BACTECH ENVIRONMENTAL CORPORATION

FORM 2A

LISTING STATEMENT

ANNUAL UPDATE

For the year ended December 31, 2011

Dated: May 7, 2012

1. Table of Contents

2. Corporate Structure

2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

BacTech Environmental Corporation. Head office: 50 Richmond Street East, Suite 300, Toronto, Ontario M5C 1N7.

2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

Federally incorporated under the Canada Business Corporations Act by Articles of Incorporation, October 5, 2010, and pursuant to the completion of a Plan of Arrangement on December 2, 2010. Information on the Plan of Arrangement can be found in the Management Information Circular of REBgold Corporation (formerly known as BacTech Mining Corporation) dated October 14, 2010 and posted on the Corporation's website and on SEDAR at www.sedar.com.

2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state

(a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;

(b) the place of incorporation or continuance; and

(c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

The Corporation has one wholly-owned subsidiary, BacTech Manitoba Corp., incorporated February 24, 2012 under The Corporations Act (Manitoba), by Articles of Incorporation. BacTech Environmental Corporation owns 100 % of the common voting shares of BacTech Manitoba Corp.

2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

Not applicable.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

Not applicable.

3. General Development of the Business

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

BacTech Environmental Corporation (the "Company" or "BEC") was incorporated by REBgold Corporation ("REBgold" and formerly known as BacTech Mining Corporation) on October 5, 2010 under the Canada Business Corporations Act. Through the completion of the Plan of Arrangement transaction as described below, the Company was granted a license to use REBgold Corporation's proprietary bioleaching technology in the remediation business for mining. The technology utilizes bacteria to liberate precious and base metals and has been traditionally used to treat difficult-to-treat sulphide ores and concentrates. The business plan for the Company is to apply the bioleaching technology to abatement and reclamation 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. Examples of metals which can be extracted include gold, silver, cobalt, nickel, copper, uranium and zinc.

Bioleaching is an environmentally friendly process technology for treating difficult-to-treat sulphide ores and concentrates. By replacing smelting and/or roasting with a bioleach process, the production of sulphur dioxide emissions, which is the primary source of acid rain, and arsenic trioxide is eliminated. Furthermore, the capital and operating costs of a bioleach facility are significantly less when compared to other existing treatment methods.

<u>Plan of Arrangement</u>

Effective December 2, 2010, REBgold completed a divisive reorganization by way of a Plan of Arrangement (the "Arrangement") whereby a newly formed subsidiary, BacTech Environmental Corporation, was granted rights and interests in REBgold's existing and proposed tailings remediation projects and an exclusive, perpetual, royalty-free licence to use REBgold's proprietary bioleaching technology for reclamation of historic mine tailings and waste rock. REBgold retained the primary rights to the bioleaching technology, as well as all of REBgold's existing mining assets.

REBgold shareholders voted in favour of the Arrangement at a special meeting of shareholders held on November 12, 2010. Subsequent to the Arrangement, BEC started to trade on the Canadian National Stock Exchange under the symbol "BAC" and REBgold continued to trade on the TSX Venture Exchange under the symbol "RBG".

Under the terms of the Arrangement, REBgold's shareholders received, in exchange for each existing common share of REBgold, one new common share of REBgold (formerly BacTech Mining Corporation) and one-fifth of a common share of BacTech Environmental Corporation.

<u>BacTech Manitoba Corp</u>.

BacTech Manitoba Corp. was incorporated in February 2012 by the Company. Currently, there are no assets in BacTech Manitoba Corp. It is expected that the operations to be conducted in Snow Lake, Manitoba will be held through this wholly-owned subsidiary.

3.2 Disclose:

(1) (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and

(b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

Not applicable.

(2) Under paragraph (1) include particulars of

(a) the nature of the assets acquired or disposed of or to be acquired or disposed of;

(b) the actual or proposed date of each significant acquisition or significant disposition;

(c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;

(d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;

(e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;

(f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and

(g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

Not applicable.

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

Not applicable.

