates which would translate to normal processing conditions of a commercial plant.
- More than 99% of the copper and zinc were extracted into solution during the process.
- Cyanidation of the bioleach residue gave a high gold extraction of 93% and it is felt that this extraction could be improved by optimization of the bioleach and cyanidation conditions.
- Cyanide and lime consumption were modest for treatment of the bioleach residue.
- In the first phase little attention was paid to the recoveries of lead and silver given their low economic contribution to the concentrate.
- The elemental scan of the bioleach liquor showed a very high ratio of iron to arsenic providing a highly benign ferric arsenate precipitate, suitable for disposal under US EPA guidelines.

Given the positive bioleach results achieved, BacTech will participate in the upcoming bid by the consortium when it is legally able to do so. In the event the government loses on appeal, BacTech will need to re-evaluate its participation in the consortium.

#### ***San Ildelfonso Ixtahuacan Mine Project – Guatemala***

In May 2010 the Corporation signed a Letter of Intent (the “LOI”) to acquire the San Ildelfonso Ixtahuacan Mine in northwest Guatemala. The property includes approximately 500 hectares of land, a mill and associated equipment. The San Ildelfonso Ixtahuacan mine has operated since 1969, primarily producing a high-grade antimony concentrate averaging 70% Sb. The mine also produced, as a by-product, an arsenopyrite concentrate that graded >60 g/t gold plus some tungsten. The property hosts two past producing deposits, the Anabella and the Los Lirios deposits. The deposits are located within a NW-SE trending mineralized zone, with a possible strike length greater than 5 km.

Aquest Minerals Corporation drilled 19 reverse circulation holes (3,033 meters) in 1999. These holes were used to calculate the following indicated plus inferred resources. The Anabella deposit contains 4 to 5 million tonnes (Mt) at 2.6 g/t gold and 0.5% antimony, and the Los Lirios deposit contains 1.5 to 2 Mt at 5.4 g/t gold and 2.3% antimony. The Corporation has not verified the classification of this historic resource and is not treating it as compliant with National Instrument 43-101. The historic resource has not been verified by a Qualified Person and should not be relied upon. The Corporation has engaged an independent consultant to prepare a NI 43-101 compliant technical report on the project. The previous studies are presented for historical reporting and to provide a basis for assessing the choices for its business activities and not to be understood as indicating the existence of reserves or resources. The Qualified Person on the project is Carl Nelson, P.Geo.

The mine temporarily suspended operations in January 2009. Minas de Guatemala S.A., the current operator of the mine, is in the process of re-starting the operations to produce an arsenopyrite concentrate for delivery to a third-party roaster. With a working mill on site and the potential for extracting gold from the old tailings, this asset could present an opportunity for the Company to become a gold producer relatively quickly.

As a result of the suspension of the nearby Goldcorp’s Marlin mine, all due diligence has been put on hold until further notice. Upon signing the definitive agreement, the terms of the LOI call for the Corporation to have an 18-month option period on the property. At any time during the 18-month period, the Corporation can exercise its right to acquire the mine. The Corporation will pay \$80,000 per month during the option period, with the funds used to ensure that the mine properties, licenses, and permits remain in good standing, and to provide for local community initiatives. If the Corporation elects to exercise its option to purchase the project, the Corporation will pay \$10.0 million to the parent company and owner, Caribbean Resources Group Corporation, and assume control of operations. On the first and

second anniversaries of the purchase, the Corporation will pay \$5.0 million, bringing the total purchase price to \$20.0 million. In addition, a 1.5% net smelter returns royalty (NSR) will be paid on production.

During the option period, the Corporation will undertake the necessary exploration, metallurgical testing and techno-economic studies to confirm the potential for developing a profitable and responsible operation. As part of its studies, the Corporation will evaluate whether to build a bioleaching facility to process the ore or whether to ship the concentrate to a third-party facility.

### **Authorized and Issued Share Capital**

Following the Name Change and the Arrangement, the authorized capital of REBgold will consist of an unlimited number of common shares, referred to in this Circular as New Shares. The rights, privileges, restrictions and conditions attributable to the New Shares will be identical to the existing BacTech Shares. Assuming that no BacTech Shares are issued between the date of this Circular and the Effective Date, following completion of the Arrangement there will be 132,943,039 issued and outstanding New Shares.

### **Shares Reserved for Issuance**

Following the Arrangement, the Corporation's obligations pursuant to the BacTech Share Commitments (being the BacTech Warrants, BacTech Debentures and Yamana Share Obligation, but not the BacTech Options) shall be satisfied by the issuance of one New Share and one-fifth of a Greenco Share for each BacTech Share which would have been issuable prior to the Arrangement. Accordingly, immediately following the Effective Time the number of New Shares issuable pursuant to the BacTech Share Commitments shall be equal to the number of BacTech Shares issuable pursuant to the BacTech Share Commitments immediately prior to the Effective Time. The details of the BacTech Share Commitments are set out above in the subsections entitled "BacTech Warrants", "BacTech Debentures" and "Other BacTech Share Commitments" under the main heading "Information Concerning BacTech".

Following the completion of the Arrangement and the listing of the New Shares and Greenco Shares, the Board of Directors shall determine the proportion, expressed as a percentage, (referred to in this Circular as the Greenco Share Value Proportion) which the fair market value of the Greenco Shares issued in exchange for each BacTech Share bears to the fair market value of the New Shares and Greenco Shares issued in exchange for each BacTech Share, based on the relative trading prices of the New Shares and the Greenco Shares. Upon exercise of any BacTech Warrants following the Effective Date, the Corporation shall pay to Greenco the product of the aggregate exercise price received by the Corporation multiplied by the Greenco Share Value Proportion in exchange for the issuance by Greenco of the number of Greenco Shares issuable to such exercise. The Corporation shall retain the balance of the aggregate exercise price as consideration for the issuance of the New Shares issuable pursuant to such exercise.

Following the Arrangement, the BacTech Options shall be exercisable for New Shares, and there shall be no adjustment to the exercise price to reflect the Arrangement. The details of the BacTech Options are set out above in the subsection entitled "BacTech Options" under the main heading "Information Concerning BacTech".

### **Auditors, Registrar and Transfer Agent**

The auditors of REBgold shall continue to be MSCM LLP (formerly Moore Stephens Cooper Molyneux LLP), 8<sup>th</sup> Floor, 701 Evans Avenue, Toronto, Ontario M9C 1A3. The registrar and transfer agent for the New Shares will be Computershare Investor Services Inc., 11th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

## **GREENCO FOLLOWING THE ARRANGEMENT**

Immediately following the Arrangement, all of the issued and outstanding shares of BacTech Environmental Corporation (referred to in this Circular as Greenco) will be held by the persons who owned BacTech Shares immediately prior to the Arrangement. Greenco will operate separately from

REBgold, and will be engaged exclusively in the Remediation Technology Business. Greenco will be based in Toronto, Canada.

### **The Remediation Technology Business**

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 Greenco 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.

Historically, conventional mineral extraction practices in most mining regions involved virtually unregulated processing of the ores, with no disposal control systems for the unwanted rock (mine tailings). Most mine tailings contain sulphides, other toxic elements and, where previous technology limitations existed, economically recoverable quantities of precious or base metals. Sulphides contained in the tailings readily react with the atmosphere to create an acidic solution referred to as acid mine drainage (“AMD”). This acidic solution often liberates certain heavy metals from mine tailings, resulting in pollution of the surrounding watersheds.

The issue of mine tailings is widespread across the globe. The full extent of the contamination is unknown and a complete list of affected sites is unavailable. Studies of various geographic locations and anecdotal evidence, however, provide a general understanding of the contamination and public health problem. According to the U.S. Environmental Protection Agency (“US EPA”), there are approximately 420,000 abandoned mines, over 13,000 of which are categorized as “abandoned mines with potential environmental hazard,” in the states of California, Arizona and Nevada alone. The US EPA estimates there are a larger number of hazardous sites in northern Mexico. Sites that are deemed “environmentally hazardous” contain metal contaminants like arsenic, lead and cadmium. The National Orphaned/Abandoned Mines Initiative (“NOAMI”) of Canada estimates there are 10,000 abandoned mines in the country, the remediation of which will cost several billion dollars.

### **Proposed Remediation Projects**

#### **Cobalt Tailings Remediation Project**

BacTech recently signed a Memorandum of Understanding with Blackstone Development Inc. of Cobalt, Ontario (the “Blackstone MOU”). The Blackstone MOU outlines BacTech’s intent to gain access to Blackstone’s considerable tailings inventory in the Cobalt Camp. There is an estimated 18 million tonnes of tailings in the entire Cobalt camp, with approximately 10-12 million tonnes of tailings on the Blackstone properties. Pursuant to the Arrangement, BacTech will assign to Greenco its rights under the Blackstone MOU. Greenco will identify potential clean up sites for which it can apply the BacTech Bioleaching Technology to remediate arsenic laden mine tailings from the Cobalt/Coleman region of northern Ontario. Sites that contain enough recoverable metal to operate a profitable operation will be targeted for initial clean up.

Blackstone obtained ownership of the Cobalt tailings from Agnico Eagle Mines in 2006, subject to a number of conditions. Recently, Agnico notified BacTech that certain conditions had not been met by Blackstone and their agreement was under review. BacTech will await the outcome of the Agnico/Blackstone discussions.

#### **Background**

Cobalt, and the surrounding Coleman Township, inherited environmentally damaging mine tailings left behind by a silver rush in the early 1900’s. Approximately eighteen million tonnes of tailings were left in lakes, on shorelines, and in open areas over a large region.

These tailings contain high levels of arsenic that has been leaching into local lakes, streams, and the drinking water as a result of AMD. With the exception of one of the lakes in the area, the lakes contain between 0.040 to 6.510 ppm arsenic, and water wells have reported concentrations as high as 6.97 ppm. The maximum acceptable concentration for freshwater aquatic life is 0.050 mg/L, and for human consumption, it is enforced by regulation at 0.010 ppm. Arsenic has been linked to cancer of the bladder, lungs, skin, kidney, nasal passages, liver, and prostate, while non-cancerous effects include thickening and discoloration of the skin, stomach pain, nausea, vomiting, diarrhoea, numbness in hands and feet, partial paralysis and blindness.

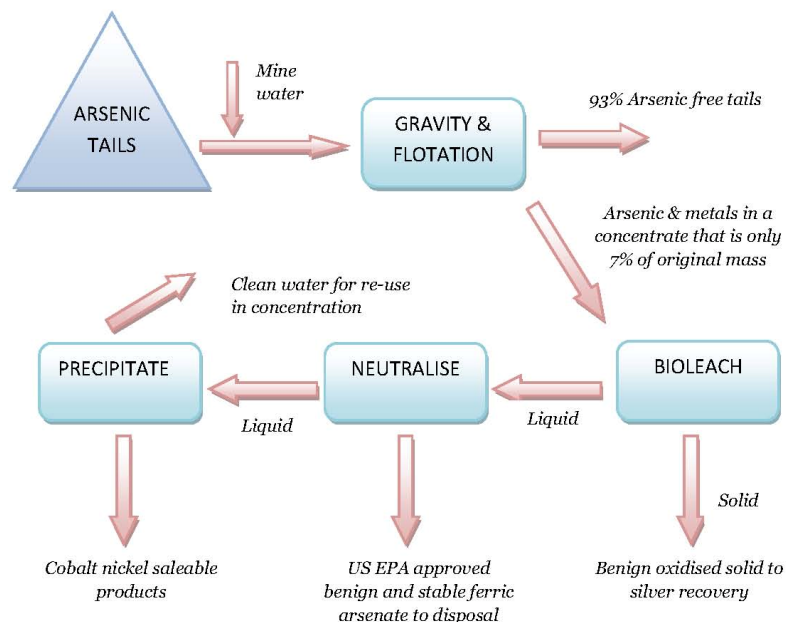
A sampling campaign reported in 2007 of various tailing sites indicated that, on average, a thousand tonnes of tailings would be expected to contain: 4.2 tonnes of arsenic, 1.5 tonnes of sulphur, 1.2 tonnes of cobalt, 0.6 tonnes of nickel, 0.4 tonnes of copper, and 75 kg of silver. Clearly, with 18 million tonnes of tails as an inventory, this represents a considerable polluting load to the environment. The three elements of arsenic, cobalt and nickel have been cited as the most notable for migration in waterways. The 2007 report concluded that natural leaching has resulted in surface waters containing up to 20mg/L of dissolved arsenic, with impoundment pore water concentrations at one tails location being in excess of 1500mg/L. Specific examples of the impact that natural leaching of arsenic is causing were also cited, such as a mean annual discharge of 10 tonnes of arsenic to Lake Timiskaming. (Source: *Distribution of As, Ni, and Co in Tailings and Surface Waters in The Cobalt Area Ontario*” by Jeanne B Percival, et al; Presented at Mining and the Environment IV Conference, Sudbury, Ontario, Canada , October 19-27 2007.)

#### Pilot Plant

BacTech has successfully designed, engineered, licensed and built bioleach plants for clients in the gold industry. However, no such plants exist in the base metal industry. Greenco intends to build and operate a demonstration plant capable of treating concentrates from 100,000 tonnes per annum (“tpa”) of mine tailings in the Cobalt region of northern Ontario. The plant will effectively remove a source of arsenic pollution from the tailings, along with recoveries of cobalt, silver, and nickel for sale to market. The anticipated cost to build such a facility is approximately \$12 million, which includes \$2 million for working capital. Provincial and federal government funding of the pilot plant is currently being pursued and could reach as high as 50% of the total cost. Successful operation of the demonstration plant could lead to the construction of a plant capable of treating up to 1,000,000 tpa of tailings over 15 years or more. The expanded facility would cost roughly \$50 million.

In the case of the Cobalt project, the fate of the important elements in the bioleach processing scheme can be described as follows and is complemented by a schematic below showing the composition of feed material and that of a concentrate and waste material:





Arsenic is captured to the concentrate and extracted into solution in the bioleach process. Neutralization of the solution by increasing the pH with limestone will result in the binding of the arsenic to soluble iron values to form ferric arsenate. This is then separated as a precipitate which is recognized by Ontario Regulation 558 and the US EPA as a benign stable form suitable for disposal.

Sulphur will also report to the concentrate and is converted to a weak sulphuric acid solution during the bioleach process. This is also neutralized in the same process as arsenic with limestone to form gypsum for disposal. The base metals of cobalt, nickel and copper are captured into the concentrate and extracted into solution in the bioleach process, together with the leachable iron present. Selective precipitation is employed to create separate base metal precipitate products for direct sale or for re-leaching and solvent extraction electro-winning routines to be used to produce pure metals.

Mercury and silver report to the residue after bioleaching, which is then treated further to produce a high grade precipitate which is sent off-site for refining. The refinery will extract and purify the mercury safely into a saleable by-product together with the silver.

When the bioleach liquor has been stripped of all metal values by selective precipitation, it becomes clean water with a neutral pH and is suitable for re-use within the process. In current commercial bioleach operations, up to 80% of the water is re-used in this way.

An important feature of the processing strategy is that over 90% of the arsenic is collected into a small concentrated mass of approximately 7% of the original tails volume before bioleaching treatment is applied. This results in the tailings material being stripped of significant amounts of arsenic very early in the process and, effectively, 93% of the tails are disposed back on site without any harm to the environment. The small remaining mass (7%) of concentrate containing the arsenic and other metals is then fed into bioreactors with appropriate reagents, whereby bacterial metabolism liberates arsenic and the other base metals into an acidic and oxidized solution. It is a continuous process and, after only five to six days residence time in the tanks, a benign silver solid is removed for sale to market, with the solution treated with limestone to precipitate ferric arsenate. According to Ontario Regulation 558, ferric

arsenate is classified as non-hazardous and can be sent to a landfill site. The remaining liquor undergoes a lime treatment to precipitate nickel and cobalt which is sold to a conventional metal processor.

### ***Snow Lake Concentrate Stockpile - Manitoba***

#### **Background**

In early 2010 BacTech became aware of a reclamation opportunity. In the 1950s, a gold mine owned by The Britannia Mining and Smelting Company was opened and operated at Snow Lake, Manitoba. Approximately 10% of the ore was classified as arsenopyrite (arsenic bearing) and refractory in nature, which required additional treatment to liberate the gold for recovery. Given the high levels of arsenic that reported to the concentrate, conventional roasting or smelting were ruled out as process options and the concentrate was treated by direct cyanidation to recover as much gold as possible. The residue was stockpiled at the mine site to await future technologies capable of extracting the remaining gold values. Approximately 350,000 tonnes of concentrate residue was stockpiled onsite at the New Britannia mine, with a reported grade of 10-11grams per tonne (g/t). Over the past 50 years there has been a gradual oxidation of the contained sulphide minerals, which produces sulphuric acid and arsenic to be discharged from the stockpile.

After a series of different owners over the years the material eventually became the responsibility of the Manitoba Government, which classified the stockpile as an abandoned site. Given the high levels of arsenic in the stockpile prospective purchasers of the mine were reluctant to include the stockpile as part of the assets of the New Britannia Mine and owners negotiated the acquisition of the mine without assuming responsibility for the stockpile.

#### **BacTech Participation**

BacTech approached the Manitoba Ministry of Science, Technology, Energy and Mines in April 2010 and outlined a plan whereby BacTech, at its own expense, would use samples obtained from the concentrate stockpile to determine whether the material was amenable to bioleaching for liberating and extracting the gold while stabilizing the arsenic as a ferric-arsenate. The Manitoba government granted approval for BacTech to conduct the sampling program, subject to oversight by an independent engineering consulting firm which the government engaged to ensure that there would be no adverse environmental impacts from drilling through the arsenopyrite.

In mid-September, BacTech presented the positive results of its preliminary study to the Government of Manitoba and has followed up with a proposal to conduct a larger metallurgical/bioleach study. The proposed study, which would again be completed at BacTech's expense, will involve the drilling of a number of holes on the concentrate stockpile to obtain approximately 1000 kg of material. The study will be used to confirm the amount of gold present as well as the metallurgical variability of the stockpile. In addition, the study will evaluate pre-treatment scenarios and costs, continue bioleach work on a larger scale for gold extraction and also study the detox/arsenic stability for the oxidized end product. The study is expected to last 6-8 months. If the Manitoba government authorizes the further study, it will be conducted by Greenco following the Arrangement.

### ***Armenia Tailings Reclamation Projects***

In 2008, BacTech began an investigation into acquiring an interest in a gold project in Armenia. As a result of these discussions, the Armenian government enquired about the use of bioleaching for the reclamation of tailings in the country.

During the period of Soviet control (1915-1991), there were numerous mines developed to provide, predominantly, base metals under the country's strategic economic plan. Given the lack of sophistication during the earlier years for flotation technology and metal recovery, it is generally believed that there remain economic quantities of base and precious metals, as well as acid generating sulphides, in the

tailings. A government report suggests that the total tonnage is approximately 650 million tonnes of material (verbal estimate from government official).

BacTech has asked for a summary of the government controlled tailings with the intent of applying for a license should its initial investigation prove positive.

### **Directors**

Following the Arrangement, the Board of Directors of Greenco will consist of the same individuals who are currently directors of the Corporation, as set out above under “Information Concerning BacTech – Directors”.

### **Senior Officers**

Following the Arrangement, the senior officers of Greenco are expected to be as follows:

|   |   |                  |
|---|---|------------------|
| President & CEO                             | - | M. Ross Orr      |
| Chief Financial Officer                     | - | Louis Nagy       |
| Vice President,<br>Technology & Engineering | - | Dr. Paul Miller  |
| Vice-President, Metallurgy                  | - | Dr. Junxiang Guo |

### **Authorized and Issued Share Capital**

The authorized capital of Greenco consists of an unlimited number of common shares, referred to in this Circular as Greenco Shares.

Each Greenco Share ranks equally with all other Greenco Shares with respect to dissolution, liquidation or winding-up of Greenco and payment of dividends. The holders of Greenco Shares are entitled to one vote for each share held on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the board of directors out of funds legally available therefor and to receive pro rata the remaining property of Greenco on dissolution. The holders of Greenco have no pre-emptive or conversion rights.