4 Narrative Description of the Business

4.1 General

(1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:

(a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

(b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

(c) disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

(d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

Snow Lake Arsenopyrite Concentrate Stockpile – Snow Lake, Manitoba

In early 2010, REBgold became aware of a reclamation opportunity in Snow Lake, Manitoba. In the 1950's, a gold mine named Nor-Acme 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.

REBgold approached the Manitoba Ministry of Innovation, Energy and Mines in April 2010 and outlined a plan whereby REBgold, 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. The Manitoba government granted approval for REBgold 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 stockpile.

Pursuant to completion of the Plan of Arrangement on December 2, 2010, REBgold assigned its rights and commitments to BacTech Environmental Corporation. As such, accumulated development costs and expenditures that have been capitalized and deferred have been transferred to the Company's balance sheet as per the terms of the Arrangement.

In February 2011, BacTech tendered a proposal for the remediation of the arsenopyrite stockpile at Snow Lake under a request for proposals ("RFP") from Manitoba Innovation, Energy and Mines, and in April 2011, was awarded the contract by the Mines Branch of the Manitoba Department of Innovation, Energy and Mines. The contract was finalized in November 2011. BacTech proposed a "no cost to the taxpayer" approach to the clean up. The Company will recover payable metals for its own account from the stockpile while stabilizing the contained arsenic.

In May 2011, BacTech announced the completion of a drill program carried out at the arsenopyrite concentrate stockpile. A total of 299.3 meters of sonic drilling were completed in 33 holes. The holes were drilled on a grid at 20 m spacing to obtain core from the entire stockpile. One half of the core was retained in Snow Lake as a permanent record, with half the core taken for geochemical, metallurgical and bioleach samples. Some 432 geochemical samples were taken at 50 cm intervals, of which 236 were used for a resource calculation. Saskatchewan Research Council in Saskatoon completed the fire assaying. In July 2011, the Company released the drill results of the program. An average grade of 9.7 g/t gold was obtained from the 33-hole program, which is consistent with previous historic results. Given the large number of samples, the Company advises the reader to visit the BacTech website at www.bactechgreen.com to view a complete list of the drill holes and related samples.

On October 17, 2011, the Company announced the results of a National Instrument 43-101 technical report for the Snow Lake, Manitoba, arsenopyrite residue stockpile (ARS) compiled by Ralph Newson, the independent qualified person who authored the report. The technical report outlines a measured mineral resource of 265,000 tonnes grading 9.7 grams per tonne gold and 2.17 g/t silver for the stockpile. In addition, an indicated mineral reserve of 9,300 tonnes grading 9.2 g/t gold and 2.15 g/t silver is estimated, as is a further inferred mineral reserve of 28,000 tonnes grading 7 g/t gold and 2.4 g/t silver. The samples were assayed at Inspectorate Exploration and Mining Services Ltd. in Richmond, B.C., an approved assay facility. The accompanying table outlines the total ounces for the various resource calculations.

	Tonnes	Gold (g/t)	Gold Ounces	Silver (g/t)	Silver Ounces
Measured resource	**265,000**	**9.7**	**82,643**	**2.17**	**18,488**
Indicated resource	**9,300**	**9.2**	**2,750**	**2.15**	**642**
Inferred resource	**28,000**	**7.0**	**6,300**	**2.4**	**2,160**

The drill samples collected from the arsenopyrite stockpile were also used to determine the metallurgical variability of the stockpile, evaluate pre-treatment scenarios and costs, continue bioleach work on a larger scale for gold extraction, as well as to study the detox/arsenic stability for the oxidized end product.

On March 20, 2012, the Company announced results of the bioleach study program it had been working on for the last several months. The patented BACOX bio-oxidation process oxidized over 95 per cent of the sulphides. This study definitively demonstrates the technology's ability in eliminating future acid mine drainage and the environmental problems associated with the stockpile, which is one of the key drivers of the project. In addition, the bio-oxidation process rendered 88.6 per cent of the gold contained in the sulphides available for extraction, compared with only 9.4 per cent using conventional gold extraction without oxidation.