Assuming that no BacTech Shares are issued between the date of this Circular and the Effective Date, following completion of the Arrangement there will be approximately 26,588,609 issued and outstanding New Shares.

### **Financial Position**

The estimated cash available for Greenco on a pro forma basis after giving effect to the Arrangement will be approximately \$250,000. The only debt obligation which will be assumed by Greenco is its obligation, as part of the Greenco Commitment, to pay 20% of the principal and interest payable in respect of the BacTech Debentures (which are in the total principal amount of \$430,000). Accordingly, the working capital of Greenco will be approximately \$164,000. Working capital will be used to finance overhead expenses and advance the projects currently under review. The short term objective of Greenco will be to seek additional financing through a strategic partner and/or strategic institutional investor to further finance the bioleach testing of the existing and future projects.

### **Shares Reserved for Issuance**

Following the Arrangement, the Corporation’s obligations pursuant to the BacTech Share Commitments shall be satisfied by the issuance of one New Share and one-fifth of a Greenco Share for each BacTech Share which would have been issuable prior to the Arrangement. Accordingly, immediately following the

Effective Time the number of Greenco Shares issuable pursuant to the BacTech Share Commitments shall be equal to one-fifth of the number of BacTech Shares issuable pursuant to the BacTech Share Commitments immediately prior to the Effective Time. The details of the BacTech Share Commitments are set out above in the subsections entitled “BacTech Warrants” and “Other BacTech Share Commitments” under the main heading “Information Concerning BacTech”.

At the time of completion of the Arrangement, the Board of Directors of the Corporation shall determine the proportion, expressed as a percentage, (referred to in this Circular as the Greenco Share Value Proportion) which the fair market value of the Greenco Shares issued in exchange for each BacTech Share bears to the fair market value of the New Shares and Greenco Shares issued in exchange for each BacTech Share, based on the relative trading prices of the New Shares and the Greenco Shares. Upon exercise of any BacTech Warrants following the Effective Date, the Corporation shall pay to Greenco the product of the aggregate exercise price received by the Corporation multiplied by the Greenco Share Value Proportion in exchange for the issuance by Greenco of the number of Greenco Shares issuable to such exercise.

#### **Auditors, Registrar and Transfer Agent**

The auditors of Greenco shall be MSCM LLP (formerly Moore Stephens Cooper Molyneux LLP), 8<sup>th</sup> Floor, 701 Evans Avenue, Toronto, Ontario M9C 1A3. The registrar and transfer agent for the Greenco Shares will be Computershare Investor Services Inc., 11th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

### **RISK FACTORS**

The business of the Corporation, and the businesses to be carried on by REBgold and Greenco, are subject to a number of risks and uncertainties. The Corporation's strategy emphasizes developing properties in order to leverage its intellectual property and drive the creation of shareholder value. This strategy has required, and continues to require, significant financings. Due to the nature of the Corporation's business, the present stage of development of its mineral resource and remediation projects, and the constraints placed upon the Corporation's current liquidity situation, the Corporation is subject to various risks, including but not limited to those associated with mineral prices, mineral resources and operations.

In addition to considering the information disclosed in the financial statements and in the other publicly filed documentation regarding the Corporation available on SEDAR at [www.sedar.com](http://www.sedar.com), the reader should carefully consider the following information. Any of these risk elements could have material adverse effects on the business of the Corporation.

#### **Need for Additional Financing**

The Corporation currently has no source of operating cash flow, and there is no assurance that additional funding will be available to the Corporation or to either REBgold or Greenco following the Arrangement as and when needed for further exploration and development of their projects, or to fulfill their obligations to existing creditors. Volatile markets may make it difficult or impossible for REBgold or Greenco to obtain adequate debt or equity financing in the future, or on terms acceptable to them. The failure to obtain additional financing could force either or both of REBgold or Greenco to liquidate its assets to satisfy creditor claims.

#### **No Production Revenues**

To date, the Corporation has not achieved a sustainable stream of revenue, from either the Mining Technology Business or the Remediation Technology Business. There can be no assurance that significant additional losses will not occur in the near future, or that either REBgold or Greenco will be profitable in the future. The amounts and timing of expenditures will depend on the progress of ongoing

exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the acquisition of new properties and other factors, many of which are beyond the control of the Corporation, REBgold or Greenco, as applicable. In particular, the REBgold's and Greenco's operating expenses and capital expenditures may be greater in subsequent years as consultants, personnel, and equipment associated with advancing exploration, development and commercial production of its properties are added.

The Corporation does not expect to receive revenues from mining operations in the foreseeable future. The Corporation expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Corporation will generate any revenues or achieve profitability.

### **Political and Economic Uncertainties of Operations in Foreign Countries**

Changes in the laws and regulations of foreign countries could have a material adverse impact on the business of the Corporation in respect of such countries. In particular, foreign currency exchange controls, expropriation of assets and profits, foreign ownership controls, and changes in taxation laws, could negatively affect the Corporation and its business. At the present time, BacTech is pursuing equity in projects located in countries where these conditions may occur.

### **Dependence on Management**

The Corporation's business and operations are dependent on recruiting and retaining the services of a small number of key members of management and qualified personnel. The success of the operations and activities of the Corporation are dependent to a significant extent on the efforts and abilities of the management of the Corporation. Investors must be willing to rely to a significant extent on the discretion and judgment of the management of the Corporation. Furthermore, while the Corporation believes that it will be successful in attracting qualified personnel and retaining its current management team, there can be no assurance of such success. The Corporation does not maintain key employee insurance on any of its employees.

### **Competition**

The business of the Corporation is intensely competitive. The Corporation competes with other mining companies for: the acquisition of mineral rich properties that can be developed economically, technical expertise and skilled labour in finding, developing and operating such properties and funding. The Corporation competes with other mining companies that have greater financial and technical resources and experience. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a worldwide basis. Such competition may result in the Corporation being unable to acquire desired properties, to recruit or retain qualified employees, or to acquire the capital necessary to fund its operations and develop its properties. The inability of the Corporation to compete with other mining companies for these resources would have a material adverse effect on the Corporation's results of operations and business.

Currently, the Corporation's bioleaching technology does not operate in an overly competitive market place, however the Corporation anticipates that it may face increased competition in the future as advanced technologies become available. While management believes that the Corporation's technology is more advanced and better situated than its competitors, there can be no assurance that the Corporation will be able to effectively compete with companies who have or may develop similar technologies and may possess greater financial resources and technical facilities. Competitive pressures or the inability of the Corporation to successfully license its technology on terms that are acceptable may have a material adverse effect on the Corporation's business, operating results and financial condition.

### **Title to Mineral Properties**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Corporation has investigated its title to the mineral properties for which it holds concessions, mineral leases, licenses, or which are the subject of joint ventures, there can be no assurance that the Corporation has valid title to such mineral properties or that its title thereto will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. The Corporation does not carry title insurance with respect to any of its mineral properties in which it currently holds an interest. A successful claim that the Corporation does not have title to a mineral property could cause the Corporation to lose its rights to explore or mine that property, likely without compensation for its prior expenditures relating to the property.

### **Protection of Intellectual Property Rights**

The Corporation is dependent not only on its ability to protect its intellectual property rights but also upon the protection of rights of third parties from which it may license intellectual property rights. The Corporation currently holds patent rights and has various pending patent applications in Canada, the United States, Mexico and other countries in South America and Africa. In addition, the Corporation relies upon certain other technologies, ideas, know how, secrets or other information, which it may not be able to protect. Notwithstanding precautions the Corporation may take to protect its rights, third parties may copy or obtain and use the Corporation's proprietary and licensed or optioned technologies, ideas, know how, secrets and other proprietary information without authorization or independently develop technologies similar or superior to the Corporation's proprietary and licensed or optioned technologies. The Corporation enters into confidentiality and restriction on use agreements with its employees, strategic partners and others; however, these agreements may not provide meaningful protection of the Corporation's proprietary and licensed or optioned technologies or other intellectual property in the event of unauthorized use or disclosure. Policing unauthorized use of such technologies and intellectual property is extremely difficult and the cost of enforcing the Corporation's rights through litigation may be prohibitive. Further, the laws of jurisdictions other than Canada and the United States may not provide meaningful protection of the intellectual property rights of the Corporation and such third parties.

### **Obtaining and Enforcing Patents**

The patent positions of technology firms, including the Corporation, are generally uncertain and involve complex legal and factual questions. The Corporation's success in utilizing and licensing its bioleaching technology will depend, in part, on its ability to obtain, enforce and maintain patent protection for its technology worldwide. The Corporation cannot be assured that patents will issue from any pending applications or that claims now or in the future allowed under issued patents will be sufficiently broad to protect its technology. In addition, no assurance can be given that any patents issued to or licensed by the Corporation will not be challenged, invalidated, infringed or circumvented, or that the rights granted thereunder will provide continuing competitive advantages to the Corporation. Furthermore, there is no assurance that the patents of others will not impeded the ability of the Corporation to do business or that others will not independently develop similar products or technologies, duplicate any of the Corporation's products or technologies or, if patents are issued and licensed to the Corporation, design around the Corporation's patented product or technology.

Accordingly, the Corporation may not be able to obtain and enforce effective patents to protect its proprietary rights from use by competitors, and the patents of other parties could require the Corporation to stop using or pay to use certain intellectual property, and as such, the Corporation's competitive position and profitability could suffer as a result.

### **Claims of Infringement of Proprietary Rights of Others**

The Corporation is not currently aware of any claims asserted by third parties that the Corporation's intellectual property infringes on their intellectual property. However, in the future, third parties may

assert a claim that the Corporation infringes on their intellectual property. As a result, there is a risk that the Corporation, or one or more of its licensors, may become subject to litigation alleging that the products or technologies of the Corporation or its licensors infringe on the proprietary rights of third parties. Whether or not the products or technologies infringe on the proprietary rights of third parties, the Corporation or such licensors could incur significant expenses in defending allegations of infringement of proprietary rights. Further, the Corporation or such licensors may be required to modify their products or obtain licenses for intellectual property rights as a result of any alleged proprietary infringement which may not be achievable on commercially reasonable terms, in a timely manner, or at all, any of which could adversely affect the Corporation's business revenue, results from operations and financial condition.

### **Risks and Hazards Relating to Mineral Exploration and Exploitation**

Mineral exploration and exploitation involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Corporation has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Corporation will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Corporation are affected by many factors, many outside the control of the Corporation, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Corporation's mineral exploration and exploitation activities will be successful.

### **Risks Relating to Government Regulation**

The Corporation's operations and properties are subject to laws and regulations governing mineral concession acquisition, mine development and prospecting, mining, production, occupational health and safety, labour standards, employment, waste disposal, toxic substances, land use, environmental protection, use of water, exports, taxes, royalties and other matters. It is possible that the Corporation may not be able to comply with existing and future laws and regulations. In addition, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes to the terms of the Corporation's permits and agreements, which could have a material adverse impact on the Corporation's current operations and future development projects. The Corporation may experience increased costs and delays in production as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there is no assurance that the Corporation will be able to obtain all required permits on reasonable terms or on a timely basis.

Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions thereunder including the loss of the Corporation's mining concessions, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, fines, penalties or other liabilities. The Corporation may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

## **Regulations and Permits**

The Corporation will be required to obtain certain permits in order to carry on operations at its mineral properties. There is no guarantee that such permits, if and when required, will be granted or renewed on terms acceptable to the Corporation. Furthermore, the Corporation may be required to obtain additional licenses and permits from various governmental authorities to continue and expand its development and production activities. There can be no guarantee that the Corporation will be able to maintain or obtain all necessary licences, permits and approvals that may be required for future development, construction and operations.

The Corporation's activities are also subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Corporation is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Corporation's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Corporation's permits that could have a significant adverse impact on the Corporation's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Corporation will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

## **Uninsurable Risks**

Mineral exploration and exploitation activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Corporation's profitability and financial position and the value of the common shares of the Corporation. The Corporation does not maintain insurance against environmental risks.

## **Inability to Enforce Legal Rights in Certain Circumstances**

In the event a dispute arises in another foreign jurisdiction, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada. Similarly to the extent that the Corporation's assets are governed or located outside of Canada, investors may have difficulty collecting from the Corporation any judgments obtained in the Canadian courts and predicated on the civil liability provisions of securities legislation.

## **Exchange Rate Fluctuations**

Exchange rate fluctuations may adversely affect the Corporation's financial position and results. The Corporation incurs certain costs and revenues in U.S. dollars while financial results are reported in Canadian dollars. Currency exchange fluctuations may materially adversely affect the Corporation's future cashflows, results of operations and financial condition. The Corporation does not currently engage in hedging or have a policy in place for managing or controlling foreign currency risks.

## **Share Price Fluctuations**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly development stage



companies, have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Corporation's share price will not occur.

### **Conflicts of Interest**

Certain of the Corporation's directors and officers may serve as directors or officers of other reporting companies, companies providing services to the Corporation, or companies in which they may have significant shareholdings. To the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for the participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

In accordance with the laws of Canada, the directors of the Corporation are required to act honestly, in good faith and in the best interest of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at the time.

### **Dividends Unlikely**

The Corporation has not declared or paid any dividends since the date of its incorporation and does not currently anticipate that dividends will be declared in the short or medium term. Earnings, if any, will be retained to finance further development of the Corporation's business.

### **Potential Dilution**

The issue of Common Shares of the Corporation upon the exercise of outstanding options and warrants will dilute the ownership interest of the Corporation's current Shareholders. The Corporation may also issue additional option and warrants or additional Common Shares from time to time in the future. If it does so, the ownership interest of the Corporation's then current shareholders could also be diluted. It is anticipated that BacTech will be issuing additional equity in the near term to fund the Corporation's activities.

## **INCOME TAX CONSIDERATIONS**

### **Canadian Federal Income Tax Considerations**

The following fairly summarizes the principal Canadian federal income tax considerations relating to the Arrangement applicable to an BacTech Shareholder (in this summary, a "Holder") who, at all material times for purposes of the Tax Act:

1. holds all BacTech Shares, and will hold all New Shares and Greenco Shares, solely as capital property;
2. deals at arm's length with BacTech and Greenco;
3. is not "affiliated" with the Corporation or Greenco;
4. is not a "financial institution" for the purposes of the mark-to-market rules in the Tax Act;

5. has not acquired BacTech Shares on the exercise of an employee stock option;
6. that is not a “specified financial institution” nor a “restricted financial institution” as defined in the Tax Act;
7. who does not hold options, warrants, convertible debentures or other rights to acquire shares of BacTech or Greenco under the BacTech Share Commitment;
8. an interest in which is not a “tax shelter investment” as defined under the Tax Act; and
9. to whom the functional currency reporting rules contained in section 261 of the Tax Act would not apply.

Such Holders should consult their own tax advisors.

BacTech Shares, New Shares and Greenco Shares generally will be considered to be capital property of the Holder unless the Holder holds the shares in the course of carrying on a business or acquired them in a transaction considered to be an adventure in the nature of trade. Certain Holders who are resident in Canada and who might not otherwise be considered to own such shares as capital property may be entitled to have them treated as capital property by making the election provided by subsection 39(4) of the Tax Act. Holders contemplating making a subsection 39(4) election should consult their own tax advisers for advice as to whether the election is available or advisable in their particular circumstances.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “Regulations”) and the understanding by management of the Corporation of the current administrative practices and policies of the Canada Revenue Agency (the “CRA”). It also takes into account specific proposals to amend the Tax Act and Regulations (the “Proposed Amendments”) announced by the Minister of Finance (Canada) prior to the date hereof. It is assumed that all Proposed Amendments will be enacted in their present form, and that there will be no other relevant change to any relevant law or administrative practice, although no assurances can be given in these respects. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action or decision, nor does it take into account any provincial, territorial, or foreign income tax considerations which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary also assumes that at the Effective Date under the Arrangement and all other material times thereafter,

1. the BacTech Shares and the Greenco Shares will be listed on the TSXV or the CNSX, and
2. the paid-up capital of the BacTech Class A Shares (the redesignated BacTech Shares) as computed for the purposes of the Tax Act will not be less than the fair market value of the Greenco Shares on the Effective Date,

and is qualified accordingly.

**This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any BacTech Shareholder. Accordingly, BacTech Shareholders should each consult their own tax and legal advisers for advice as to the income tax consequences of the Arrangement applicable to them in their particular circumstances.**

#### ***Holders Resident in Canada***

The following portion of the summary is applicable only to Holders (each, in this portion of the summary, a “Resident Holder”) who are or are deemed to be residents in Canada for the purposes of the Tax Act at all relevant times.

### ***Redesignation of BacTech Shares into BacTech Class A Shares***

The redesignation of the BacTech Shares into BacTech Class A Shares should not cause a Resident Holder to recognize a capital gain or capital loss. The adjusted cost base to a Resident Holder of the BacTech Class A Shares should be equal to the adjusted cost base that the Resident Holder had in the BacTech Shares.

### ***Exchange of BacTech Shares for New Shares and BacTech Class A Preferred Shares***

A Resident Holder whose BacTech Class A Shares (the redesignated BacTech Shares) are exchanged for New Shares and BacTech Class A Preferred Shares pursuant to the Arrangement will not realize any capital gain or loss as a result of the exchange. The Resident Holder will be required to allocate the adjusted cost base ("ACB") of the Holder's BacTech Shares, determined immediately before the Arrangement, *pro-rata* to the New Shares and BacTech Class A Preferred Shares received on the exchange based on the relative fair market values of those New Shares and BacTech Class A Preferred Shares immediately after the exchange.

### ***Redemption of BacTech Class A Preferred Shares***

Management of the Corporation expects that the fair market value of the Greenco Shares will be materially less than the paid-up capital of the BacTech Class A Shares immediately before the exchange, and this summary is based on the assumption that management's expectation is correct. Pursuant to the Arrangement, the paid-up capital of the BacTech Class A Shares immediately before their exchange for New Shares and BacTech Class A Preferred Shares will be allocated to the BacTech Class A Preferred Shares to be issued on the exchange up to an amount equal to the fair market value of the Greenco Shares, and the balance of such paid-up capital will be allocated to the New Shares to be issued on the exchange.

Accordingly, the Corporation is not expected to be deemed to have paid, and no Resident Holder is expected to be deemed to have received, a dividend as a result of the distribution of Greenco Shares on the redemption of the BacTech Class A Preferred Shares pursuant to the Arrangement.

Each Resident Holder whose BacTech Class A Preferred Shares are redeemed for Greenco Shares pursuant to the Arrangement will realize a capital gain (capital loss) equal to the amount, if any, by which the fair market value of the Greenco Shares, less reasonable costs of disposition, exceed (are exceeded by) their ACB immediately before the redemption. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below (see "Holders Resident in Canada – Taxation of Capital Gains and Losses").

The cost to a Resident Holder of Greenco Shares acquired on the exchange will be equal to the fair market value of the Greenco Shares at the time of their distribution.

### ***Disposition of New Shares and Greenco Shares***

A Resident Holder who disposes of a New Share or a Greenco Share will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below. See "Holders Resident in Canada – Taxation of Capital Gains and Losses".

### ***Taxation of Capital Gains and Losses***

A Resident Holder who realizes a capital gain (capital loss) in a taxation year must include one half of the capital gain ("taxable capital gain") in income for the year, and may deduct one half of the capital loss ("allowable capital loss") against taxable capital gains realized in the year, and to the extent not so deductible, against taxable capital gains arising in any of the three preceding taxation years or any subsequent taxation year.

The amount of any capital loss arising from a disposition or deemed disposition of an BacTech Class A Preferred Share, New Share, or a Greenco Share by a Resident Holder that is a corporation may, to the extent and under circumstances specified in the Tax Act, be reduced by the amount of certain dividends received or deemed to be received by the corporation on the share. Similar rules may apply if the corporation is a member of a partnership or beneficiary of a trust that owns shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns shares.

A Resident Holder that is a “Canadian-controlled private corporation” for the purposes of the Tax Act may be required to pay an additional 6  $\frac{2}{3}$ % refundable tax in respect of any net taxable capital gain that it realizes on disposition of an BacTech Class A Preferred Share, New Share or Greenco Share.

### ***Taxation of Dividends***

A Resident Holder who is an individual will be required to include in income any dividend that the Resident Holder receives, or is deemed to receive, on the BacTech Class A Preferred Shares, New Shares or Greenco Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations.

A Resident Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to be received on BacTech Class A Preferred Shares, New Shares or Greenco Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income. A “private corporation” (as defined in the Tax Act) or any other corporation controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the Tax Act to pay a refundable tax of 33  $\frac{1}{3}$ % on any dividend that it receives or is deemed to be received on the BacTech Class A Preferred Shares, New Shares or Greenco Shares to the extent that such dividends are deductible in computing the corporation's taxable income. Any such Part IV tax will be refundable to it at the rate of \$1 for every \$3 of taxable dividends that it pays on its shares.

### ***Alternative Minimum Tax on Individuals***

A capital gain realized, or deemed to be realized and the actual amount of taxable dividends (not including the gross-up) by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability to alternative minimum tax under the Tax Act. Any additional tax payable by an individual under the alternative minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act.

### ***Dissenting Resident Holders***

A Resident Holder who validly exercises Dissent Rights (a “Resident Dissenter”) and consequently is paid the fair value for the Resident Dissenter's BacTech Shares in accordance with the Arrangement will be deemed to have received a dividend equal to the amount, if any, by which the payment (other than the portion of the payment that is interest awarded by a Court) exceeds the paid-up capital of the Resident Dissenter's BacTech Shares. Any such deemed dividend will be subject to tax as discussed above under “Holders Resident in Canada – Taxation of Dividends”. The Resident Dissenter will also realize a capital gain (capital loss) equal to the amount, if any, by which the payment, less the deemed dividend (if any) and less reasonable costs of disposition, exceeds (is exceeded by) the adjusted cost base of the shares. The Resident Dissenter will be required to include any resulting taxable capital in income, and to deduct any resulting allowable capital loss, in accordance with the usual rules applicable to capital gains and losses. See “Holders Resident in Canada – Taxation of Capital Gains and Losses”.

In certain circumstances, the full payment received by a dissenting Resident Holder that is a corporation resident in Canada may be treated under the Tax Act as proceeds of disposition.

The Resident Dissenter must also include in income any interest awarded by a court to the Resident Dissenter.

### ***Holders Not Resident in Canada***

The following portion of this summary is applicable only to Holders (each in this portion of the summary a “Non-resident Holder”) who:

1. have not been, are not, and will not be resident or deemed to be resident in Canada for purposes of the Tax Act;
2. do not and will not, and are not and will not be deemed to, use or hold BacTech Shares, New Shares, BacTech Class A Preferred Shares, or Greenco Shares in connection with carrying on a business in Canada; and
3. whose BacTech Class A Shares (the redesignated BacTech Shares), BacTech Class A Preferred Shares, New Shares and Greenco Shares will not at the Effective Date under the Arrangement, or at any material time thereafter, constitute “taxable Canadian property” for the purposes of the Tax Act.

Generally, a BacTech Class A Share, BacTech Class A Preferred Share, New Share, or Greenco Share, as applicable, owned by a Non-resident Holder will not be taxable Canadian property of the Non-resident Holder at a particular time provided that, at that time, (i) the share is listed on a designated stock exchange (which includes the TSXV and the CNSX), (ii) neither the Non-resident Holder nor persons with whom the Non-resident Holder does not deal at arm's length alone or in any combination has owned 25% or more of the shares of any class or series in the capital of the issuing corporation within the previous five years, and (iii) the share was not acquired in a transaction as a result of which it was deemed to be taxable Canadian property of the Non-resident Holder.

Special rules, which are not discussed in this summary, may apply to a Non-resident Holder that is an insurer carrying on business in Canada. Such Non-resident Holders should consult their own tax advisors.

### ***Capital Gains and Capital Losses on Share Exchanges and Subsequent Dispositions of Shares***

Based on the above assumptions, a Non-resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the redesignation of the BacTech Shares or BacTech Class A Shares, the exchange of BacTech Class A Shares for New Shares and BacTech Class A Preferred Shares, nor on the redemption of BacTech Class A Preferred Shares in consideration for Greenco Shares.

Any capital gain realized by a Non-resident Holder on the subsequent disposition or deemed disposition of a New Share or Greenco Share acquired pursuant to the Arrangement will not be subject to tax under the Tax Act, provided either that the shares do not constitute taxable Canadian property of the Non-resident Holder at the time of disposition, or an applicable income tax treaty exempts the capital gain from tax under the Tax Act.

Non-resident Holders will be exempt from the reporting and withholding obligations of section 116 of the Tax Act in respect of the disposition of BacTech Class A Shares and BacTech Class A Preferred Shares pursuant to the Arrangement.

### ***Deemed Dividends on the Redemption of BacTech Class A Preferred Shares***

For the reasons set above under “Holders Resident in Canada – Redemption of BacTech Class A Preferred Shares”, the Corporation expects that no Non-Resident Holder will be deemed to have received a dividend on the redemption of BacTech Class A Preferred Shares for Greenco Shares.

### ***Taxation of Dividends***

A Non-resident Holder to whom a dividend on a New Share or Greenco Share is or is deemed to be paid, or credited, will be subject to Canadian withholding tax under the Tax Act at the rate of 25% of the gross amount of the dividend, unless reduced by an applicable income tax treaty, if any. In the case of a beneficial owner of dividends who is a resident of the United States for purposes of the Canada-U.S. Income Tax Convention (the “U.S. Treaty”) and who is entitled to the benefits of the U.S. Treaty, the rate of withholding tax on dividends will be reduced to 15%. If the beneficial owner is a company that is a resident of the United States for the purposes of the U.S. Treaty, is entitled to the benefits of that treaty and owns at least 10% of the voting shares of BacTech or Greenco, as the case may be, the applicable rate of withholding tax on dividends will be reduced to 5%.

### ***Dissenting Non-resident Holders***

A Non-resident Holder who validly exercises Dissent Rights (a “Non-resident Dissenter”) and consequently is paid the fair value for the Non-resident Dissenter's BacTech Shares in accordance with the Arrangement, will be deemed to have received a dividend equal to the amount, if any, by which the payment exceeds the paid-up capital of the Non-resident Dissenter's BacTech Shares. Any such deemed dividend will be subject to tax as discussed above under “Holders Not Resident in Canada – Taxation of Dividends”. The Non-resident Dissenter will not be subject to tax under the Tax Act on any capital gain that may arise in respect of the resulting disposition of the BacTech Shares.

The Non-resident Holder will not be subject to Canadian withholding tax on that portion of any such payment that is on account of interest.

### **Certain United States Federal Income Tax Considerations**

The following is a summary of certain U.S. federal income tax consequences to U.S. Holders (as defined below) arising from and relating to the Arrangement as well as the ownership and disposition of Greenco Shares received pursuant to the Arrangement. This summary addresses only BacTech Shareholders that are U.S. Holders who are participants in the Arrangement. This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of the Arrangement. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences of the Arrangement to such U.S. Holder. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, or foreign tax consequences to U.S. Holders of the Arrangement or the acquisition, ownership, and disposition of New Shares or Greenco Shares. In addition, this summary does not address any tax consequences to U.S. persons that hold BacTech Options, BacTech Warrants or BacTech Debentures.

No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the “**IRS**”) has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Arrangement to U.S. Holders. This summary is not binding on the IRS or U.S. courts, and the IRS and U.S. courts are not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

**Notice Pursuant to IRS Circular 230: Anything contained in this summary concerning any U.S. federal tax issue is not intended or written to be used, and it cannot be used by a U.S. Holder, for the purpose of avoiding U.S. federal tax penalties under the Code (as defined below). This summary was written to support disclosure and dissemination of the transactions or matters addressed by this document (including the Arrangement). Each U.S. Holder should seek U.S.**

**federal tax advice, based on such U.S. Holder's particular circumstances, from an independent tax advisor.**

### ***Scope of this Disclosure***

#### **Authorities**

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, published rulings of the IRS, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention") and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

#### **U.S. Holders**

For purposes of this summary, a "U.S. Holder" is a BacTech Shareholder that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or resident of the U.S.; (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S., any state in the U.S., or the District of Columbia; (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income; or, (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

#### **Non-U.S. Holders**

A "non-U.S. Holder" is any BacTech Shareholder other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the Arrangement to non-U.S. Holders. Accordingly, non-U.S. Holders should consult their own tax advisors regarding the U.S. federal income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences (including the potential application and operation of any income tax treaties) of the Arrangement.

#### **U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed**

This summary does not address the U.S. federal income tax consequences of the Arrangement to U.S. Holders that are subject to special provisions under the Code, including U.S. Holders that: (a) are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) are financial institutions, insurance companies, real estate investment trusts, or regulated investment companies; (c) are dealers in securities or currencies or U.S. Holders that are traders in securities that elect to apply a mark-to-market accounting method; (d) have a "functional currency" other than the U.S. dollar; (e) own BacTech Shares (or, after the Arrangement, New Shares and Greenco Shares) as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) hold BacTech Shares (or, after the Arrangement, New Shares and Greenco Shares) other than as a capital asset within the meaning of Section 1221 of the Code; and (g) own (directly, indirectly, or by attribution) 10% or more of the total combined voting power of all classes of shares of the Corporation (and/or after the Arrangement, Greenco) entitled to vote. This summary also does not address the U.S. federal income tax considerations applicable to U.S. Holders who are: (a) U.S. expatriates or former long-term residents of the U.S.; (b) persons that have been, are, or will be a resident or deemed to be a resident in Canada for purposes of the Tax Act; (c) persons that use or hold, will use or hold, or that are or will be deemed to use or hold BacTech Shares (or after the Arrangement, New Shares and Greenco Shares) in connection with carrying on a business in Canada; (d)

persons whose BacTech Shares, New Shares or Greenco Shares constitute “taxable Canadian property” under the Tax Act; or (e) persons that have a permanent establishment in Canada for the purposes of the Canada-U.S. Tax Convention. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding the U.S. federal income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences relating to the acquisition, ownership and disposition of BacTech Shares, New Shares or Greenco Shares.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds BacTech Shares (or, after the Arrangement, New Shares and Greenco Shares), the U.S. federal income tax consequences of the Arrangement and owning and disposing of such shares to such partnership and the partners of such partnership generally will depend on the activities of the partnership and the status of such partners. Partners of entities that are classified as partnerships for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences of the Arrangement and the ownership and disposition of BacTech Shares, New Shares and Greenco Shares.

### **Transactions Not Addressed**

This summary does not address the U.S. federal income tax consequences to U.S. Holders of transactions entered into prior to, concurrently with, or subsequent to the Arrangement (regardless of whether any such transaction is undertaken in connection with the Arrangement), including, but not limited to, the following transactions (without regard as to whether such transactions are considered part of the Arrangement): (a) any conversion, exchange or adjustment of a BacTech Warrant, BacTech Option, or other right to acquire BacTech Shares; or (b) any conversion, exchange, or adjustment of any note, debenture, or other debt instrument of the Corporation, including, without limitation, the BacTech Debentures.

### ***U.S. Federal Income Tax Characterization of the Arrangement***

The Arrangement will be effected under applicable provisions of Canadian corporate law which are technically different from analogous provisions of U.S. corporate law. Therefore, the U.S. federal income tax consequences of certain aspects of the Arrangement are not certain. This summary assumes that: (a) the reclassification of the BacTech Shares as Class A Shares, (b) the exchange of Class A Shares for New Shares and Class A Preferred Shares, and (c) the redemption of the Class A Shares in exchange for Greenco Shares will properly be treated, under the step-transaction doctrine or otherwise, as (i) a tax-deferred exchange by BacTech Shareholders of their BacTech Shares for New Shares, either under Section 1036 or Section 368(a)(1)(E) of the Code, combined with (ii) a distribution of the Greenco Shares under Section 301 of the Code. There can be no assurance that the IRS will not challenge this characterization of the Arrangement or that, if the IRS challenges the Arrangement, a U.S. court would not agree with the IRS. Each U.S. Holder should consult its own tax advisor regarding the proper treatment of the Arrangement for U.S. federal income tax purposes.

### ***U.S. Federal Income Tax Rules Applicable to the Arrangement***

### **Tax Consequences of the Arrangement if the Corporation Has Not Been a Passive Foreign Investment Company During the U.S Holder’s Holding Period**

Subject to the Passive Foreign Investment Company (“PFIC”) rules discussed below, U.S. Holders should experience the following U.S. federal income tax consequences. A U.S. Holder should be required to include the fair market value of the Greenco Shares received pursuant to the Arrangement in gross income as a dividend to the extent of the current or accumulated “earnings and profits” of the Corporation. To the extent the fair market value of the Greenco Shares exceeds the Corporation’s adjusted tax basis in such shares (as calculated for U.S. federal income tax purposes), the proposed Arrangement can be expected to generate additional earnings and profits for the Corporation. To the extent that the fair market value of the Greenco Shares exceeds the current and accumulated “earnings and profits” of the



Corporation, the distribution of the Greenco Shares pursuant to the Arrangement should be treated (a) first, as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the exchanged BacTech Shares and, (b) thereafter, as gain from the sale or exchange of such BacTech Shares. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Under certain circumstances, a dividend resulting from the distribution of Greenco Shares could potentially qualify for the preferential rates applicable to "qualified foreign corporations."

### **Tax Consequences of the Arrangement if the Corporation is or Has Been a PFIC During the U.S. Holder's Holding Period**

#### *Status of the Corporation*

Special, generally adverse, U.S. federal income tax consequences apply to U.S. taxpayers who hold interests in a PFIC as defined under Section 1297 of the Code, unless certain elections are available and timely and effectively made.

A foreign corporation generally will be a PFIC under Section 1297 of the Code if, for a taxable year, (a) 75% or more of the gross income of the foreign corporation for such taxable year is passive income (the "income test") or (b) 50% or more of the value of the Corporation's assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets (the "asset test"). "Gross income" generally means all sales revenues less the cost of goods sold, and "passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

Active business gains arising from the sale of commodities generally are excluded from passive income if substantially all of a foreign corporation's commodities are (a) stock in trade of such foreign corporation or other property of a kind which would properly be included in inventory of such foreign corporation, or property held by such foreign corporation primarily for sale to customers in the ordinary course of business, (b) property used in the trade or business of such foreign corporation that would be subject to the allowance for depreciation under Section 167 of the Code, or (c) supplies of a type regularly used or consumed by such foreign corporation in the ordinary course of its trade or business.

For purposes of the PFIC income test and asset test described above, if a foreign corporation owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, it will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. In addition, for purposes of the PFIC income test and asset test described above, "passive income" does not include any interest, dividends, rents, or royalties that are received or accrued by the foreign corporation from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income.

In addition, under certain attribution rules, if the Corporation is a PFIC, U.S. Holders will be deemed to own their proportionate share of subsidiaries of the Corporation which are PFICs (such subsidiaries referred to as "Subsidiary PFICs"), and will be subject to U.S. federal income tax on (a) a distribution of the shares of a Subsidiary PFIC and (b) a disposition of shares of a Subsidiary PFIC, both as if the holder directly held the shares of such Subsidiary PFIC.

The Corporation believes that it was not a PFIC for the taxable year ended December 31, 2009 and, based on current business plans and financial projections, does not expect to be a PFIC for its current taxable year. However, the Corporation has not determined whether it was a PFIC in prior taxable years. In addition, no determination has been made as to whether Greenco will be a PFIC for its current taxable year or future taxable years. The determination of whether any corporation was, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether any corporation will be a PFIC for any taxable

year depends on the assets and income of such corporation over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this document. Accordingly, there can be no assurance that the IRS will not challenge any determination made by the Corporation (or a Subsidiary PFIC) concerning its PFIC status. Each U.S. Holder should consult its own tax advisor regarding the PFIC status of the Corporation and each Subsidiary PFIC.

#### *Effect of PFIC Rules on the Exchange of BacTech Shares for New Shares*

If the Corporation has been a PFIC at any time during the period a U.S. Holder has held BacTech Shares, such holder could potentially be subject to the special, generally adverse, rules described below with respect to the exchange of BacTech Shares for New Shares pursuant to the Arrangement. The proposed Treasury Regulations under Section 1291 provide that an exchange of shares, such as the exchange of BacTech Shares for New Shares, is fully taxable under the PFIC rules unless the exchange is otherwise a nonrecognition transaction in which shares in a PFIC are exchanged for shares of an entity which qualifies as a PFIC for the taxable year that includes the day after the effective date of the transaction (the “PFIC for PFIC Exception”). Assuming the exchange of BacTech Shares for New Shares in connection with the Arrangement qualifies as a tax-deferred transaction under U.S. federal income tax rules, such exchange is not expected to fit within the PFIC for PFIC Exception, as the Corporation is not expected to be a PFIC both immediately before and immediately after such exchange.

A U.S. Holder should take a basis in the New Shares received pursuant to the Arrangement equal to its basis in the BacTech Shares treated as exchanged therefore and the holding period for the New Shares received should include the holding period of the exchanged BacTech Shares.

Each U.S. Holder should consult its own tax advisor regarding the proper treatment of the Arrangement for U.S. federal income tax purposes. If, as expected, such exchange of BacTech Shares for New Shares does not qualify for the PFIC for PFIC Exception, under the proposed Treasury Regulations, such exchange is expected to be fully taxable under the PFIC rules discussed below.

In addition, the proposed Treasury Regulations discussed above were proposed in 1992 and have not been adopted in final form. It is uncertain whether the IRS would consider the proposed Treasury Regulations to be effective for purposes of determining the U.S. federal income tax treatment of the Arrangement. If gain is not recognized under the proposed Treasury Regulations, a U.S. Holder’s holding period for the New Shares for purposes of applying the PFIC rules presumably would include the period during which the U.S. Holder held its BacTech Shares. Consequently a subsequent disposition of the New Shares presumably would be taxable under the default PFIC rules described below. U.S. Holders should consult their own tax advisors regarding whether the proposed Treasury Regulations under Section 1291 would apply if the exchange of BacTech Shares for New Shares qualifies as a tax-deferred transaction.

#### *Effect of PFIC Rules on the Distribution of Greenco Shares Pursuant to the Arrangement*

If the Corporation is a PFIC or was a PFIC at any time during a U.S. Holder’s holding period for the BacTech Shares, the effect of the PFIC rules on a U.S. Holder receiving Greenco Shares pursuant to the Arrangement will depend on whether such U.S. Holder has made a timely and effective election to treat the Corporation as a “qualified electing fund” or “QEF” under Section 1295 of the Code (a “**QEF Election**”) or has made a mark-to-market election with respect to its BacTech Shares under Section 1296 of the Code (a “**Mark-to-Market Election**”). In this summary, a U.S. Holder that has made a timely and effective QEF Election or a Mark-to-Market Election is referred to as an “Electing Shareholder” and a U.S. Holder that has not made a timely and effective QEF Election or a Mark-to-Market Election is referred to as a “Non-Electing Shareholder.” If either of these elections has been successfully made, Electing Shareholders generally would not be subject to the default rules of Section 1291 of the Code discussed below upon the receipt of the Greenco Shares pursuant to the Arrangement.

### Default Rules

With respect to a Non-Electing Shareholder, if the Corporation is a PFIC or was a PFIC at any time during a U.S. Holder's holding period for the BacTech Shares, the default rules under Section 1291 of the Code will apply to gain recognized on any disposition of BacTech Shares and to "excess distributions" from the Corporation (generally, distributions received in the current taxable year that are in excess of 125% of the average distributions received during the three preceding years (or during the U.S. Holder's holding period for the BacTech Shares, if shorter)).

Under Section 1291 of the Code, any such gain recognized on the sale or other disposition of BacTech Shares and any excess distribution must be ratably allocated to each day in a Non-Electing Shareholder's holding period for the BacTech Shares. The amount of any such gain or excess distribution allocated to the taxable year of disposition or distribution of the excess distribution and to years before the Corporation became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other taxable year would be subject to U.S. federal income tax at the highest tax rate applicable to ordinary income in each such prior year and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such prior year. Such a Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as "personal interest," which is not deductible.