The bioleach study is an integral part of the continuing economic study currently under way with Micon International. The study is expected to be completed by the end of May 2012. In addition, BacTech has hired Golder Associates Ltd., which is in the process of completing the environmental impact statement required for an Environment Act license.

Newalta Corporation has agreed to contribute up to $300,000, as well as provide engineering resources and co-manage detailed engineering for the PEA and subsequent feasibility study. If the Snow Lake project proves economically feasible, the companies have agreed to engage in good faith negotiations for a 90-day exclusivity period concerning Newalta's participation in the development, construction and operation of the project.

It is BacTech's intention to complete the current study and then seek permission and the necessary approvals to process the stockpile material. This would involve building a bioleach plant in the vicinity to reprocess the arsenopyrite concentrate, stabilize the arsenic, and recover a high percentage of the contained gold. Once the bioleach plant is built, this will be the first operating bioleach plant in North America used to remediate a mine waste. The process will extract the gold and produce a stable residue in a manner which is economic and effective, and that would result in a financial saving to the government of Manitoba. BacTech is committed to working with all parties associated with the potential reclamation of the Snow Lake site. Given the fact that the stockpile is already in a concentrate form, the capital cost associated with building a bioleach plant will be significantly reduced. In addition, Manitoba's low energy prices would provide for a beneficial

reduction in operating costs, as power can consume as much as 40% of the operating costs for bioleaching.

Future Plans

The Company envisions beginning construction of a bioleach plant during 2012 in Snow Lake to treat 100 tonnes of stockpiled material per day, or 37,500 tonnes per year. The Snow Lake Arsenopyrite Stockpile will take approximately 6 - 7 years to process. Once the reclamation and remediation of the Snow Lake Arsenopyrite Stockpile is completed, the bioleach facility will be adapted to treat similar tailings in the region. The expected life of the facility is estimated to be approximately 25 years.

Instruction:

(1) The description of the Issuer's business objectives should also provide the context for the description of the milestones which are required to be disclosed. For example, one business objective of an Issuer may be to commence marketing and licencing technology nationally through direct sales and a network of agents; a milestone may be to conduct four feasibility studies over the next ten months to facilitate marketing of the technology, with an anticipated cost of $X for the studies.

(2) For the purposes of paragraph (1)(b), examples of significant events would include the hiring of key personnel, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.

(2) For principal products or services describe:

a) the methods of their distribution and their principal markets;

b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:

(i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,

(ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,

(iii) sales or transfers to controlling shareholders; and

(iv) sales or transfers to investees.

c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,

(i) the timing and stage of research and development programs,

(ii) the major components of the proposed programs, including an estimate of anticipated costs,

(iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(iv) the additional steps required to reach commercial production and an estimate of costs and timing.

Please refer to (1) above.

(3) Concerning production and sales, disclose:

a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;

b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;

c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;

d) the sources, pricing and availability of raw materials, component parts or finished products;

e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;

f) the extent to which the business of the segment is cyclical or seasonal;

g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;

i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;

j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;

k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;

l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

Please refer to (1) above.

(4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

General Risk

The Company's strategy emphasizes developing projects in order to leverage its intellectual property and drive the creation of shareholder value. This strategy has required, and continues to require, significant financings, and is subject to risks associated with mineral prices, mineral resources and operations. Due to the nature of the Company's business, the present stage of development of its projects, and the constraints placed upon the Company's ability to move forward by its current liquidity situation, readers should carefully review and consider the financial, environmental and operational risk factors affecting the Company.

Competition

The Company competes with other engineering companies for the acquisition of mineral rich mine tailings and mine waste that can be developed economically. The Company competes with other engineering

companies that have greater financial and technical resources and experience. Such competition may result in the Company 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 Company to compete with other engineering companies for these resources would have a material adverse effect on the Company's results of operations and business.

Currently, the Company's bioleaching technology does not operate in an overly competitive marketplace; however the Company anticipates that it may face increased competition in the future, as advanced technologies become available. While management believes that the Company's technology is more advanced, commercially proven and better situated than its competitors, there can be no assurance that the Company 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 Company to successfully license its technology on terms that are acceptable, may have a material adverse effect on the Company's business, operating results and financial condition.

(5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

Not applicable.

(6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

Not applicable.

(7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

Plan of Arrangement (completed December 2, 2010)

Effective December 2, 2010, REBgold completed a divisive reorganization by way of a Plan of Arrangement (the "Arrangement") whereby a newly formed subsidiary, BacTech Environmental Corporation ("BEC"), was granted rights and interests in REBgold's existing and proposed tailings remediation projects and an exclusive, perpetual, royalty-free licence to use REBgold's proprietary bioleaching technology for reclamation of historic mine tailings and waste rock. REBgold retained the primary rights to the bioleaching technology, as well as all of the existing mining assets.

REBgold shareholders voted in favour of the Arrangement at a special meeting of shareholders held on November 12, 2010. Subsequent to the Arrangement, BacTech Environmental Corporation started to trade on the Canadian National Stock Exchange under the symbol "BAC" and REBgold continued to trade on the TSX Venture Exchange under the symbol "RBG".

Under the terms of the Arrangement, REBgold's shareholders received, in exchange for each existing common share of REBgold, one new common share of REBgold, and one-fifth of a common share of BacTech Environmental Corporation.

The Notice of Meeting and Management Information Circular dated October 14, 2010 for REBgold (formerly known as BacTech Mining Corporation") were mailed to shareholders on October 21, 2010. The Notice of Meeting and Circular are posted on SEDAR (www.sedar.com) and on REBgold's website, www.reb-gold.com.

As the Arrangement resulted in no substantial change of ownership, the exchange of net assets pursuant to the Arrangement was measured at its net book value, and recorded on the books of Company, as follows:

Mineral properties and deferred exploration costs transferred from REBgold	**$ 463,984**
Accounts payable transferred from REBgold	**(49,946)**
Book value of debentures payable assumed by REBgold	**(66,642)**
Loan payable to REBgold	**(250,000)**
Net reduction in contributed surplus	**$ 97,396**

The Company assumed 20% of the face value of REBgold's convertible debentures liability. Upon maturity, BacTech Environmental Corporation will repay to REBgold, 20% of the principal plus 20% of the interest accrued from December 2, 2010 to maturity. REBgold remained indebted to the debenture holders for the full principal of the debenture. For every share of REBgold issued in the event of a conversion, one-fifth of a common share of BacTech Environmental Corporation will be issued. For additional information on the Debenture, please refer to Note 12 of the audited annual financial statements for the period ended December 31, 2011.

(8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

Not applicable.

Instruction:

(1) The Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is derived from future-oriented financial information issued in accordance with National Instrument 51-102 Continuous Disclosure Obligations or any successor instrument and is included in the Listing Statement.

(2) Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the Issuer may state that it anticipates generating sufficient cash flow from sales to pay its operating cost for a specified period.

Companies with Asset-backed Securities Outstanding

4.2 In respect of any outstanding asset-backed securities, disclose the following information:

(1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

(2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

(a) the composition of the pool as of the end of each financial year or partial period;

(b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees; and

(e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).

(3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.

(4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

(5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

(6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

Not applicable.

4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

Not applicable.

4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

Not applicable.

5. Selected Consolidated Financial Information

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

(a) net sales or total revenues;

(b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;

(c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;

(d) total assets;

(e) total long-term financial liabilities as defined in the Handbook;

(f) cash dividends declared per share for each class of share; and

(g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

See the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section F.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

See the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section F.

5.3 Dividends – disclose:

(a) any restriction that could prevent the Issuer from paying dividends; and

(b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

Not applicable.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

(a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

(b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

Not applicable.

6. Management's Discussion and Analysis

The Company's Management Discussion & Analysis for the year ended December 31, 2011 is attached.

Annual MD&A

6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

April 25, 2012.