If the distribution of the Greenco Shares pursuant to the Arrangement constitutes an "excess distribution" with respect to a Non-Electing Shareholder, such Non-Electing Shareholder will be subject to the rules of Section 1291 of the Code discussed above upon the receipt of the Greenco Shares. In addition, if Greenco is a PFIC for its current taxable year which includes the Effective Date, the distribution of the Greenco Shares pursuant to the Arrangement may be treated, under proposed Treasury Regulations, as an "indirect disposition" by a Non-Electing Shareholder of such Non-Electing Shareholder's indirect interest in Greenco, which generally would be subject to the rules of Section 1291 of the Code discussed above.

With respect to Non-Electing Shareholders, under the proposed Treasury Regulations, if the PFIC for PFIC Exception does not apply, the exchange of BacTech Shares for New Shares under the Arrangement will result in the following consequences:

- such exchange may be treated as a taxable exchange even if such transaction otherwise qualifies as a tax-deferred exchange as discussed above;
- any gain on such exchange will be allocated ratably over such U.S. Holder's holding period;
- the amount allocated to the current tax year and any year prior to the first year in which BacTech was classified as a PFIC will be taxed as ordinary income in the current year;
- the amount allocated to each of the other tax years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year; and
- an interest charge for a deemed deferral benefit will be imposed with respect to the resulting tax attributable to each of the other tax years, which interest charge is not deductible by non-corporate U.S. Holders.

### QEF Election

If a U.S. Holder has made a timely and effective QEF Election with respect to its BacTech Shares, the default rules under Section 1291 of the Code discussed above will generally not be applicable to such holder in connection with the exchange of BacTech Shares for New Shares and the distribution of Greenco Shares pursuant to the Arrangement. Such an Electing Shareholder would, instead, be subject to rules described under "PFIC Rules Applicable to the Ownership and Disposition of Greenco Shares — QEF Election" which generally require the current inclusion of net capital gain and ordinary earnings of the Corporation but allow the holder to avoid application of the default rules described above.

To the extent that the distribution of Greenco Shares generates gain to the Corporation under general U.S. tax rules applicable to corporations, this could increase the net capital gain an Electing Shareholder would be required to take into account under the QEF rules. To the extent that the exchange of BacTech Shares for New Shares constitutes a tax-deferred exchange by BacTech Shareholders of their BacTech Shares for New Shares, either under Section 1036 or Section 368(a)(1)(E) of the Code, the exchange of BacTech Shares for New Shares will not be taxable to U.S. Holders who have made a timely and effective QEF Election. To the extent the distribution of Greenco Shares represents “earnings and profits” of the Corporation that were previously included in income by the Electing Shareholder because of the QEF Election, the distribution of Greenco Shares pursuant to the Arrangement will not be taxable to such holder.

Even if a U.S. Holder has made a timely and effective QEF Election with respect to the Corporation, in order to avoid application of the default rules described above to an “indirect disposition” of an interest in Greenco deemed to occur under proposed Treasury Regulations as a result of the Arrangement, a U.S. Holder must make a separate timely and effective QEF Election with respect to Greenco.

U.S. Holders should be aware that there can be no assurances that the Corporation will satisfy the record keeping requirements that apply to a QEF, or that the Corporation will supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules, in the event that the Corporation is a PFIC and a U.S. Holder wishes to make a QEF Election. Thus, U.S. Holders may not be able to make a QEF Election with respect to their BacTech Shares. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a QEF Election.

#### Mark-to-Market Election

If a Mark-to-Market Election, discussed under “PFIC Rules Applicable to the Ownership and Disposition of Greenco Shares if Greenco is a PFIC — Mark-to-Market Election,” has been made by a U.S. Holder with respect to its BacTech Shares in a year prior to the Arrangement, such U.S. Holder generally will not be subject to the rules of Section 1291 of the Code discussed above upon the receipt of such Greenco Shares. However, if a U.S. Holder makes a Mark-to-Market Election after the beginning of such U.S. Holder’s holding period for the New Shares (which is deemed to include the holding period of the BacTech Shares) and in the same year as the Arrangement, the rules of Section 1291 of the Code discussed above would apply to the Arrangement.

A U.S. Holder that has made a Mark-to-Market Election in a year prior to the year of the Arrangement will avoid the potential interest charge of Section 1291 on the Arrangement. Instead, such U.S. Holder will include in ordinary income for the taxable year in which the Arrangement is consummated an amount equal to the excess, if any, of (a) the fair market value of the New Shares as of the close of such taxable year over (b) such U.S. Holder’s tax basis in such New Shares. Such U.S. Holder will be allowed a deduction in an amount equal to the lesser of (a) the excess, if any, of (i) such U.S. Holder’s adjusted tax basis in the New Shares over (ii) the fair market value of such New Shares as of the close of such taxable year or (b) the excess, if any, of (i) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (ii) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years.

A U.S. Holder that has made a Mark-to-Market Election generally also will adjust its tax basis in the New Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. Inclusion and deductions because of the Mark-to-Market Election are taken into account when calculating gain or loss on a future sale of New Shares.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisor regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the Arrangement. In particular, each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a QEF Election or a Mark-to-Market Election.

## **U.S. Holders Exercising Dissent Rights**

A U.S. Holder that exercises dissent rights in the Arrangement and is paid cash in exchange for all of such U.S. Holder's BacTech Shares generally will recognize gain or loss in an amount equal to the difference, if any, between (a) the amount of cash received by such U.S. Holder in exchange for BacTech Shares (other than amounts, if any, that are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income) and (b) the tax basis of such U.S. Holder in such BacTech Shares surrendered. Subject to the PFIC rules discussed in this summary, such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if such BacTech Shares are held for more than one year. Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. Deductions for capital losses are subject to complex limitations under the Code.

### ***U.S. Federal Income Tax Rules Applicable to the Acquisition, Ownership, and Disposition of Greenco Shares Received in the Arrangement***

The following discussion is subject to the rules described below under the heading "PFIC Rules Applicable to the Ownership and Disposition of Greenco Shares if Greenco is a PFIC"

A U.S. Holder's initial tax basis in the Greenco Shares received pursuant to the Arrangement will be equal to the fair market value of such Greenco Shares on the date of distribution. A U.S. Holder's holding period for the Greenco Shares received pursuant to the Arrangement will begin on the day after the date of distribution.

### **Tax Consequences of the Acquisition, Ownership, and Disposition of Greenco Shares if Greenco is not a PFIC**

#### ***Distributions on Greenco Shares***

Subject to the PFIC rules discussed below, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to a Greenco Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of Greenco, as computed for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of Greenco, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Greenco Shares and thereafter as gain from the sale or exchange of such Greenco Shares. (See "*Sale or Other Taxable Disposition of Greenco Shares*" below). However, Greenco may not maintain the calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by Greenco with respect to the Greenco Shares will constitute ordinary dividend income. Dividends received on the Greenco Shares generally will not be eligible for the "dividends received deduction." In addition, distributions by Greenco may not be eligible for the preferential tax rates applicable to long-term capital gains. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

#### ***Sale or Other Taxable Disposition of Greenco Shares***

Subject to the PFIC rules discussed above, upon the sale or other taxable disposition of Greenco Shares, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount of cash plus the fair market value of any property received and such U.S. Holder's tax basis in the shares sold or otherwise disposed of. Subject to the PFIC rules discussed below, gain or loss recognized on such sale or other disposition generally will be long-term capital gain or loss if, at the time of the sale or other disposition, the shares have been held for more than one year.

Preferential rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

### **PFIC Rules Applicable to the Ownership and Disposition of Greenco Shares if Greenco is a PFIC**

No determination has been made as to whether Greenco will be a PFIC for its current taxable year or future taxable years. If Greenco is a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of Greenco Shares will depend on whether such U.S. Holder makes a QEF Election or a Mark-to-Market Election (both as defined above) with respect to Greenco, or the Greenco Shares, as applicable. A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a “Non-Electing U.S. Holder.”

#### *Default Rules*

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code described above with respect to (a) any gain recognized on the sale or other taxable disposition of Greenco Shares and (b) any excess distribution received on the Greenco Shares. As previously discussed, these rules require that any such gain or excess distribution be allocated over the Non-Electing U.S. Holder’s holding period for the Greenco Shares and taxed at the highest tax rates applicable to ordinary income for such year with an interest charge assessed on the resulting liability as if such amount were due in such prior year and not paid. A Non-Electing U.S. Holder that is not a corporation must treat any such interest paid as “personal interest,” which is not deductible. If Greenco is a PFIC for any taxable year during which a Non-Electing U.S. Holder holds Greenco Shares, Greenco will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether Greenco ceases to be a PFIC in one or more subsequent taxable years. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Greenco Shares were sold on the last day of the last taxable year for which Greenco was a PFIC.

#### *QEF Election*

A U.S. Holder that makes a QEF Election for the first taxable year in which its holding period of its Greenco Shares begins, generally, will not be subject to the default rules of Section 1291 of the Code discussed above with respect to its Greenco Shares. However, a U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such U.S. Holder’s pro rata share of (a) the net capital gain of Greenco, which will be long-term capital gain to such U.S. Holder, and (b) the ordinary earnings of Greenco, which will be taxed as ordinary income to such U.S. Holder. Generally, “net capital gain” is the excess of (a) net long-term capital gain over (b) net short-term capital loss, and “ordinary earnings” are the excess of (a) “earnings and profits” over (b) net capital gain. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each taxable year in which Greenco is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by Greenco. However, for any taxable year in which Greenco is a PFIC and has no net income or gain, U.S. Holders that have made a QEF Election would not have any income inclusions as a result of the QEF Election. If a U.S. Holder that made a QEF Election has an income inclusion, such a U.S. Holder may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. If such U.S. Holder is not a corporation, any such interest paid will be treated as “personal interest,” which is not deductible.

A U.S. Holder that makes a QEF Election generally (a) may receive a tax-free distribution from Greenco to the extent that such distribution represents “earnings and profits” of Greenco that were previously included in income by the U.S. Holder because of such QEF Election and (b) will adjust such U.S. Holder’s tax basis in the Greenco Shares to reflect the amount included in income or allowed as a tax-free distribution because of such QEF Election. In addition, a U.S. Holder that makes a QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Greenco Shares.

The procedure for making a QEF Election, and the U.S. federal income tax consequences of making a QEF Election, will depend on whether such QEF Election is timely. A QEF Election will be treated as “timely” if such QEF Election is made for the first year in the U.S. Holder’s holding period for the Greenco Shares in which Greenco was a PFIC. A U.S. Holder may make a timely QEF Election by filing the appropriate QEF Election documents at the time such U.S. Holder files a U.S. federal income tax return for such year.

A QEF Election will apply to the taxable year for which such QEF Election is made and to all subsequent taxable years, unless such QEF Election is invalidated or terminated or the IRS consents to revocation of such QEF Election. If a U.S. Holder makes a QEF Election and, in a subsequent taxable year, Greenco ceases to be a PFIC, the QEF Election will remain in effect (although it will not be applicable) during those taxable years in which Greenco is not a PFIC. Accordingly, if Greenco becomes a PFIC in another subsequent taxable year, the QEF Election will be effective and the U.S. Holder will be subject to the QEF rules described above during any subsequent taxable year in which Greenco qualifies as a PFIC.

U.S. Holders should be aware that there can be no assurances that Greenco will satisfy the record keeping requirements that apply to a QEF, or that Greenco will supply U.S. Holders with information that such U.S. Holders require to report under the QEF rules, in the event that Greenco is a PFIC and a U.S. Holder wishes to make a QEF Election. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a QEF Election.

#### *Mark-to-Market Election*

A U.S. Holder may make a Mark-to-Market Election only if the Greenco Shares are marketable stock. The Greenco Shares generally will be “marketable stock” if the Greenco Shares are regularly traded on (a) a national securities exchange that is registered with the Securities and Exchange Commission, (b) the national market system established pursuant to Section 11A of the Securities and Exchange Act of 1934, or (c) a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that (i) such foreign exchange has trading volume, listing, financial disclosure, and other requirements and the laws of the country in which such foreign exchange is located, together with the rules of such foreign exchange, ensure that such requirements are actually enforced and (ii) the rules of such foreign exchange ensure active trading of listed stocks. If such stock is traded on such a qualified exchange or other market, such stock generally will be “regularly traded” for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Greenco Shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to the Greenco Shares. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first taxable year of such U.S. Holder’s holding period for the Greenco Shares or such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the Greenco Shares.

A U.S. Holder that makes a Mark-to-Market Election will include in ordinary income, for each taxable year in which Greenco is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Greenco Shares, as of the close of such taxable year over (b) such U.S. Holder’s tax basis in such Greenco Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (i) such U.S. Holder’s adjusted tax basis in the Greenco Shares, over (ii) the fair market value of such Greenco Shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior taxable years).

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder’s tax basis in the Greenco Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Greenco Shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or ordinary

loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years).

A Mark-to-Market Election applies to the taxable year in which such Mark-to-Market Election is made and to each subsequent taxable year, unless the Greenco Shares cease to be “marketable stock” or the IRS consents to revocation of such election. Each U.S. Holder should consult its own tax advisor regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to the Greenco Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning, because such stock is not marketable. Hence, the Mark-to-Market Election will not be effective to eliminate the interest charge described above with respect to deemed dispositions of Subsidiary PFIC stock or distributions from a Subsidiary PFIC.

#### *Other PFIC Rules*

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Greenco Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations). However, the specific U.S. federal income tax consequences to a U.S. Holder may vary based on the manner in which Greenco Shares are transferred.

Certain additional adverse rules will apply with respect to a U.S. Holder if Greenco is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example under Section 1298(b)(6) of the Code, a U.S. Holder that uses Greenco Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Greenco Shares.

Special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to such specific rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. The rules relating to distributions by a PFIC and a U.S. Holder’s eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult with its own tax advisor regarding the availability of the foreign tax credit with respect to distributions by a PFIC.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisor regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Greenco Shares.

#### *Recent Legislative Developments*

Newly enacted legislation requires certain U.S. Holders who are individuals, estates or trusts to pay up to an additional 3.8% tax on, among other things, dividends and capital gains for taxable years beginning after December 31, 2012. In addition, for taxable years beginning after March 18, 2010, new legislation requires certain U.S. Holders who are individuals that hold certain foreign financial assets (which may include the BacTech Shares) to report information relating to such assets, subject to certain exceptions. U.S. Holders should consult its tax advisors regarding the effect, if any, of this legislation on its ownership and disposition of New Shares and Greenco Shares.

#### *Receipt of Foreign Currency*

The amount of any distribution paid to a U.S. Holder in foreign currency, or on the sale, exchange or other taxable disposition of Greenco Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). If the foreign currency received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency



equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who receives payment in foreign currency and engages in a subsequent conversion or other disposition of the foreign currency may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of acquiring, owning, and disposing of foreign currency.

### ***Foreign Tax Credit***

Subject to the PFIC rules discussed above, a U.S. Holder who pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on Greenco Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." In addition, this limitation is calculated separately with respect to specific categories of income. Dividends paid by Greenco generally will constitute "foreign source" income and generally will be categorized as "passive category income." In addition, gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of Greenco Shares generally will be treated as "U.S. source" for purposes of applying the U.S. foreign tax credit rules unless the gain is subject to tax in Canada and is resourced as "foreign source" under the Canada-U.S. Tax Convention and such U.S. Holder elects to treat such gain or loss as "foreign source." The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisor regarding the foreign tax credit rules.

### ***Information Reporting; Backup Withholding Tax***

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to its investment in, or involvement in, a foreign corporation. For example, recently enacted legislation generally imposes new U.S. return disclosure obligations (and related penalties) on U.S. Holders that hold certain specified foreign financial assets in excess of \$50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless its New Shares and Greenco Shares are held in an account at a domestic financial institution. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult with its own tax advisors regarding the requirements of filing information returns, and, if applicable, filing obligations relating to a Mark-to-Market or QEF Election with respect to either the Corporation or Greenco.

The distribution within the U.S. or by a U.S. payor or U.S. middleman, of the Greenco Shares pursuant to the Arrangement as well as payments made within the U.S., or by a U.S. payor or U.S. middleman, of dividends on, or proceeds arising from the sale or other taxable disposition of New Shares or Greenco Shares, generally will be subject to information reporting and backup withholding tax, at the rate of 28% (and increasing to 31% for payments made after December 31, 2010), if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under

penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding tax rules.

### **ELIGIBILITY FOR INVESTMENT**

BacTech Class A Preferred Shares, New Shares and Greenco Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and registered disability tax plans ("**Registered Plans**") and tax-free savings accounts at any particular time provided that, at that time, either the shares are listed on a "designated stock exchange" or BacTech is a "public corporation" as defined for the purposes of the Tax Act.

The BacTech Class A Preferred Shares, the New Shares and the Greenco Shares will not be a "prohibited investment" for a trust governed by a tax-free savings account on such date provided the holder of the tax-free savings account deals at arm's length with the Corporation or Greenco for purposes of the Tax Act and does not have a significant interest (within the meaning of the Tax Act) in the Corporation or Greenco or in any person or partnership with which the Corporation or Greenco does not deal at arm's length for purposes of the Tax Act.

The Corporation expects that the BacTech Class A Preferred Shares, New Shares and Greenco Shares will be listed on either the TSXV or the CNSX, each of which is a designated stock exchange, at the Effective Date under the Arrangement.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As at the date hereof, there was no indebtedness owing to the Corporation by any individual who at any time during the fiscal period ended December 31, 2009 were directors, executive officers or senior officers of the Corporation or associates of the foregoing. Furthermore, none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any subsidiary.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth in this Information Circular and other than transactions carried out in the ordinary course of business of the Corporation, no informed person of the Corporation, proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the comparative financial statements and the Corporation's Management's Discussion and Analysis ("**MD&A**") for the most recently completed financial year ended December 31,

2009, and for the six months ended June 30, 2010. Shareholders may contact the Secretary of the Corporation to request copies of the Corporation's financial statements and MD&A by phone at 416-813-0303 or by email at [info@bactech.com](mailto:info@bactech.com).

#### **APPROVAL**

The contents of this Information Circular and the sending hereof to the shareholders of the Corporation have been approved by the directors of the Corporation.

**BY ORDER OF THE BOARD OF  
DIRECTORS**

Signed: "*M. Ross Orr*"

M. Ross Orr

President, Chief Executive Officer and Director



## **BACTECH MINING CORPORATION**

50 Richmond Street East  
Suite 300  
Toronto, Ontario M5C 1N7

## **APPENDICES**

**TO THE MANAGEMENT INFORMATION CIRCULAR  
DATED OCTOBER 14, 2010  
RELATING TO THE ARRANGEMENT  
INVOLVING BACTECH MINING CORPORATION, ITS  
SHAREHOLDERS AND BACTECH ENVIRONMENTAL  
CORP.**

**APPENDICES**  
**TABLE OF CONTENTS**

|  |    |
|--|----|
| Appendix “A” – Arrangement Resolution.....   | 2  |
| Appendix “B” –Arrangement Agreement and Plan of Arrangement .....                          | 3  |
| Appendix “C” –Interim Order of the Court.....  | 27 |
| Appendix “D” –Notice of Application for Final Order .....                                  | 38 |
| Appendix “E” –Section 190 of the CBCA.....   | 44 |
| Appendix “F” –Unaudited Pro Forma Financial Statements of BacTech, REBgold and Greenco.... | 47 |
| Appendix “G” – Proposed Greenco Stock Option Plan.....                                     | 53 |

## **APPENDIX “A”**

### **ARRANGEMENT RESOLUTION**

*Capitalized words used in this Appendix "A" and not otherwise defined shall have the meaning ascribed to such terms in the Circular.*

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The Arrangement Agreement dated as of October 7, 2010 between the Corporation and BacTech Environmental Corporation, attached as Appendix “B” to the management information circular of the Corporation dated October 14, 2010, is hereby approved, ratified and affirmed.
2. The Arrangement under section 192 of the *Canada Business Corporations Act*, substantially as set out in the Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement, is hereby approved and authorized.
3. Notwithstanding that this special resolution has been passed by BacTech Shareholders or that the Arrangement has received the approval of the Court, the Board of Directors may amend the Arrangement Agreement and/or decide not to proceed with the Arrangement or revoke this special resolution at any time prior to the filing of a certified copy of the court order approving the Arrangement with the Registrar appointed under the CBCA without further approval of the BacTech Shareholders.
4. Any officer or director of the Corporation is hereby authorized and directed to execute and deliver, for and on behalf of the Corporation, Articles of Arrangement and such other documents as are necessary or desirable under the CBCA to give effect to the Arrangement.
5. Any director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to this special resolution, such determination to be conclusively evidenced by the execution and delivery of any such documents and the taking of any such actions.