6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

(a) operating segments that are reportable segments as those terms are used in the Handbook;

(b) other parts of the business if

(i) they have a disproportionate effect on revenues, income or cash needs, or

(ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

(c) industry and economic factors affecting the Issuer's performance;

(d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

(e) the effect of discontinued operations on current operations.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, Sections A and B, a copy of which is attached.

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section C, a copy of which is attached.

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section D, a copy of which is attached.

6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

(b) any other significant factors that caused changes in net sales or total revenues;

(c) cost of sales or gross profit;

(d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

(e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

(h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

(i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

(j) unusual or infrequent events or transactions.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section D, a copy of which is attached.

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section F, a copy of which is attached.

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

(c) its working capital requirements;

(d) liquidity risks associated with financial instruments;

(e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

(f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

(h) defaults or arrears or anticipated defaults or arrears on

(i) dividend payments, lease payments, interest or principal payment on debt,
(ii) debt covenants during the most recently completed financial year, and
(iii) redemption or retraction or sinking fund payments; and

(i) details on how the Issuer intends to cure the default or arrears.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section E, a copy of which is attached.

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments,

(ii) the expected source of funds to meet these commitments, and

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

(c) sources of financing that the Issuer has arranged but not yet used.

Not applicable.

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

(a) a description of the other contracting part(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

Not applicable.

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

Please refer to the Company's annual audited financial statements for the year ended December 31, 2011, Note 11, a copy of which is attached.

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section F, a copy of which is attached.

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

Not applicable.

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

(ii) describe the accounting principle that has been adopted and the method of applying that principle,

(iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,

(iv) if the Issuer is permitted a choice among acceptable accounting principles,

(A) state that management made a choice among acceptable alternatives,

(B) identify the alternatives,

(C) describe why management made the choice that you did, and

(D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

(v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

Please refer to the Company's annual audited financial statements for the year ended December 31, 2011, Notes 2 & 23, a copy of which is attached.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

(a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

(b) describe and analyze the risks associated with the instruments;

(c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

Not applicable.

<u>Interim MD&A</u>

6.15 Date - Specify the date of the interim MD&A.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

Not applicable.

6.17 Additional Disclosure for Issuers without Significant Revenue:

(a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administration expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and

(c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, a copy of which is attached.

6.18 Description of Securities:

(a) disclose the designation and number or principal amount of:

(i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,

(ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and

(iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;

(b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and

(c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

Please refer to the Company's annual audited financial statements for the year ended December 31, 2011, Note 13, a copy of which is attached.

6.19 Provide Breakdown:

(a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administrative expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and

(c) provide the disclosure in subsection (a) for the following periods:

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

Please refer to the Company's annual audited financial statements for the year ended December 31, 2011, Note 8, 18 and 19, a copy of which is attached.

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

the period of time the proceeds raised are expected to fund operations;

the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

the estimated amount of other material capital expenditures during that period of time.

Please refer to the Company's Management Discussion & Analysis for the year ended December 31, 2011, Section E, a copy of which is attached.

6.21 Additional disclosure for Issuers with significant equity investees:

if the Issuer has a significant equity investee

(i) summarized information as to the assets, liabilities and results of operations of the equity investee, and

(ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

(i) the information required under that subsection has been disclosed in the financial statements included, or

(ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

Not applicable.

7. Market for Securities

7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

Canadian National Stock Exchange (CNSX)

8. Consolidated Capitalization

8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

Not applicable.

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

(a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;

(b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

(c) all other employees and past employees of the Issuer as a group, without naming them;

(d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;

(e) all consultants of the Issuer as a group, without naming them; and

(f) any other person or company, including the underwriter, naming each person or company.

Instruction:

(1) Describe the options, stating the material provisions of each class or type of option, including:
  (a) the designation and number of the securities under option;
  (b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;
  (c) if reasonably ascertainable, the market value of the securities under option on the date of grant;
  (d) if reasonably ascertainable, the market value of the securities under option on the specified date; and
  (e) with respect to options referred to in paragraph (f) of Item 9.1, the particulars of the grant including the consideration for the grant.