**APPENDIX “B”**  
**ARRANGEMENT AGREEMENT**

**THIS ARRANGEMENT AGREEMENT** dated as of the 7<sup>th</sup> day of October, 2010.

BETWEEN:

**BACTECH MINING CORPORATION.**, a corporation existing under the laws of Canada, with its head office at 50 Richmond Street East, Suite 300, Toronto, Ontario M5C 1N7

(the “**Corporation**” or “**BacTech**”)

AND:

**BACTECH ENVIRONMENTAL CORPORATION**, a corporation existing under the laws of Canada, with its head office at 50 Richmond Street East, Suite 300, Toronto, Ontario M5C 1N7

(“**Greenco**”)

**WHEREAS:**

1. The Corporation and Greenco have agreed to proceed with a corporate restructuring by way of a statutory plan of arrangement pursuant to which:
  - (a) the Remediation Assets will be transferred to Greenco in exchange for Greenco Shares and the Greenco Commitment;
  - (b) the Corporation will reorganize its capital; and
  - (c) the Corporation will distribute to the BacTech Shareholders the Greenco Shares which it receives in exchange for the Remediation Assets;
2. BacTech proposes to convene a meeting of the BacTech Shareholders to consider the Arrangement pursuant to the provisions of the CBCA, on the terms and conditions set forth in the Plan of Arrangement attached as Schedule “A” hereto; and
3. Each of the parties to this Arrangement Agreement has agreed to participate in and support the Arrangement.

**NOW THEREFORE**, in consideration of the promises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereby covenant and agree as follows:

**ARTICLE I**  
**DEFINITIONS, INTERPRETATION AND EXHIBITS**

**1.1 Definitions:** In this Agreement, including the recitals hereto, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) “**Affiliate**”, “**associate**” and “**subsidiary**” have the meanings ascribed thereto in the *Securities Act* (Ontario);

- (b) **“Arrangement”** means the arrangement under the provisions of section 192 of the CBCA on the terms and conditions set out in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or made at the direction of the Court in the Final Order;
- (c) **“Arrangement Agreement”** means this arrangement agreement dated as of October 7, 2010 between the Corporation and Greenco, as amended or supplemented prior to the Effective Date;
- (d) **“Arrangement Resolution”** means the special resolution regarding the Arrangement to be considered by the BacTech Shareholders at the Meeting;
- (e) **“Articles of Arrangement”** means the articles of arrangement in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order is made;
- (f) **“BacTech”** or the **“Corporation”** means, prior to the Name Change, BacTech Mining Corporation, a corporation existing under the CBCA;
- (g) **“BacTech Bioleaching Technology”** means BacTech’s proprietary bioleaching technology;
- (h) **“BacTech Debentures”** means the unsecured convertible debentures of BacTech which are outstanding on the Effective Date;
- (i) **“BacTech Share Commitments”** means the obligation of BacTech to issue New Shares and to deliver Greenco Shares to (i) the holders of BacTech Debentures and BacTech Warrants which are outstanding on the Effective Date, upon the conversion or exercise of such BacTech Debentures and BacTech Warrants, and (ii) Yamana pursuant to the Yamana Share Obligation, but, for greater certainty, does not include BacTech’s obligations pursuant to the BacTech Options which are outstanding on the Effective Date;
- (j) **“BacTech Shares”** means the common shares without par value in the capital of the Corporation, as constituted on the date of this Arrangement Agreement;
- (k) **“BacTech Shareholder”** means a holder of BacTech Shares;
- (l) **“BacTech Stock Option Plan”** means the stock option plan of the Corporation, as amended from time to time;
- (m) **“BacTech Stock Options”** means the common share purchase options issued pursuant to the BacTech Stock Option Plan which are outstanding on the Effective Date;
- (n) **“BacTech Warrants”** means the common share purchase warrants of the Corporation outstanding on the Effective Date;
- (o) **“Beneficial Shareholder”** means a BacTech Shareholder who is not a Registered Shareholder;
- (p) **“Board of Directors”** and **“Board”** means the board of directors of BacTech;



- (q) **“Business Day”** means any day, other than a Saturday, Sunday or a statutory holiday in Toronto, Ontario;
- (r) **“Canadian GAAP”** means generally accepted accounting principles in Canada;
- (s) **“CBCA”** means the *Canada Business Corporations Act* (Canada), as amended;
- (t) **“Certificate”** means the certificate giving effect to the Arrangement endorsed by the Director on the Articles of Arrangement pursuant to subsection 192(7) of the CBCA;
- (u) **“Circular”** means the management information circular of the Corporation to be distributed by the Corporation in connection with the Meeting;
- (v) **“Computershare”** means Computershare Trust Company of Canada;
- (w) **“CNSX”** means the Canadian National Stock Exchange, being the stock exchange of that name operated by CNSX Markets Inc.;
- (x) **“Court”** means the Superior Court of Justice (Ontario) (Commercial List);
- (y) **“Demand for Payment”** has the meaning ascribed thereto under “Rights of Dissenting Shareholders”;
- (z) **“Depository”** means Computershare Trust Company of Canada, being the depository appointed by the Corporation for the purpose of, among other things, exchanging certificates representing BacTech Shares for New Shares and Greenco Shares;
- (aa) **“Director”** means the Director appointed pursuant to section 260 of the CBCA;
- (bb) **“Dissent Procedures”** means the procedures set forth in section 190 of the CBCA required to be taken by a registered holder of BacTech Shares to exercise the right of dissent in respect of such BacTech Shares in connection with the Arrangement;
- (cc) **“Dissenting Shareholder”** means a BacTech Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its BacTech Shares in accordance with the Interim Order and the Plan of Arrangement;
- (dd) **“Dissenting Shares”** means the BacTech Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (ee) **“Effective Date”** means the date stamped on the Certificate as being the effective date in respect of the Arrangement;
- (ff) **“Effective Time”** means 12:01 a.m. (Toronto time) on the Effective Date;
- (gg) **“Final Order”** means the final order of the Court approving the Arrangement, as such order may be amended at any time prior to the Effective Date;
- (hh) **“Greenco”** means BacTech Environmental Corporation, a wholly-owned subsidiary of BacTech existing under the CBCA;

- (ii) **“Greenco Commitment”** means the covenants of Greenco to: (i) issue Greenco Shares to the holders of BacTech Warrants who exercise BacTech Warrants after the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive New Shares and Greenco Shares upon such exercise, (ii) issue Greenco Shares to the holders of BacTech Debentures who elect after the Effective Date to convert their BacTech Debentures, and are entitled pursuant to the corporate reorganization provisions of the BacTech Debentures to receive New Shares and Greenco Shares upon such exercise, (iii) pay to BacTech 20% of the principal and interest owing to the holders of the BacTech Debentures when such principal and interest amounts are required to be paid to the holders according to the terms of the BacTech Debentures (except to the extent that the holders convert such BacTech Debentures into New Shares and Greenco Shares), and (iv) issue Greenco Shares to Yamana pursuant to the Yamana Share Obligation, to the extent that Greenco Shares are issuable pursuant to the PNG Agreement;
- (jj) **“Greenco Shareholder”** means a holder of Greenco Shares;
- (kk) **“Greenco Shares”** means the common shares without par value in the capital of Greenco, as constituted on the date hereof;
- (ll) **“Greenco Stock Option Plan”** means the proposed common share purchase option plan of Greenco, which is subject to BacTech Shareholder approval;
- (mm) **“Interim Order”** means the interim order of the Court pursuant to the CBCA in respect of the Arrangement;
- (nn) **“Intermediaries”** refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;
- (oo) **“Meeting”** means the special meeting of BacTech Shareholders to be held on November 12, 2010 at 10:00 a.m. (Toronto Time), and includes any adjournment thereof;
- (pp) **“Name Change”** means the proposed change of the name of the Corporation to “REBGold Corporation” or such other similar name as may be approved by the Board;
- (qq) **“Name Change Resolution”** means the special resolution approving the Name Change;
- (rr) **“New Shares”** means the new class of common shares without par value which the Corporation will create pursuant to s. 3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be substantially identical in every material respect to the BacTech Shares;
- (ss) **“Person”** means an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organisation, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;
- (tt) **“Plan of Arrangement”** means a plan of arrangement in substantially the form and content set forth in Schedule “A” hereto, as more fully described under “The Arrangement”;

- (uu) **“PNG Agreement”** means the amended and restated purchase agreement dated as of July 8, 2010 among the Corporation, Yamana, Igwa Resources Ltd., BacTech Gold Corporation, Gold Aura (PNG) Limited, and Gold Anomaly Limited;
- (vv) **“Registered Shareholder”** means a registered holder of BacTech Shares as recorded in the shareholder register of the Corporation maintained by Computershare;
- (ww) **“Remediation Assets”** means the assets to be transferred by the Corporation to Greenco pursuant to the Arrangement, being (i) all of the Corporation’s right, title and interest in the Remediation Projects, (ii) the Remediation Technology Licence, and (iii) approximately \$250,000 cash;
- (xx) **“Remediation Projects”** means the Corporation’s interests in the proposed tailings remediation projects located in the Cobalt area of Ontario and the Snow Lake area of Manitoba, as described in the Circular under the section “Green Co. After the Arrangement”;
- (yy) **“Remediation Technology Business”** means the business of using the BacTech Bioleaching Technology for the remediation and reclamation of tailings left by previous mining operations;
- (zz) **“Remediation Technology Licence”** means the perpetual, exclusive licence to be granted by the Corporation to Greenco to use the BacTech Bioleaching Technology for the remediation and reclamation of tailings left by previous mining operations;
- (aaa) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;
- (bbb) **“Share Distribution Record Date”** means the close of business on the day which is four Business Days after the date of the Meeting or such other day as agreed to by the Corporation and Greenco, which date establishes the BacTech Shareholders who will be entitled to receive Greenco Shares pursuant to the Plan of Arrangement;
- (ccc) **“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time;
- (ddd) **“TSXV”** means the TSX Venture Exchange, being the stock exchange of that name operated by TMX Group Inc.;
- (eee) **“Yamana”** means Yamana Gold Inc., a party to the PNG Agreement; and
- (fff) **“Yamana Share Obligation”** means the Corporation’s obligation to issue BacTech Shares to Yamana pursuant to the PNG Agreement.

**1.2 Currency:** All amounts of money which are referred to in this Arrangement Agreement are expressed in lawful money of Canada unless otherwise specified.

**1.3 Interpretation Not Affected by Headings:** The division of this Arrangement Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Arrangement Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Arrangement Agreement and the schedules and

exhibits hereto as a whole and not to any particular article, section, subsection, paragraph or subparagraph hereof and include any agreement or instrument supplementary or ancillary hereto.

- 1.4 Including:** Where the word “including” or “includes” is used in this Arrangement Agreement, it means “including (or includes) without limitation”.
- 1.5 Statutory references:** A reference to a statute includes all rules and regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation or rule which amends, supplements or supersedes any such statute or any such regulation or rule.
- 1.6 Number and Gender:** In this Arrangement Agreement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter, and words importing a person shall include a partnership or corporation.
- 1.7 Date for any Action:** Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.
- 1.8 Meaning:** Words and phrases used herein (and not otherwise defined) and defined in the CBCA shall have the same meaning herein as in the CBCA unless the context otherwise requires.
- 1.9 Schedules:** All schedules attached hereto are deemed to be incorporated into and form part of this Arrangement Agreement.

## **ARTICLE II** **ARRANGEMENT**

- 2.1 Arrangement:** The parties agree to effect the Arrangement pursuant to the provisions of the CBCA on the terms and subject to the conditions contained in this Arrangement Agreement and the Plan of Arrangement.
- 2.2 Effective Date of Arrangement:** The Arrangement shall become effective on the Effective Date as set out in the Plan of Arrangement.
- 2.3 Filing of Final Material with the Director:** Subject to the rights of termination contained in Article Vii hereof, upon the BacTech Shareholders approving the Arrangement by special resolution in accordance with the provisions of the Interim Order and the CBCA, BacTech obtaining the Final Order and the other conditions contained in Article Vi hereof being complied with or waived, BacTech on its behalf and on behalf of Greenco shall file the records and information required by the Director pursuant to the CBCA in order to effect the Arrangement.

## **ARTICLE III** **REPRESENTATIONS AND WARRANTIES OF BACTECH**

- 3.1 Representations and Warranties:** BacTech hereby represents and warrants to Greenco that:
- (a) it is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence and has full capacity and authority to enter into this Arrangement Agreement and to perform its covenants and obligations hereunder;

- (b) it has taken all corporate actions necessary to authorize the execution and delivery of this Arrangement Agreement and this Arrangement Agreement has been duly executed and delivered by it;
- (c) neither the execution and delivery of this Arrangement Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constating or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

#### **ARTICLE IV**

##### **REPRESENTATIONS AND WARRANTIES OF GREENCO**

**4.1 Representation and Warranties:** Greenco hereby represents and warrants to BacTech that:

- (a) it is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence and has full capacity and authority to enter into this Arrangement Agreement and to perform its covenants and obligations hereunder;
- (b) it has taken all corporate actions necessary to authorize the execution and delivery of this Arrangement Agreement and this Arrangement Agreement has been duly executed and delivered by it;
- (c) neither the execution and delivery of this Arrangement Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constating or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

#### **ARTICLE V**

##### **COVENANTS**

**5.1 Commitment to Effect:** Subject to termination of this Arrangement Agreement pursuant to Article Vi, the parties shall each use all reasonable efforts and do all things reasonably required to cause the Plan of Arrangement to become effective as soon as possible after approval of the Arrangement by the BacTech Shareholders at the Meeting, or by such other date as BacTech and Greenco may determine, and in conjunction therewith to cause the conditions described in Section 6.1 to be complied with or waived, as the case may be, prior to the Effective Date.

**5.2 Obligation to Execute Documents:** Each party covenants with the other that it will do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of this Arrangement Agreement.

**5.3 Giving Effect to the Arrangement:** The Arrangement shall be effected as follows:

- (a) the parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) BacTech shall call the Meeting and mail the Circular and related notice of meeting and form of proxy to the BacTech Shareholders;
- (c) if the BacTech Shareholders approve the Arrangement as set out in Section 6.1(b) hereof, BacTech shall thereafter (subject to the exercise of any discretionary authority granted to BacTech's directors by the BacTech Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (d) upon receipt of the Final Order, BacTech shall, subject to compliance with any of the other conditions provided for in Article Vi hereof and to the rights of termination contained in Article Vi hereof, file the material described in Section 2.3 with the Director in accordance with the terms of the Plan of Arrangement.

**5.4 BacTech Warrants and Debentures:** Each holder of a BacTech Share Commitment shall be entitled to receive, upon the exercise or conversion of the BacTech Share Commitment and in accordance with the corporate reorganization provisions of such BacTech Share Commitment, the number of New Shares and the number of Greenco Shares which such holder would have been entitled to receive if such holder had been the holder of the number of BacTech Shares issuable under the BacTech Share Commitment at the Effective Date. BacTech and Greenco each covenant and agree, upon the exercise after the Effective Date of any BacTech Share Commitments, to issue and deliver to the holders of the BacTech Share Commitments that number of New Shares and Greenco Shares that is equal to the number of New Shares and Greenco Shares acquired upon the exercise of the BacTech Share Commitments. BacTech shall not acquire any beneficial ownership of the Greenco Shares to be issued upon any exercise of BacTech Share Commitments. BacTech covenants and agrees to act as agent for the holders of the BacTech Share Commitments to collect and pay to Greenco a portion of the proceeds received for each BacTech Share Commitment so exercised determined in accordance with the formula set out in Section 5.5, with the balance of the exercise price to be retained by BacTech.

**5.5 Allocation of Exercise Price:** The Corporation, as agent for Greenco, will collect and pay to Greenco a portion of the proceeds received upon the exercise of each BacTech Share Commitment, determined in accordance with the following formula:

$$A = B \times (C \div 5) \div ((C \div 5) + D)$$

Where:

- A. is the portion of the proceeds to be received by Greenco for each BacTech Share Commitment exercised after the Effective Date;
- B. is the exercise price of the BacTech Share Commitment;
- C. is the volume weighted average trading price of the Greenco Shares for the first ten (10) trading days commencing on the Effective Date and on which the Greenco Shares trade on either the CNSX or the TSXV; and

- D. is the volume weighted average trading price of the New Shares for the first ten (10) trading days commencing on the Effective Date and on which the New Shares trade on the TSXV.

**5.6 Cash Payment of BacTech Debentures:** Greenco covenants and agrees to contribute twenty percent (20%) of any cash payments of principal and interest paid by BacTech to the holders of the BacTech Debentures.

**ARTICLE VI**  
**CONDITIONS**

**6.1 Conditions Precedent:** The respective obligations of the parties to complete the transactions contemplated by this Arrangement Agreement shall be subject to the satisfaction of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to BacTech and Greenco;
- (b) the Arrangement and this Arrangement Agreement, with or without amendment, shall have been approved at the Meeting by the BacTech Shareholders in accordance with the provisions of the CBCA, the constating documents of BacTech, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Final Order shall have been obtained in form and substance satisfactory to BacTech and Greenco;
- (d) the TSXV shall have conditionally approved the listing of the BacTech Class A Preferred Shares and the New Shares, subject only to such conditions as the Board of Directors determines are reasonably capable of being satisfied by the Corporation;
- (e) either the TSXV or the CNSX shall have conditionally approved the listing of the Greenco Shares, subject only to such conditions as the Board of Directors determines are reasonably capable of being satisfied by Greenco;
- (f) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Arrangement Agreement and the Plan of Arrangement shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to BacTech and Greenco;
- (g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Arrangement Agreement and the Arrangement;
- (h) this Arrangement Agreement shall not have been terminated under Article Vi; and
- (i) except for the conditions set forth in this Section 6.1 which, by their nature, may not be waived, any of the other conditions in this Section 6.1 may be waived, either in whole or in part, by either BacTech or Greenco, as the case may be, at its discretion.

**6.2 Closing:** Unless this Arrangement Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at the offices of Borden Ladner Gervais LLP, Scotia Plaza, Suite 4400, 40 King Street West, Toronto, Ontario M5H 3Y4, at 11:00 a.m. (Toronto time) on the day

before the Effective Date, or at such other time or on such other date as they may mutually agree, and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Arrangement Agreement.

**6.3 Merger of Conditions:** The conditions set out in Section 6.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

**6.4 Merger of Representations and Warranties:** The representations and warranties in Section 3.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

## **ARTICLE VII**

### **AMENDMENT AND TERMINATION**

**7.1 Amendment:** Subject to any restrictions under the Arrangement or the Final Order, this Arrangement Agreement, including the Plan of Arrangement, may at any time and from time to time before or after the holding of the BacTech Meeting, but prior to the Effective Date, be amended by agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the BacTech Shareholders.

**7.2 Termination:** Subject to Section 7.3, this Arrangement Agreement may at any time before or after the holding of the Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the board of directors of BacTech without further action on the part of the BacTech Shareholders, and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of BacTech to elect to terminate this Arrangement Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

**7.3 Cessation of Right:** The right of BacTech or Greenco or any other party to amend or terminate the Plan of Arrangement pursuant to Section 7.1 and Section 7.2 shall be extinguished upon the occurrence of the Effective Date.

## **ARTICLE VIII**

### **GENERAL**

**8.1 Notices:** All notices which may or are required to be given pursuant to any provision of this Arrangement Agreement shall be given or made in writing and shall be delivered or telecopied, addressed as follows:



in the case of BacTech:

50 Richmond Street East  
Suite 300,  
Toronto, Ontario  
M5C 1N7  
Attention: President

in the case of Greenco:

50 Richmond Street East  
Suite 300,  
Toronto, Ontario  
M5C 1N7  
Attention: Corporate Secretary

- 8.2 Assignment:** None of the parties may assign its rights or obligations under this Arrangement Agreement or the Arrangement without the prior consent of the other party.
- 8.3 Binding Effect:** This Arrangement Agreement and the Arrangement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.
- 8.4 Waiver:** Any waiver or release of the provisions of this Arrangement Agreement, to be effective, must be in writing and executed by the party granting such waiver or release.
- 8.5 Governing Law:** This Arrangement Agreement shall be governed by and be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.
- 8.6 Counterparts:** This Arrangement Agreement may be executed in one or more counterparts and by facsimile or email transmission, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.
- 8.7 Expenses:** All expenses incurred by a party in connection with this Arrangement Agreement, the Arrangement and the transactions contemplated hereby and thereby shall be borne by the party that incurred the expense.
- 8.8 Entire Agreement:** This Arrangement Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Arrangement Agreement and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties.
- 8.9 Time of Essence:** Time is of the essence of this Arrangement Agreement.

**IN WITNESS WHEREOF** the parties have executed this Arrangement Agreement as of the date first above written.

**BACTECH MINING CORPORATION**

**By: (signed) M. Ross Orr**  
**President**

**BACTECH ENVIRONMENTAL  
CORPORATION**

**By: (signed) M. Ross Orr**  
**President**

## **SCHEDULE “A”**

### **PLAN OF ARRANGEMENT**

#### **PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT**

#### **ARTICLE 1 INTERPRETATION**

##### **Section 1.1 Definitions**

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

- (a) **“Affiliate”, “associate” and “subsidiary”** have the meanings ascribed thereto in the *Securities Act* (Ontario);
- (b) **“Arrangement”** means the arrangement under the provisions of section 192 of the CBCA on the terms and conditions set out in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or made at the direction of the Court in the Final Order;
- (c) **“Arrangement Agreement”** means the arrangement agreement dated as of October 7, 2010 between the Corporation and Greenco, as amended or supplemented prior to the Effective Date;
- (d) **“Arrangement Resolution”** means the special resolution regarding the Arrangement to be considered by the BacTech Shareholders at the Meeting;
- (e) **“Articles of Arrangement”** means the articles of arrangement in respect of the Arrangement required by the CBCA to be sent to the Director after the Final Order is made;
- (f) **“BacTech” or the “Corporation”** means, prior to the Name Change, BacTech Mining Corporation, a corporation existing under the CBCA;
- (g) **“BacTech Bioleaching Technology”** means BacTech’s proprietary bioleaching technology;
- (h) **“BacTech Debentures”** means the unsecured convertible debentures of BacTech which are outstanding on the Effective Date;
- (i) **“BacTech Share Commitments”** means the obligation of BacTech to issue New Shares and to deliver Greenco Shares to (i) the holders of BacTech Debentures, BacTech Options and BacTech Warrants which are outstanding on the Effective Date, upon the conversion or exercise of such BacTech Debentures, BacTech Options and BacTech Warrants, and (ii) Yamana pursuant to the Yamana Share Obligation;
- (j) **“BacTech Shares”** means the common shares without par value in the capital of the Corporation, as constituted on the date of this Arrangement Agreement;

- (k) **“BacTech Shareholder”** means a holder of BacTech Shares;
- (l) **“BacTech Stock Option Plan”** means the stock option plan of the Corporation, as amended from time to time;
- (m) **“BacTech Stock Options”** means the common share purchase options issued pursuant to the BacTech Stock Option Plan which are outstanding on the Effective Date;
- (n) **“BacTech Warrants”** means the common share purchase warrants of the Corporation outstanding on the Effective Date;
- (o) **“Beneficial Shareholder”** means a BacTech Shareholder who is not a Registered Shareholder;
- (p) **“Board of Directors”** and **“Board”** means the board of directors of BacTech;
- (q) **“Business Day”** means any day, other than a Saturday, Sunday or a statutory holiday in Toronto, Ontario;
- (r) **“Canadian GAAP”** means generally accepted accounting principles in Canada;
- (s) **“CBCA”** means the *Canada Business Corporations Act* (Canada), as amended;
- (t) **“Certificate”** means the certificate giving effect to the Arrangement endorsed by the Director on the Articles of Arrangement pursuant to subsection 192(7) of the CBCA;
- (u) **“Circular”** means the management information circular of the Corporation to be distributed by the Corporation in connection with the Meeting;
- (v) **“Computershare”** means Computershare Trust Company of Canada;
- (w) **“Court”** means the Superior Court of Justice (Ontario) (Commercial List);
- (x) **“Demand for Payment”** has the meaning ascribed thereto under “Rights of Dissenting Shareholders”;
- (y) **“Depository”** means Computershare Trust Company of Canada, being the depository appointed by the Corporation for the purpose of, among other things, exchanging certificates representing BacTech Shares for New Shares and Greenco Shares;
- (z) **“Director”** means the Director appointed pursuant to section 260 of the CBCA;
- (aa) **“Dissent Procedures”** means the procedures set forth in section 190 of the CBCA required to be taken by a registered holder of BacTech Shares to exercise the right of dissent in respect of such BacTech Shares in connection with the Arrangement;
- (bb) **“Dissenting Shareholder”** means a BacTech Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its BacTech Shares in accordance with the Interim Order and the Plan of Arrangement;
- (cc) **“Dissenting Shares”** means the BacTech Shares in respect of which Dissenting Shareholders have exercised a right of dissent;

- (dd) **“Effective Date”** means the date stamped on the Certificate as being the effective date in respect of the Arrangement;
- (ee) **“Effective Time”** means 12:01 a.m. (Toronto time) on the Effective Date;
- (ff) **“Final Order”** means the final order of the Court approving the Arrangement, as such order may be amended at any time prior to the Effective Date;
- (gg) **“Greenco”** means BacTech Environmental Corporation, a wholly-owned subsidiary of BacTech;
- (hh) **“Greenco Commitment”** means the covenants of Greenco to: (i) issue Greenco Shares to the holders of BacTech Warrants who exercise BacTech Warrants after the Effective Date, and are entitled pursuant to the corporate reorganization provisions thereof to receive New Shares and Greenco Shares upon such exercise, (ii) issue Greenco Shares to the holders of BacTech Debentures who elect after the Effective Date to convert their BacTech Debentures, and are entitled pursuant to the corporate reorganization provisions of the BacTech Debentures to receive New Shares and Greenco Shares upon such exercise, (iii) pay to BacTech 20% of the principal and interest owing to the holders of the BacTech Debentures when such principal and interest amounts are required to be paid to the holders according to the terms of the BacTech Debentures (except to the extent that the holders convert such BacTech Debentures into New Shares and Greenco Shares), and (iv) issue Greenco Shares to Yamana pursuant to the Yamana Share Obligation, to the extent that Greenco Shares are issuable pursuant to the PNG Agreement;
- (ii) **“Greenco Shareholder”** means a holder of Greenco Shares;
- (jj) **“Greenco Shares”** means the common shares without par value in the capital of Greenco, as constituted on the date hereof;
- (kk) **“Greenco Stock Option Plan”** means the proposed common share purchase option plan of Greenco, which is subject to BacTech Shareholder approval;
- (ll) **“Interim Order”** means the interim order of the Court pursuant to the CBCA in respect of the Arrangement;
- (mm) **“Intermediaries”** refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;
- (nn) **“Meeting”** means the special meeting of BacTech Shareholders to be held on November 12, 2010 at 10:00 a.m. (Toronto Time), and includes any adjournment thereof;
- (oo) **“Name Change”** means the proposed change of the name of the Corporation to “REBgold Corporation” or such other similar name as may be approved by the Board;
- (pp) **“Name Change Resolution”** means the special resolution approving the Name Change;
- (qq) **“New Shares”** means the new class of common shares without par value which the Corporation will create pursuant to s. 3.1 of this Plan of Arrangement and which, immediately after the Effective Date, will be substantially identical in every material respect to the BacTech Shares;

- (rr) **“Person”** means an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organisation, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;
- (ss) **“PNG Agreement”** means the amended and restated purchase agreement dated as of July 8, 2010 among the Corporation, Yamana, Igwa Resources Ltd., BacTech Gold Corporation, Gold Aura (PNG) Limited, and Gold Anomaly Limited;
- (tt) **“Registered Shareholder”** means a registered holder of BacTech Shares as recorded in the shareholder register of the Corporation maintained by Computershare;
- (uu) **“Remediation Assets”** means the assets to be transferred by the Corporation to Greenco pursuant to the Arrangement, being (i) all of the Corporation’s right, title and interest in the Remediation Projects, (ii) the Remediation Technology Licence, and (iii) approximately \$250,000 cash;
- (vv) **“Remediation Projects”** means the Corporation’s interests in the proposed tailings remediation projects located in the Cobalt area of Ontario and the Snow Lake area of Manitoba, as described in the Circular under the section “Green Co. After the Arrangement”;
- (ww) **“Remediation Technology Business”** means the business of using the BacTech Bioleaching Technology for the remediation and reclamation of tailings left by previous mining operations;
- (xx) **“Remediation Technology Licence”** means the perpetual, exclusive licence to be granted by the Corporation to Greenco to use the BacTech Bioleaching Technology for the remediation and reclamation of tailings left by previous mining operations;
- (yy) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;
- (zz) **“Share Distribution Record Date”** means the close of business on the day which is four Business Days after the date of the Meeting or such other day as agreed to by the Corporation and Greenco, which date establishes the BacTech Shareholders who will be entitled to receive Greenco Shares pursuant to the Plan of Arrangement;
- (aaa) **“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time;
- (bbb) **“Transfer Agent”** means Computershare Investor Services Inc.;
- (ccc) **“TSXV”** means the TSX Venture Exchange, being the stock exchange of that name operated by TMX Group Inc;
- (ddd) **“Yamana”** means Yamana Gold Inc., a party to the PNG Agreement; and
- (eee) **“Yamana Share Obligation”** means the Corporation’s obligation to issue BacTech Shares to Yamana pursuant to the PNG Agreement.

## **Section 1.2 Certain Rules of Interpretation**

In this Agreement:

1. **Currency:** All amounts of money which are referred to in this Plan of Arrangement are expressed in lawful money of Canada unless otherwise specified.
2. **Interpretation Not Affected by Headings:** The division of this Plan of Arrangement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Plan of Arrangement. The terms “Plan of Arrangement”, “this Arrangement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Plan of Arrangement and the exhibits hereto as a whole and not to any particular article, section, subsection, paragraph or subparagraph hereof and include any agreement or instrument supplementary or ancillary hereto.
3. **Including:** Where the word “including” or “includes” is used in this Plan of Arrangement, it means “including (or includes) without limitation”.
4. **Statutory references:** A reference to a statute includes all rules and regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation or rule which amends, supplements or supersedes any such statute or any such regulation or rule.
5. **Number and Gender:** In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter, and words importing a person shall include a partnership or corporation.
6. **Date for any Action:** Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.
7. **Meaning:** Words and phrases used herein (and not otherwise defined) and defined in the CBCA shall have the same meaning herein as in the CBCA unless the context otherwise requires.

## **ARTICLE 2 PURPOSE AND EFFECT OF THE ARRANGEMENT**

### **Section 2.1 Arrangement**

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of, the Arrangement Agreement.

### **Section 2.2 Effectiveness**

This Plan of Arrangement, upon filing the Articles of Arrangement and the issuance of the Certificate, will become effective and will be binding at and after the Effective Time without any further authorization, act or formality, on: (i) BacTech (and its Affiliates), (ii) Greenco (and its Affiliates), (iii) the BacTech Shareholders, and (iv) the Greenco Shareholders. Other than as expressly provided in Article 3, no portion of this Plan of Arrangement shall take effect with respect to any Person until the Effective Time.

## **ARTICLE 3 ARRANGEMENT**

### **Section 3.1 Arrangement**

The following transactions shall occur and shall be deemed to occur at the Effective Time in the following order:

1. BacTech will transfer the Remediation Assets to Greenco.
2. In consideration of the transfer of the Remediation Assets, Greenco will (i) issue to BacTech that number of Greenco Shares which, when added to the 100 Greenco Shares currently held by the Corporation, will be sufficient to enable the Corporation to distribute Greenco Shares to the BacTech Shareholders on the basis set out below, and (ii) assume the Greenco Commitment, as provided in the Arrangement Agreement.
3. The Articles of the Corporation will be amended to change the authorized capital of the Corporation by:
  - (a) Reclassifying the BacTech Shares as “Class A Shares” (the “BacTech Class A Shares”),
  - (b) Creating an unlimited number of a new class of shares designated as “New Shares”, having the rights, privileges, restrictions and conditions set out in Exhibit “A” to this Plan of Arrangement,
  - (c) Creating an unlimited number of a new class of shares designated as “Class A Preferred Shares” (the “BacTech Class A Preferred Shares”), having the rights, privileges, restrictions and conditions set out in Exhibit “B” to this Plan of Arrangement.

and the Articles of the Corporation shall be amended accordingly.

4. Each issued BacTech Class A Share held by a Dissenting Shareholder will be cancelled and the Dissenting Shareholders will be entitled to be paid fair value for their Dissenting Shares in accordance with Article 3 of this Plan of Arrangement.
5. Other than the BacTech Class A Shares held by Dissenting Shareholders, each issued BacTech Class A Share will be exchanged for one New Share and one BacTech Class A Preferred Share and each such BacTech Class A Share shall thereupon be cancelled and the aggregate paid-up capital (as that term is defined for purposes of the Tax Act) of the BacTech Class A Shares immediately prior to the Effective Time less the amount of cash paid to Dissenting Shareholders under step 4 above will be allocated between the New Shares and the BacTech Class A Preferred Shares so that the aggregate paid-up capital of the BacTech Class A Preferred Shares shall be equal to the lesser of the aggregate fair market value of the distributed Greenco Shares as of the Effective Date and the paid-up capital of the BacTech Class A Shares. The aggregate fair market value of the distributed Greenco Shares shall be determined as at the Effective Date by resolution of the Board of Directors.
6. BacTech will redeem the BacTech Class A Preferred Shares for consideration consisting solely of the distributed Greenco Shares such that each holder of BacTech Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive one Greenco Share for each five (5) BacTech Class A Preferred Shares held by such holder.



7. The BacTech Class A Shares and the BacTech Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps 4 and 5 above are completed, will be cancelled with the appropriate entries being made in the central securities register of BacTech, and the Articles of the Corporation will be amended to change the authorized share capital of the Corporation by eliminating the BacTech Class A Shares and the BacTech Class A Preferred Shares therefrom.
8. The distributed Greenco Shares transferred to the holders of the BacTech Class A Preferred Shares pursuant to step 5 above will be registered in the names of the former holders of BacTech Class A Preferred Shares and appropriate entries will be made in the central securities register of Greenco.
9. After the Effective Date:
  - (a) All BacTech Share Commitments shall be exercisable for New Shares and Greenco Shares in accordance with the corporate reorganization provisions of such BacTech Share Commitments, whereby the right to acquire one BacTech Share under a BacTech Share Commitment shall be satisfied by the issuance of one New Share and one-fifth of a Greenco Share (subject to the rounding of fractions);
  - (b) Pursuant to the Greenco Commitment, Greenco will issue the required number of Greenco Shares upon the exercise of BacTech Share Commitments as is directed by the Corporation; and
  - (c) BacTech will, as agent for Greenco, collect and pay to Greenco a portion of the proceeds received upon the exercise of each BacTech Share Commitment so exercised, with the balance of any exercise price retained by BacTech, as determined in accordance with Section 5.4 of the Arrangement Agreement. BacTech shall not acquire any beneficial ownership of the Greenco Shares to be issued upon the exercise of BacTech Share Commitments.
10. The transactions provided for in this Section 3.1, other than step 9 herein, will be deemed to occur on the Effective Date and at the time specified notwithstanding that certain of the procedures related hereto are not completed until after the Effective Date.

### **Section 3.2 No Fractional Shares**

Notwithstanding subparagraphs 3.1(5) and (6), no fractional Greenco Shares shall be distributed to the Greenco Shareholders or the holders of BacTech Share Commitments and as a result all fractional amounts arising under such sections shall be rounded up or down to the next whole number to the extent that such fraction is more or less than one half of a Greenco Share.

### **Section 3.3 Deemed Fully Paid and Non-Assessable Shares**

All New Shares, BacTech Class A Preferred Shares and Greenco Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the CBCA.

### **Section 3.4 Supplementary Actions**

Notwithstanding that the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of BacTech and

Greenco shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1, including, without limitation, any resolutions of the directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer or shares and any receipt therefore, and any necessary additions to or deletions from share registers.

## **ARTICLE 4 CERTIFICATES**

### **Section 4.1      BacTech Class A Shares:**

Recognizing that the BacTech Shares shall be renamed and redesignated as BacTech Class A Shares pursuant to Subparagraph 3.1(3)(a) and that the BacTech Class A Shares shall be exchanged partially for New Shares pursuant to Subparagraph 3.1(5), BacTech shall not issue replacement share certificates representing the BacTech Class A Shares.

### **Section 4.2      BacTech's Greenco Shares:**

Recognizing that the distributed Greenco Shares shall be transferred to the BacTech Shareholders as consideration for the redemption of the BacTech Class A Preferred Shares pursuant to Subparagraph 3.1(6), Greenco shall issue one share certificate representing all of the distributed Greenco Shares registered in the name of BacTech, which share certificate shall be held by the Depositary until the distributed Greenco Shares are transferred to the BacTech Shareholders and such certificate shall then be cancelled by the Depositary. To facilitate the transfer of the distributed Greenco Shares to the BacTech Shareholders as of the Share Distribution Record Date, BacTech shall execute and deliver to the Depositary an irrevocable power of attorney authorizing them to distribute and transfer the distributed Greenco Shares to such BacTech Shareholders in accordance with the terms of this Plan of Arrangement and Greenco shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.

### **Section 4.3      BacTech Class A Preferred Shares:**

Recognizing that all of the BacTech Class A Preferred Shares issued to the BacTech Shareholders pursuant to Subparagraph 3.1(4) will be redeemed by BacTech as consideration for the distribution and transfer of the distributed Greenco Shares under Subparagraph 3.1(5), BacTech shall issue one share certificate representing all of the BacTech Class A Preferred Shares issued pursuant to Subparagraph 3.1(5) in the name of the Depositary, to be held by the Depositary for the benefit of the BacTech Shareholders until such BacTech Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.

### **Section 4.4      Delivery of Greenco Share Certificates:**

As soon as practicable after the Effective Date, Greenco shall cause to be issued to the registered holders of BacTech Shares as of the Share Distribution Record Date, share certificates representing the Greenco Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates to be mailed to such registered holders.

### **Section 4.5      New Share Certificates:**

From and after the Effective Date, share certificates representing BacTech Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all

purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.

#### **Section 4.6 Interim Period:**

BacTech Shares traded after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the distributed Greenco Shares.

### **ARTICLE 5 RIGHTS OF DISSENT**

#### **Section 5.1 Dissent Rights**

- (a) BacTech Shareholders may exercise rights of dissent with respect to their BacTech Shares pursuant to and in the manner set forth in Section 190 of the CBCA as modified by this Section 5.1 (the “**Dissent Rights**”) in connection with the Arrangement, as the same may be modified by the Interim Order or the Final Order, provided that, notwithstanding subsection 190(5) of the Act, the written objection to the Arrangement Resolution referred to in subsection 190(6) of the CBCA must be received by BacTech not later than 5:00 p.m. (Toronto time) on the Business Day preceding the Meeting.
- (b) BacTech Shareholders who duly exercise, or purport to duly exercise, Dissent Rights, and who are ultimately determined not to be entitled, for any reason, to be paid fair value for their BacTech Shares, shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting BacTech Shareholder as at and from the Effective Time and shall participate in the Arrangement according to the provisions set out in Article 5.

#### **Section 5.2 Holders**

In no circumstances shall BacTech, Greenco or any other person be required to recognize a person exercising Dissent Rights as provided for in Section 5.1(a) unless such person is a holder of those BacTech Shares in respect of which such rights are sought to be exercised.