(2) For the purposes of item (f) of section 9.1, provide the information required for all options except warrants and special warrants.

	Number of persons as a group	(a) Number of securities under option	(b) Purchase price of securities under option	(b) Expiration date	Date of grant	(c) Market value of securities under option on the date of grant	(d) Market value of securities under option on the specified date (April 5, 2012)
Executive officers	4	1,075,000	0.15	Dec 6, 2015	Dec 7, 2010	118,250	172,000
Directors who are not also executive officers	4	550,000	0.15	Dec 6, 2015	Dec 7, 2010	60,500	88,000
Employees	1	150,000	0.15	Dec 6, 2015	Dec 7, 2010	16,500	24,000
Employees	1	50,000	0.20	Mar 10, 2016	Mar 11, 2011	7,500	8,000
Consultants	2	175,000	0.15	Dec 6, 2015	Dec 7, 2010	19,250	28,000
Other persons or companies	0					0	0
	12	2,000,000				222,000	320,000

10. Description of the Securities

10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

a) dividend rights;

b) voting rights;

c) rights upon dissolution or winding-up;

d) pre-emptive rights;

e) conversion or exchange rights;

f) redemption, retraction, purchase for cancellation or surrender provisions,

g) sinking or purchase fund provisions;

h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

i) provisions requiring a securityholder to contribute additional capital.

Please refer to the Company's annual audited financial statements for the year ended December 31, 2011, Note 13, a copy of which is attached.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the Issuer and

(h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

Please refer to the Company's annual audited financial statements for the year ended December 31, 2011, Note 12, a copy of which is attached.

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

Not applicable.

10.5 Modification of terms:

(a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

(b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

Not applicable.

10.6 Other attributes:

(a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

(b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

Please refer to the Company's annual audited financial statements for the year ended December 31, 2011, Note 12, a copy of which is attached.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

Not applicable.

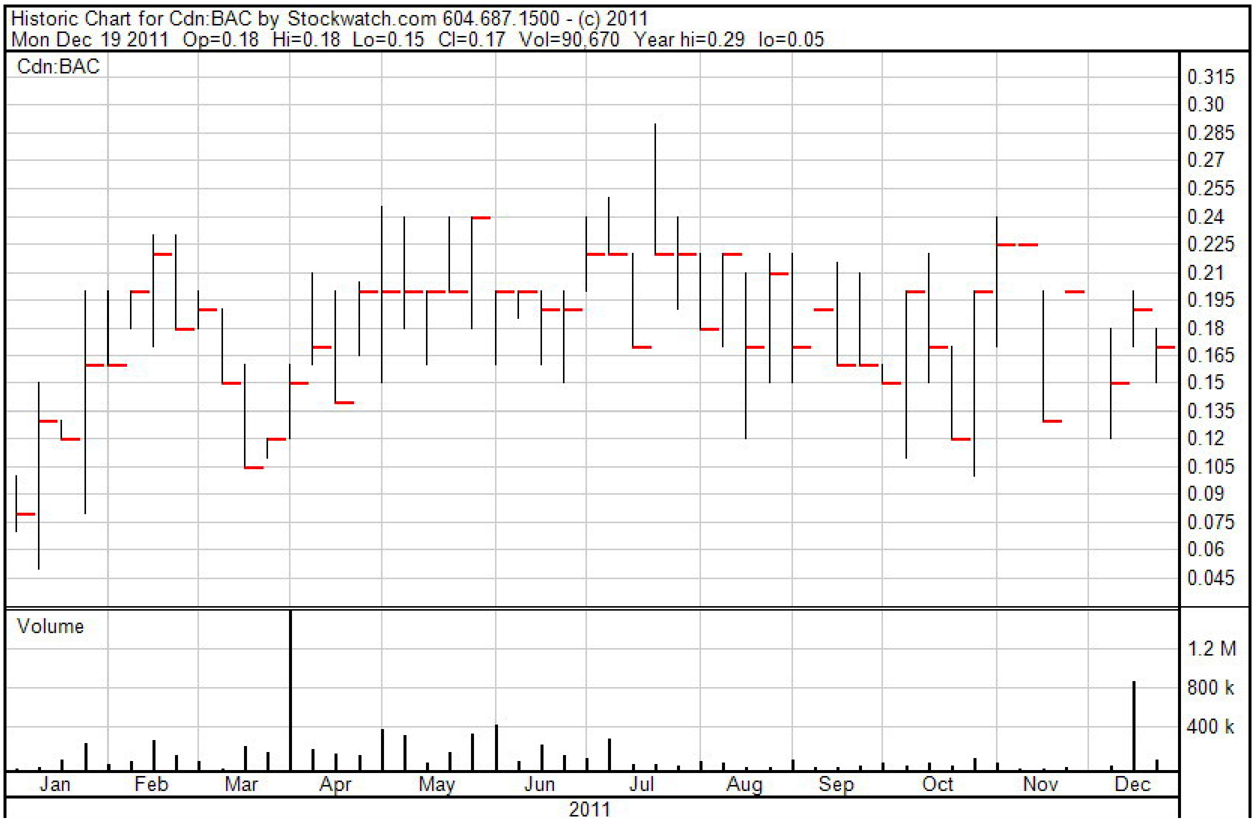
10.8 Stock Exchange Price:

a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;

b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and

c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

The Company began trading on the Canadian National Stock Exchange (CNSX) on December 2, 1010, upon completion of a Plan of Arrangement. The graph below covers the period from January to December 31, 2011, and is reproduced from Stockwatch.com.



11. Escrowed Securities

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

Not applicable.

12. Principal Shareholders

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

(a) Name;

(b) The number or amount of securities owned of the class to be listed;

(c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and

(d) The percentages of each class of securities known by the Issuer to be owned.

(2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

(3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

(5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

Name of Shareholder and Municipality of Residence	Number of Common Shares Owned, Controlled or Directed
Baker Steel Capital Managers LLP London, England	**4,329,333**
Pinetree Capital Ltd. Toronto, Ontario	**4,207,500**
Yamana Gold Inc. Toronto, Ontario	**3,888,022**

13 Directors and Officers

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Name and Municipality	Position with Issuer	Director/ Officer since	Common shares over which control is exercised	% of o/s shares 38,383,361
Murray Ross Orr Toronto, Ontario	Director President & CEO	Oct 5, 2010 Oct 5, 2010	805,000	2.09
John Cater Gingerich Mississauga, Ontario	Director Chairman of the Board	Dec 1, 2010 Dec 6, 2010	108,900	.28
William Walter Cimowsky Toronto, Ontario	Director	Dec 1, 2010	20,000	.05
Jay Lawrence Naster Toronto, Ontario	Director	Dec 1, 2010	1,200	0
MaryAnn Mihychuk Winnipeg, Manitoba	Director	Dec 6, 2010	0	0
Louis Robert Nagy Newmarket, Ontario	Chief Financial Officer & Corporate Secretary	Oct 5, 2010	199,900	.52
David John Salari Burlington, Ontario	Chief Operating Officer	Aug 16, 2011	0	0

Paul Charles Miller Ocean Reef, Australia	Vice President, Technology & Engineering	Dec 6, 2010	76,683	.19
Junxiang Guo Mississauga, Ontario	Vice President, Metallurgy	Dec 6, 2010	0	0
Total shares			1,211,683	2.15

M. Ross Orr, Director, President & CEO

Mr. Orr is currently the President and Chief Executive Officer of the Company, a position he has held since completion of the Plan of Arrangement on December 2, 2010. He is a full-time, salaried employee of the Company. Prior to that, he served as President and Chief Executive Officer of REBgold Corporation (previously, BacTech Mining Corporation), a position he assumed in 2004. Following completion of the Plan of Arrangement, he became a Director of BacTech Environmental Corporation and remains on the board of REBgold Corporation. Mr. Orr is a graduate of the University of Calgary and currently sits on the board of Caldera Resources Ltd.