#### **Section 5.3 Recognition of Dissenting Shareholders**

Neither BacTech, Greenco nor any other person shall be required to recognize a Dissenting Shareholder as a holder or beneficial owner of BacTech Shares at or after the Effective Time, and after the Effective Time the names of such Dissenting Shareholders shall be deleted from the register of holders of BacTech Shares maintained by or on behalf of BacTech.

#### **Section 5.4 Dissent Right Availability**

A holder is not entitled to exercise Dissent Rights with respect to BacTech Shares if such holder votes (or instructs, or is deemed, by submission of any incomplete proxy, to have instructed his, or her or its proxyholder to vote) in favour of the Arrangement Resolution.

## **ARTICLE 6 AMENDMENTS**

### **Section 6.1 Amendments**

- (a) BacTech reserves the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by Greenco, (iii) filed with the Court and, if made following the Meeting, approved by the Court and (iv) communicated to BacTech Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by BacTech at any time prior to the Meeting with or without any other prior notice or communication and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order) shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if (i) it is consented to by each of BacTech and Greenco, and (ii) if required by the Court, it is consented to by BacTech Shareholders voting in the manner directed by the Court.

## **ARTICLE 7 FURTHER ASSURANCES**

### **Section 7.1**

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

**EXHIBIT “A”**

**NEW SHARE TERMS**

The rights, privileges, restrictions and conditions attaching to the New Shares shall be as follows:

1. The holders of the New Shares shall be entitled to vote at all meetings of shareholders.
2. The holders of the New Shares shall be entitled to receive dividends as and when declared by the Board of Directors of the Corporation;
3. The holders of the Common Shares shall, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation, be entitled to receive the remaining property of the Corporation in the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

Following the completion of the Arrangement pursuant to the Arrangement Agreement dated as of October 7, 2010 between BacTech Mining Corporation and BacTech Environmental Corporation, the New Shares shall be designated as “Common Shares”.

## **EXHIBIT “B”**

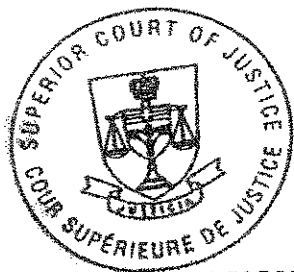
### **CLASS A PREFERRED SHARE TERMS**

The rights, privileges, restrictions and conditions attaching to the Class A Preferred Shares shall be as follows:

1. In these share provisions,
  - (a) “Arrangement” means the arrangement pursuant to section 192 of the *Canada Business Corporations Act* as contemplated by the Arrangement Agreement;
  - (b) “Arrangement Agreement” means the Arrangement Agreement dated as of October 7, 2010 between BacTech Mining Corporation and BacTech Environmental Corporation;
  - (c) “Old Common Shares” means the common shares in the authorized share structure of the Corporation that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement;
  - (d) “Effective Date” means the date upon which the Arrangement becomes effective;
  - (e) “New Shares” means the common shares without par value created in the authorized share structure of the Corporation pursuant to the Plan of Arrangement; and
  - (f) “Plan of Arrangement” means the Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement.
- (2) The holders of the Class A Preferred Shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Corporation.
- (3) Class A Preferred Shares shall only be issued on the exchange of Old Common Shares for New Shares and Class A Preferred Shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The stated capital to be allocated to the Class A Preferred Shares shall be the amount of paid-up capital allocated to the Class A Preferred Shares in accordance with section 5 of the Plan of Arrangement.
- (5) The Class A Preferred Shares shall be redeemable by the Corporation pursuant to and in accordance with the Plan of Arrangement.
- (6) Any Class A Preferred Share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

APPENDIX "C"

INTERIM ORDER OF THE COURT



Court File No.: CV-10-8928-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE  
JUSTICE MORAWETZ

) WEDNESDAY, THE 13<sup>TH</sup> DAY  
)  
) OF OCTOBER, 2010

IN THE MATTER OF an application under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

AND IN THE MATTER OF Rule 14.05(2) of the *Rules of Civil Procedure*;

AND IN THE MATTER OF a proposed arrangement of BacTech Mining Corporation involving its shareholders and BacTech Environmental Corporation

INTERIM ORDER

THIS MOTION made by the Applicants, BacTech Mining Corporation ("BacTech") and BacTech Environmental Corporation ("Greenco"), for an interim order for advice and directions pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the "CBCA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, Notice of Application issued on October 8, 2010, the affidavit of Louis Robert Nagy sworn October 8, 2010 (the "Nagy Affidavit"), including the Plan of Arrangement, which is attached as Schedule "A" to Appendix "B" to the draft management proxy circular of BacTech (the "Information Circular"), which is attached as Exhibit "A" to the Nagy Affidavit, and on hearing the submissions of counsel for BacTech and Greenco, and on being advised that the Director appointed under the CBCA (the "Director") does not consider it necessary to appear.

Definitions

1. THIS COURT ORDERS that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

**The Meeting**

2. **THIS COURT ORDERS** that BacTech is permitted to call, hold and conduct a special meeting (the "Meeting") of the holders of voting common shares (the "BacTech Shareholders") in the capital of BacTech to be held at the offices of Borden Ladner Gervais LLP, Scotia Plaza, 40 King Street West, Suite 4400, Toronto, Ontario, on November 12, 2010 in Toronto, Ontario at 10:00 a.m. (Toronto time), in order for the BacTech Shareholders to consider and, if determined advisable, pass, a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "Arrangement Resolution").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the CBCA, the "Notice of Special Meeting of Shareholders", which accompanies the Information Circular (the "Notice of Meeting"), and the articles and by-laws of BacTech, subject to what may be provided hereafter and any further order of this court.

4. **THIS COURT ORDERS** that the record date (the "Record Date") for determination of the BacTech Shareholders entitled to receive notice of, and to vote at, the Meeting shall be the close of business on September 27, 2010.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- (a) the BacTech Shareholders or their respective proxyholders;
- (b) the directors, officers, auditors and advisors of the Applicants;
- (c) the Director; and
- (d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that BacTech may transact such other business at the Meeting as is contemplated in the Information Circular, or may otherwise be properly before the Meeting.



**Quorum**

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by BacTech and that the quorum at the Meeting shall be not less than two persons present in person at the opening of the Meeting who are entitled to vote either as BacTech Shareholders or proxyholders.

**Amendments to the Arrangement and Plan of Arrangement**

8. **THIS COURT ORDERS** that BacTech is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the BacTech Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and the Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and the Plan of Arrangement to be submitted to the BacTech Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a BacTech Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as BacTech may determine.

**Amendments to the Information Circular**

10. **THIS COURT ORDERS** that BacTech is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemental, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13.

**Adjournments and Postponements**

11. **THIS COURT ORDERS** that BacTech, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the BacTech Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as BacTech may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

**Notice of Meeting**

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, BacTech shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy (to be used by registered BacTech Shareholders) and the Voting Instruction Form (to be used by non-registered BacTech Shareholders), along with such amendments or additional documents as BacTech may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, "Meeting Materials"), to the following:

- (a) the registered BacTech Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
  - (i) by pre-paid ordinary or first class mail at the addresses of the BacTech Shareholders as they appear on the books and records of BacTech, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of BacTech;
  - (ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
  - (iii) by facsimile or electronic transmission to any BacTech Shareholder, who is identified to the satisfaction of BacTech, who requests such

transmission in writing and, if required by BacTech, who is prepared to pay the charges for such transmission;

- (b) non-registered BacTech Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- (c) the respective directors and auditors of BacTech, and to the Director appointed under the CBCA, by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the event that BacTech elects to distribute the Meeting Materials, BacTech is hereby directed to distribute the Information Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by BacTech to be necessary or desirable (collectively, the "Court Materials") to the holders of BacTech Options, BacTech Warrants and BacTech Debentures, by any method permitted for notice to BacTech Shareholders as set forth in paragraphs 12(a) or 12(b), above, concurrently with the distribution described in paragraph 12 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of BacTech or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by BacTech to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of BacTech, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or

omission is brought to the attention of BacTech, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that BacTech is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as BacTech may determine in accordance with the terms of the Arrangement Agreement ("Additional Information"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as BacTech may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

#### **Solicitation and Revocation of Proxies**

17. **THIS COURT ORDERS** that BacTech is authorized to use the proxies and Voting Instruction Forms substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as BacTech may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. BacTech is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. BacTech may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by BacTech Shareholders, if BacTech deems it advisable to do so.

18. **THIS COURT ORDERS** that BacTech Shareholders shall be entitled to revoke their proxies in accordance with section 148(4) of the CBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to

s.148(4)(a)(i) of the CBCA: (a) may be deposited at the registered office of BacTech or with the transfer agent of BacTech as set out in the Information Circular; and (b) any such instruments must be received by BacTech or its transfer agent not later than 10:00 a.m. (Toronto time) on the business day immediately preceding the Meeting (or any adjournment or postponement thereof).

### **Voting**

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those BacTech Shareholders who hold voting common shares of BacTech as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per voting common share and that, and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

- (i) an affirmative vote of at least two-thirds (66<sup>2</sup>/<sub>3</sub>%) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the BacTech Shareholders.

Such votes shall be sufficient to authorize BacTech to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the BacTech Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting BacTech (other than in respect of the Arrangement Resolution), each BacTech Shareholder is entitled to one vote for each voting common share held.

**Dissent Rights**

22. **THIS COURT ORDERS** that each registered BacTech Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 190 of the CBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 190(5) of the CBCA, any BacTech Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to BacTech in the form required by section 190 of the CBCA and the Arrangement Agreement, which written objection must be received by BacTech or the Chair of the Meeting at or before the Meeting, and must otherwise strictly comply with the requirements of the CBCA. For purposes of these proceedings, the "Court" referred to in section 190 of the CBCA means the Superior Court of Justice (Ontario).

23. **THIS COURT ORDERS** that any BacTech Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

- (i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its voting common shares, shall be deemed to have transferred those voting common shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to BacTech for cancellation in consideration for a payment of cash from BacTech equal to such fair value; or
- (ii) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its voting common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting BacTech Shareholder;

but in no case shall BacTech, Greenco or any other person be required to recognize such BacTech Shareholders as holders of voting common shares of BacTech at or after the date upon

which the Arrangement becomes effective and the names of such BacTech Shareholders shall be deleted from BacTech's register of holders of voting common shares at that time.

**Hearing of Application for Approval of the Arrangement**

24. **THIS COURT ORDERS** that upon approval by the BacTech Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, BacTech may apply before this Honourable Court for final approval of the Arrangement.

25. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 26.

26. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for BacTech and Greenco as soon as reasonably practicable and, in any event, no less than two days before the hearing of this Application at the following address:

Borden Ladner Gervais LLP  
40 King Street West, Suite 4100,  
Toronto, Ontario, M5H 3Y4,  
Attention: Angela Vivolo.

27. **THIS COURT ORDERS** that the only persons entitled to appear and be heard at the hearing of the within Application shall be:

- (i) the Applicants and their counsel;
- (ii) the Director; and
- (iii) any person who has filed a notice of appearance herein in accordance with the provisions hereof, the notice of application and the *Rules of Civil Procedure*.

28. **THIS COURT ORDERS** that any materials to be filed by the Applicants in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

29. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 26 shall be entitled to be given notice of the adjourned date.

**Precedence**

30. **THIS COURT ORDERS** that to the extent of any inconsistency or discrepancy between this Interim Order, the terms of any instrument creating, governing or collateral to the voting common shares, BacTech Options, BacTech Warrants, BacTech Debentures or other rights to acquire voting common shares of BacTech, or the articles and bylaws of BacTech, this Order shall govern.

**Extra-Territorial Assistance**

31. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any Province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

**Variance**

32. **THIS COURT ORDERS** that the Applicants shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

MODMA/PCD OCT 15 2010

PER / PAR:





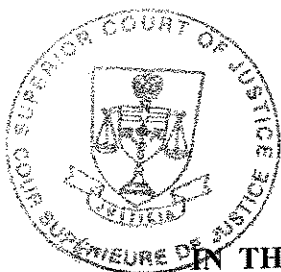
**BACTECH MINING CORPORATION AND BACTECH ENVIRONMENTAL CORPORATION**  
**Applicants**

|  |  |
|--|--|
| <b>ONTARIO</b><br><b>SUPERIOR COURT OF JUSTICE</b><br><b>(COMMERCIAL LIST)</b><br><br>PROCEEDING COMMENCED AT<br>TORONTO   |  |
| <b>INTERIM ORDER</b>   |  |
| <b>BORDEN LADNER GERVAIS LLP</b><br>Barristers and Solicitors<br>Scotia Plaza, Suite 4100<br>40 King Street West<br>Toronto, Canada M5H 3Y4<br><br>Angela Vivolo (LSUC#: 47966B)<br>Tel: (416) 367-6708<br>Fax: (416) 361-2539<br><br>Scott Lucyk (LSUC# 57184P)<br>Tel: (416) 367-6240<br>Fax: (416) 361-2743<br>Lawyers for the Applicants |  |

APPENDIX "D"

NOTICE OF APPLICATION FOR FINAL ORDER

Court File No.: CV- 10 - 8928-00CL



ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF an application under section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, and Rules 14.05(2) and 14.05(3)(f) of the Rules of Civil Procedure

AND IN THE MATTER OF a proposed Plan of Arrangement respecting BacTech Mining Corporation, the Shareholders of BacTech Mining Corporation and BacTech Environmental Corporation

BACTECH MINING CORPORATION and BACTECH ENVIRONMENTAL CORPORATION

Applicants

NOTICE OF APPLICATION  
(Returnable November 25, 2010)

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on November 25, 2010 at 10:00 a.m., or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES,

**LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.**

Date: October 8<sup>th</sup>, 2010

Issued by

  
Local Registrar  
Superior Court of Justice

Address of Court Office 330 University Avenue  
Toronto, Ontario M5G 1R7

**TO: ALL HOLDERS OF COMMON SHARES OF BACTECH MINING CORPORATION, AS AT SEPTEMBER 27, 2010**

**AND TO: DIRECTOR UNDER THE CANADA BUSINESS CORPORATIONS ACT**

Compliance and Policy Directorate  
Corporations Canada  
Industry Canada  
9th Floor, Jean Edmonds Tower South  
365 Laurier Avenue West  
Ottawa, Ontario  
K1A 0C8

Toll Free: 1-866-333-5556  
Fax: 613-941-5781

**AND TO: AUDITORS OF BACTECH MINING CORPORATION and BACTECH ENVIRONMENTAL CORPORATION**

## **APPLICATION**

### **1. THE APPLICANTS MAKE AN APPLICATION FOR:**

- (a) without notice, an interim order for advice and directions (the "Interim Order") pursuant to section 192(4) of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "CBCA") with respect to a proposed plan of arrangement (the "Arrangement") involving the applicant, BacTech Mining Corporation ("BacTech"), the holders of common shares of BacTech ("BacTech Shareholders") and the applicant, BacTech Environmental Corporation ("Greenco");
- (b) an order approving the Arrangement pursuant to section 192 of the CBCA (the "Final Order");
- (c) an order for abridged or abbreviated service, if necessary, on the Director under the CBCA; and
- (d) such further and other relief as this Honourable Court may deem just.

### **2. THE GROUNDS FOR THE APPLICATION ARE:**

- (a) BacTech is a corporation governed by the CBCA and has its head office in Toronto, Ontario. BacTech's shares are listed and traded on the TSX Venture Exchange;
- (b) Greenco is a corporation governed by the CBCA and is a wholly-owned subsidiary of BacTech;
- (c) BacTech and Greenco wish to effect a fundamental change in the nature of an arrangement under the provisions of the CBCA;
- (d) in these circumstances, BacTech and Greenco may apply to the Court for an order approving a proposed arrangement;
- (e) BacTech and Greenco are solvent corporations within the meaning of the CBCA, and are not insolvent within the meaning of s.192(2) of the CBCA;

- (f) proceeding by way of statutory plan of arrangement under section 192 of the CBCA is the only practicable means of completing the Arrangement;
- (g) all statutory requirements under the CBCA and any interim order have been or will be satisfied by the return date of the Application;
- (h) this application has been put forward in good faith;
- (i) the Arrangement is reasonable and in the best interests of, and fair to, BacTech, BacTech Shareholders and Greenco;
- (j) the Arrangement has a valid business purpose;
- (k) the objections, if any, of those whose legal rights are being arranged are being resolved in a fair and balanced way;
- (l) if made, the Final Order approving the arrangement will constitute the basis for an exemption from the registration requirements of Section 3(a)(10) of the *Securities Act of 1933*, as amended, of the United States of America, with respect to the various securities to be issued in the United States of America pursuant to the Arrangement;
- (m) certain holders of common shares are resident outside Ontario and will be served with the Notice of Application pursuant to Rules 17.02(n) and (o) of the *Rules of Civil Procedure* and/or as this Honourable Court may direct in an interim order;
- (n) section 192 of the CBCA;
- (o) rules 3.02, 14.05(2), 14.05(3)(f), 17.02(n) and (o) and 38 of the *Rules of Civil Procedure*; and
- (p) such further and other grounds as counsel may advise and this Honourable Court may permit.

**3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

- (a) the notice of application;
- (b) such interim order as may be granted by this Honourable Court;
- (c) the affidavit of Louis Robert Nagy, Chief Financial Officer and Corporate Secretary of BacTech, sworn October 8, 2010, with exhibits thereto;
- (d) a further affidavit to be sworn, reporting as to compliance with any interim order and the results of any meeting conducted pursuant to such interim order, with exhibits thereto;
- (e) any supplementary affidavit material, to be sworn, and the exhibits thereto and other materials referred to therein; and
- (f) such further and other material as counsel may advise and this Honourable Court may permit.

**DATE:** October 8, 2010

**BORDEN LADNER GERVAIS LLP**

Barristers and Solicitors  
Scotia Plaza, Suite 4100  
40 King Street West  
Toronto, Ontario M5H 3Y4

Angela Vivolo (LSUC #: 47966B)  
Tel: (416) 367-6708  
Fax: (416) 361-2539

Scott Lucyk (LSUC # 57184P)  
Tel: (416) 367-6240  
Fax: (416) 361-2743

Lawyers for the Applicants  
\\ODMA\PCDOCS\TOR01\4463409\1

IN THE MATTER OF AN APPLICATION UNDER SECTION 192, CANADA BUSINESS CORPORATIONS ACT, R.S.C.  
1985, c. C-44, as amended

CV-10-8928-00CL

BACTECH MINING CORPORATION AND BACTECH  
ENVIRONMENTAL CORPORATION  
Applicants

|   |  |
|---|--|
| <b>ONTARIO</b><br><b>SUPERIOR COURT OF JUSTICE</b><br><b>(COMMERCIAL LIST)</b><br><br>PROCEEDING COMMENCED AT TORONTO   |  |
| <b>NOTICE OF APPLICATION</b><br><b>(Returnable November 25, 2010)</b>   |  |
| <b>BORDEN LADNER GERVAIS LLP</b><br>Scotia Plaza, Suite 4100<br>40 King Street West<br>Toronto, Canada M5H 3Y4<br><br>Angela Vivolo (LSUC#: 47966B)<br>Tel: (416) 367-6708<br>Fax: (416) 361-2539<br><br>Scott Lucyk (LSUC# 57184P)<br>Tel: (416) 367-6240<br>Fax: (416) 361-2743<br><br>Lawyers for the Applicants |  |

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## APPENDIX “E”

### SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

**190.** (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.



(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

- (18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).
- (19) On an application to a court under subsection (15) or (16),
- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
  - (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.
- (20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.
- (21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.
- (22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.
- (23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.
- (24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
- (25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may
- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
  - (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.
- (26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
  - (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

**APPENDIX “F”**

**UNAUDITED *PRO FORMA* FINANCIAL STATEMENTS OF**

**BACTECH, REBGOLD AND GREENCO**

**BacTech Mining Corporation**  
**Pro Forma Consolidated Balance Sheet**  
**As at June 30, 2010**  
**(Unaudited)**

|   | <b>BacTech Mining Corporation</b>  | <b>Plus:<br/>Pro Forma<br/>Adjustments</b> | <b>Pro Forma<br/>BacTech Mining Corporation</b>          | <b>Less:<br/>Pro Forma<br/>BacTech Environmental Corporation<br/>(Greenco)</b> | <b>Pro Forma<br/>REBGold Corporation</b>              |
|---|------------------------------------|--|--|--|---|
|   | <b>June 30, 2010</b>               |  | <b>Prior to giving effect to<br/>Plan of arrangement</b> | <b>After giving effect to<br/>Plan of arrangement</b>                          | <b>After giving effect to<br/>Plan of arrangement</b> |
|   | \$                                 | (note 3a & b)                              | \$   | \$   | \$  |
| <b>Assets</b>                                     |                                    |  |  |  |   |
| <b>Current assets</b>                             |                                    |  |  |  |   |
| Cash  | 135,958                            | (20,000) (note 3b)<br>1,950,000 (note 3a)  | 2,065,958  | 250,000 (note 3c)  | 1,815,958   |
| Accounts receivable and prepaid expenses          | 68,921<br><u>204,879</u>           | -<br><u>1,930,000</u>                      | 68,921<br><u>2,134,879</u>                               | - (note 3c)<br><u>250,000</u>  | 68,921<br><u>1,884,879</u>                            |
| Mineral properties and deferred exploration costs | 436,173                            |  | 436,173  | 436,173 (note 3d)  | -   |
| Property, plant and equipment                     | 13,664<br><u>654,716</u>           | -<br><u>1,930,000</u>                      | 13,664<br><u>2,584,716</u>                               | -<br><u>686,173</u>  | 13,664<br><u>1,898,543</u>                            |
| <b>Liabilities</b>                                |                                    |  |  |  |   |
| <b>Current liabilities</b>                        |                                    |  |  |  |   |
| Accounts payable and accrued liabilities          | 835,825                            | -  | 835,825  | - (note 3c)  | 835,825   |
| Debenture payable                                 | 432,504<br><u>1,268,329</u>        | -<br><u>-</u>                              | 432,504<br><u>1,268,329</u>                              | 86,500 (note 3c)<br><u>86,500</u>  | 346,004<br><u>1,181,829</u>                           |
| Subscription Receipts                             | 850,000                            | (850,000) (note 3b)                        | -  | -  | -   |
| <b>Shareholders' Equity</b>                       |                                    |  |  |  |   |
| Share capital                                     | 16,668,757                         | -  | 16,668,757   | 2,658,870 (note 3g)  | 14,009,887  |
| Subscription receipts conversion                  | -                                  | 830,000 (note 3b)                          | 830,000  | -  | 830,000   |
| Private placement                                 | -                                  | 1,950,000 (note 3a)                        | 1,950,000  | -  | 1,950,000   |
| Warrants  | 616,680                            | -  | 616,680  | -  | 616,680   |
| Contributed surplus                               | 4,004,465                          | -  | 4,004,465  | -  | 4,004,465   |
| Deficit   | (22,753,515)<br><u>(1,463,613)</u> | -<br><u>2,780,000</u>                      | (22,753,515)<br><u>1,316,387</u>                         | (2,059,197)<br><u>599,673</u>  | (20,694,318)<br><u>716,714</u>                        |
|   | <u>654,716</u>                     | <u>1,930,000</u>                           | <u>2,584,716</u>   | <u>686,173</u>   | <u>1,898,543</u>                                      |

# BacTech Mining Corporation

## Pro Forma Consolidated Statements of Operations and Deficit

Six months ended June 30, 2010

(Unaudited)

|  | BacTech Mining Corporation | Plus:<br>Pro Forma Adjustments | Pro Forma BacTech Mining Corporation          | Less:<br>Pro Forma BacTech Environmental Corporation (Greenco) | Pro Forma REBgold Corporation              |
|--|----------------------------|--------------------------------|---|--|--|
|  | June 30, 2010              | (note A)                       | Prior to giving effect to Plan of arrangement | After giving effect to Plan of arrangement                     | After giving effect to Plan of arrangement |
|  | \$                         | \$                             | \$  | \$   | \$   |
| <b>Revenue</b>   |                            |                                |   |  |  |
| Gross Revenue  | 70,301                     | -                              | 70,301  | -  | 70,301                                     |
| Less Direct Costs  | (38,120)                   | -                              | (38,120)                                      | -  | (38,120)                                   |
| <b>Net Revenue</b>                                       | <u>32,181</u>              | <u>-</u>                       | <u>32,181</u>                                 | <u>- (note 3e)</u>   | <u>32,181</u>                              |
| <b>Expenses</b>  |                            |                                |   |  |  |
| Operating and administrative costs                       | 603,908                    | -                              | 603,908                                       | 301,954 (note 3f)  | 301,954                                    |
| Interest expense   | 39,558                     | -                              | 39,558  | 19,779 (note 3f)   | 19,779                                     |
| Accretion on debenture payable                           | 28,530                     | -                              | 28,530  | 14,265 (note 3f)   | 14,265                                     |
| Foreign exchange   | 3,859                      | -                              | 3,859   | 1,930 (note 3f)  | 1,930                                      |
| Recovery of mineral properties and deferred Amortization | -<br>1,518                 | -<br>-                         | -<br>1,518                                    | -<br>-   | -<br>1,518                                 |
|  | <u>677,373</u>             | <u>-</u>                       | <u>677,373</u>                                | <u>337,928</u>   | <u>339,446</u>                             |
| <b>Loss from operations</b>                              | (645,192)                  | -                              | (645,192)                                     | (337,928)  | (307,265)                                  |
| Gain from disposal of marketable security                | -                          | -                              | -   | -  | -  |
| Gain from settlement of debenture                        | -                          | -                              | -   | -  | -  |
| Interest and other income                                | -                          | -                              | -   | -  | -  |
| <b>Income before income taxes</b>                        | <u>(645,192)</u>           | <u>-</u>                       | <u>(645,192)</u>                              | <u>(337,928)</u>   | <u>(307,265)</u>                           |
| Recovery of income taxes - current                       | -                          | -                              | -   | -  | -  |
| <b>Net Income (loss) for the period</b>                  | <u>(645,192)</u>           | <u>-</u>                       | <u>(645,192)</u>                              | <u>(337,928)</u>   | <u>(307,265)</u>                           |

# **BacTech Mining Corporation**

## **Notes to the unaudited *pro forma***

### **consolidated financial statements as at June 30, 2010**

#### **1. Basis of Presentation**

The accompanying unaudited *pro forma* consolidated financial statements of BacTech Mining Corporation (“BacTech” or the “Company”) have been prepared for the purposes of inclusion in the Management Information Circular dated September X, 2010 in connection with the separation of the Company’s principal business lines: the use of bioleaching to liberate gold and base metals from primary mining, and the use of bioleaching for the remediation and reclamation of tailings piles left by previous mining operations (“remediation”).

The unaudited *pro forma* consolidated financial statements have been derived from the unaudited interim consolidated financial statements of BacTech Mining Corporation for the six months ended June 30, 2010 and gives effect to the private placement and Subscription Receipt conversion completed on August 6, 2010, as well as the Company’s proposed Plan of Arrangement (the “Arrangement”) under the Canada Business Corporations Act (Canada) as described in note 3 and 4, as if these transactions occurred on June 30, 2010. The Company has established a 100% subsidiary, BacTech Environmental Corporation (“Greenco”) and upon approval and completion of the Arrangement will transfer to Greenco certain assets as described in note 4. As part of the Arrangement, the name of the Company will be changed from BacTech Mining Corporation to REBgold Corporation.

It is management’s opinion that these unaudited *pro forma* consolidated financial statements present, in all material respects, the transaction as described in note 3 in accordance with Canadian generally accepted accounting principles. The unaudited *pro forma* consolidated financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the transaction been effected on the dates indicated. Furthermore, the unaudited *pro forma* consolidated financial statements are not necessarily indicative of the results of operations that may be obtained in the future.

#### **2. Significant accounting policies**

The unaudited *pro forma* consolidated financial statements have been compiled using the significant accounting policies as set out in the audited financial statements of BacTech Mining Corporation for the year ended December 31, 2009.

The unaudited *pro forma* consolidated financial statements should be read in conjunction with the historical financial statements and notes thereto of BacTech Mining Corporation.

#### **3. Pro forma assumptions and adjustments**

The unaudited *pro forma* consolidated financial statements include the following assumptions and adjustments:

a) On August 6, 2010 the Company closed a private placement for total gross proceeds of \$2.0 million. The placement consisted of 26,663,333 units priced at \$0.075 per unit. Each unit consisted of one common share and one Series A Warrant. Each Series A Warrant is exercisable for one additional common share at a price of \$0.105 per share until August 6, 2013. The total cost of the financing, including finder’s fees, for the private placement was approximately \$50,000 for net proceeds of \$1.95 million.

For the purposes of the unaudited *pro forma* consolidated financial statements, the financing has been reflected as if it occurred on June 30, 2010.

b) On March 8, 2010 the Company issued 850 Subscription Receipts at a price of \$1,000 each, raising gross proceeds of \$850,000. Under the terms of the Company's initial plan of Reorganization announced in January 2010, the Subscription Receipts were to be automatically exchanged for that number of BacTech Gold Corporation ("BGC") shares that would represent 25.5% of the outstanding BGC Shares immediately after the Reorganization which was expected to be approximately 10.25 million BGC Shares, together with 8.5 million warrants of BGC. Each BGC Warrant will be exercisable for one BGC Share at a price of \$0.10 per share for 18 months. BacTech would also pay to the holders of the Subscription Receipts interest at the rate of 10% per annum for the period from the date of closing of the Subscription Receipt financing to the effective date of the Arrangement. In the event the Reorganization would not be completed within six months, BacTech would be obligated to repay the subscription price for the Subscription Receipts, together with interest at the rate of 10% per annum, and issue to the holders an aggregate of 6,800,000 BacTech warrants exercisable at \$0.10 per share for 18 months.

Subsequent to this Subscription Receipts financing, the Company received strong expressions of interest from third parties interested in investing directly in the Company, based on the Company's gold projects, which include the projects located in Guatemala and Armenian, as well as other projects the Company was investigating.

In a press release dated June 23, 2010 the Company announced it had decided to defer and restructure the Reorganization. Because the Reorganization as originally proposed would not be completed, the holders of the Subscription Receipts were entitled to repayment of the subscription price paid for the Subscription Receipts (CAD\$1,000 per Subscription Receipt), plus interest and certain penalty warrants. All of the arm's length participants who invested in the Subscription Receipts agreed to accept, in satisfaction of the Company's obligations under the Subscription Receipts, Units of BacTech at a price of \$0.05 per unit (20,500 Units per subscription receipt). Each Unit consisted of one common share and one Series B common share purchase warrant exercisable at \$0.10 with a term of 5 years. A total of 830, \$1,000 subscription receipts were satisfied by the issuance of 17,015,000 common shares and 17,015,000 Series B warrants of BacTech. Under the rules of the TSX Venture Exchange, the 20 subscription receipts held by insiders of the Company could not be exchanged for Units on the same basis as the subscription receipts held by arm's length parties, as TSX-V policies do not permit the issuance of warrants to insiders in these circumstances. Accordingly, in satisfaction of these 20 subscription receipts, the Company repaid \$20,000 which represented the original subscription price plus approximately \$1,000 for six-months of interest.

This transaction was closed at the same time as the financing noted in (a) above on August 6, 2010. For the purposes of the unaudited *pro forma* consolidated financial statements, this Subreceipt Financing has been reflected as if it occurred on June 30, 2010.

c) Greenco will have \$250,000 in cash to fund the initial working capital requirement. Greenco will assume twenty percent (20%) of the outstanding debenture, including future interest expense and conversion obligations.

d) The mineral properties and deferred exploration costs reflect accumulated costs for the Cobalt project which is bioleach remediation project. The application knowledge from this metallurgical work is for the benefit of both companies, but only Greenco holds the license to develop the tailings and realize a future benefit from these costs. Therefore, all of the capitalized costs for this project remain with Greenco. BacTech Gold has no capitalized development costs at this time.

e) All of the direct costs for the bioleach consulting work completed for the gold extraction of refractory concentrate study and developmental testing on black shale were for the sole benefit of the Company.

f) The operating and administrative costs, interest expense, accretion on debenture payable and foreign exchange are costs incurred for the benefit of both companies.

g) The share capital of the Company is valued at approximately \$2,658,870 which values each of the outstanding shares of Greenco of 26,588,700, which is the number of shares outstanding after completion of the terms of the Arrangement (see note 5), at a value of 10 cents per common share.

#### **4. Plan of Arrangement**

The Arrangement has been proposed to facilitate the separation of the Company's principal business lines: the use of bioleaching to liberate gold and base metals from primary mining, and the use of bioleaching for the remediation and reclamation of tailings piles left by previous mining operations ("remediation").

The Company has established a 100% subsidiary, BacTech Environmental Corporation ("Greenco") and will transfer to Greenco the sum of \$250,000 in cash, mining property interests in the Cobalt project, as well as all other properties and projects the Company is pursuing that relate to the reclamation of mine tailings which includes New Britannia project in Snow Lake, Manitoba. In addition, the Company will provide Greenco a perpetual and exclusive license to use the bioleaching technology for the remediation and reclamation of mining tailings piles and other remediation and other reclamation applications specific to the mining industry ("remediation").

As consideration for the above, Greenco will issue to BacTech approximately, 26,588,700 common shares which is equal to one-fifth (1/5) of the number of Common Shares issued and outstanding of the Company as of the effective date of the Arrangement. The exact number of Greenco Shares to be issued to the Company in exchange for the remediation assets will be that number which, when added to the 100 Greenco shares currently owned by the Company, will be sufficient for the Company to distribute the Greenco shares to shareholders of BacTech.

Pursuant to the terms and conditions of the Arrangement, shareholders of the Company will, immediately after the effective date, receive one (1) Greenco common share for every five (5) common shares of the Company held immediately prior to the date of the Arrangement.

Conditional upon shareholder approval, final court approval and other requisite regulatory approvals required in connection with the Arrangement, Greenco will forthwith apply for a listing of its common shares on either the TSX Venture Exchange ("TSXV") or the Canadian National Stock Exchange ("CNSX").

The transactions described in notes 3a to 3d form the basis of the opening balance sheet of Greenco. The remaining assets and liabilities of the Company, once the assets and liabilities for Greenco have been removed, will be the assets and liabilities of the Company. As part of the Arrangement, the name of the Company will be changed from BacTech Mining Corporation to REBgold Corporation.

## 5. Shares outstanding

Outstanding shares of each company after giving effect to the Plan of Arrangement:

|  | REBgold Corporation<br>(Formerly BacTech Mining<br>Corporation) | BacTech Environmental<br>Corporation<br>(Greenco) |
|--|---|---|
| <i>Basic</i>   |   |   |
| Outstanding Shares as of June 30, 2010                   | 89,264,706  | 100   |
| Conversion of Subscription Receipts (refer to note 3(b)) | 17,015,000  | n/a   |
| Private Placement (refer to note 3 (a))                  | 26,663,333  | n/a   |
| Total  | 132,943,039   | 100   |
| Issue of Greenco Shares as per terms of Arrangement      | -   | 26,588,600  |
| Outstanding Shares on completion of plan of arrangement  | 132,943,039   | 26,588,700  |



## **APPENDIX “G”**

### **PROPOSED GREENCO STOCK OPTION PLAN**

#### **BACTECH ENVIRONMENTAL CORPORATION**

#### **STOCK OPTION PLAN**

##### **1. PURPOSE**

The purpose of this stock option plan (the “Plan”) is to authorize the grant to service providers for BacTech Environmental Corporation (the “Corporation”) of options to purchase common shares (“shares”) of the Corporation’s capital and thus benefit the Corporation by enabling it to attract, retain and motivate service providers by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

##### **2. ADMINISTRATION**

The Plan shall be administered by the board of directors of the Corporation or a committee established by the board of directors for that purpose (the “Committee”). Subject to approval of the granting of options by the board of directors or Committee, as applicable, the Corporation shall grant options under the Plan.

##### **3. SHARES SUBJECT TO PLAN**

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of shares of the Corporation which may be made subject to issuance under the Plan at any time will not exceed 10% of the shares issued and outstanding of the Corporation at the time of the grant. The total number of shares which may be reserved for issuance to any one individual under the Plan shall not exceed 5% of the outstanding issue. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation’s shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

##### **4. LIMITS WITH RESPECT TO INSIDERS**

- (a) The maximum number of shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of shares which may be issued to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the shares outstanding at the time of the grant (on a non-diluted basis).

## **5. ELIGIBILITY**

Options shall be granted only to service providers for the Corporation. The term “service providers for the Corporation” means (a) any full or part-time employee (“Employee”) or Officer, or insider of the Corporation or any of its subsidiaries; (b) any other person employed by a company or individual providing management services to the Corporation (“Management Company Employee”); (c) any other person or company engaged to provide ongoing consulting services for the Corporation or any entity controlled by the Corporation (“Consultant”) or (d) any individual engaged to provide services that promote the purchase or sale of the issued securities (“Investor Relations Employee”) (any person in (a), (b), (c) or (d) hereinafter referred to as an “Eligible Person”); and (e) any registered retirement savings plan established by such Eligible Person, or any corporation controlled by such Eligible Person, the issued and outstanding voting shares of which are, and will continue to be, beneficially owned, directly by such Eligible Person. For stock options to Employees, Consultants or Management Company Employees, the Corporation must represent that the optionee is a bona fide Employee, Consultant or Management Company Employee as the case may be. The terms “insider”, “controlled” and “subsidiary” shall have the meanings ascribed thereto in the Securities Act (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

## **6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS EMPLOYEES**

- (a) The maximum number of shares which may be reserved for issuance to any one Consultant in any twelve month period, under the Plan, any other employer stock option plans or options for services, shall be no more than 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of shares which may be reserved for issuance to Investor Relations Employees and/or Consultants in any twelve month period, under the plan, any other employer stock options plans or options for services, shall be no more than an aggregate of 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

## **7. PRICE**

The purchase price (the “Price”) for the shares of the Corporation under each option shall be determined by the board of directors or Committee, as applicable, on the basis of the market price, where “market price” shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day “market price” shall mean the average of the most recent bid and ask of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade. In the event the shares are listed on the TSX Venture Exchange, the price may be the market price less any discounts from the market price allowed by the TSX Venture Exchange, subject to a minimum price of \$0.10.

## **8. PERIOD OF OPTION AND RIGHTS TO EXERCISE**

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding five years. The shares to be purchased upon each exercise of any option (the

“optioned shares”) shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

**9. CESSATION OF PROVISION OF SERVICES**

Subject to paragraph 10 below, if any optionee who is a service provider shall cease to be a service provider for the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days, or thirty days if the service provider is an Investor Relations Employee, next succeeding such cessation and in no event after the expiry date of the optionee’s option, exercise the optionee’s option unless such period is extended as provided in paragraph 10 below.

**10. DEATH OF OPTIONEE**

In the event of the death of an optionee during the currency of the optionee’s options, the options theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee’s death. Before expiry of an option under this paragraph 10, the board of directors or Committee, as applicable, shall notify the optionee’s representative in writing of such expiry.

**11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION**

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by laws of descent and distribution, and such option shall be exercisable, during an optionee’s lifetime, only by the optionee.

**12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN**

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

**13. AMENDMENT AND TERMINATION OF THE PLAN**

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

**14. EFFECTIVE DATE OF THE PLAN**

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

**15. EVIDENCE OF OPTIONS**

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

## **16. EXERCISE OF OPTION**

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative.

## **17. VESTING RESTRICTIONS**

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable, as determined at the time of each grant of options.

## **18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS**

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

- (i) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- (ii) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfillment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

- (a) the acquisition by any "offeror" (as defined in Part XX of the Securities Act (Ontario) of beneficial ownership or more than 50% of the outstanding voting securities of the Corporation, by means of a takeover bid or otherwise;
- (b) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (c) any sale, lease exchange or other transfer (in one transaction or series of related transactions) of all or substantially all of the assets of the Corporation; or
- (d) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

**19. RIGHTS PRIOR TO EXERCISE**

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

**20. GOVERNING LAW**

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

**21. EXPIRY OF OPTION**

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

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