John C. Gingerich, Director, Chairman of the Board

Mr. Gingerich is a professional geophysicist with over 25 years of experience in exploration and mining industry technologies. He is President and Chief Executive Officer of Advanced Explorations Inc. (AEI), a position he has held since 2004. AEI is a resource development company focused on developing its Roche Bay and Tuktu Iron Ore projects located in Nunavut. Prior to that, Mr. Gingerich was President of Geotechnical Business Solutions Inc., and before that, Senior Manager of Noranda Exploration. Appointed to the Board of REBgold Corporation (previously, BacTech Mining Corporation) on March 24, 2006, Mr. Gingerich resigned that position following completion of the Plan of Arrangement on December 2, 2010 and became a Director of BacTech Environmental Corporation and Chairman of the Board.

William W. Cimowsky, Director

Mr. Cimowsky 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 30 years of experience in concentrate marketing, and held previous positions with 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. Appointed to the Board of REBgold Corporation (previously, BacTech

Mining Corporation) on July 10, 2008, Mr. Cimowsky resigned that position following completion of the Plan of Arrangement on December 2, 2010 and became a Director of BacTech Environmental Corporation.

Jay L. Naster, Director

Mr. Naster 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. Appointed to the Board of REBgold Corporation (previously, BacTech Mining Corporation) on August 18, 2009, Mr. Naster resigned that position following completion of the Plan of Arrangement on December 2, 2010 and became a Director of BacTech Environmental Corporation.

MaryAnn Mihychuk, Director

Ms Mihychuk is a professional geoscientist with over 33 years of experience in the mining industry. Since 2008, she has been President of her own consulting firm, Corporate Relations Services, advising public and private companies on issues related to governance, social responsibility and regulatory matters. Prior to that, she was Director of Corporate Relations for HudBay Minerals. Prior to that, she was Director of Regulatory Affairs at the Prospectors and Developers Association of Canada (PDAC), Canada's largest mineral industry trade association, with responsibilities for land and regulations, finance and taxation, securities and federal government advocacy. She also held the position of Minister of Mines in the Manitoba government from 1999 to 2004, and served as a member of the Manitoba Legislature for nine years. She is the Founder and Chair of Women in Mining Canada, and also sits on the board of the PDAC. She currently serves as President of Kismet Minerals Corp. Ms Mihychuk has been a director of BacTech Environmental Corporation since December 6, 2010.

Louis R. Nagy, Chief Financial Officer and Corporate Secretary

Mr. Nagy is currently the Chief Financial Officer and Corporate Secretary of BacTech Environmental Corporation, a position he has held since completion of the Plan of Arrangement on December 2, 2010. Since 2004, he has been the President of Your CFO Ltd., through which company he provides part-time Chief Financial Officer services to small junior mining companies and small service organizations that are required to publicly issue quarterly and annual financial statements. He has been CFO to REBgold Corporation (previously, 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.

David J. Salari, Chief Operating Officer

Mr. Salari is currently the Chief Operating Officer of the Company, a position he has held since August 16, 2011. He is a metallurgical engineer with over 30 years' experience in the mining and metallurgical industry. Since 2004, he has been the President and CEO of DENM Ltd., an engineering company that specializes in project management, construction management, and commissioning of small to medium scale mining projects. Mr. Salari is a member of the Professional Engineers Association of Ontario and Nova Scotia and meets the requirements as a Qualified Person ("QP") as set out in National Instrument 43-101, based on his education, experience, independence, and affiliation with a professional association.

Paul C. Miller, Vice President, Technology & Engineering

Dr. Miller is currently the Vice President of Technology & Engineering of the Company, a position he has held since completion of the Plan of Arrangement on December 2, 2010. 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 worked for REBgold Corporation (previously, BacTech Mining Corporation), since joining the company in Australia in 1996 as technical manager, and has been the Vice President, Technology & Engineering of that company since 2003. Dr. Miller is Managing Director of his own consulting company, Sulphide Resource Processing Pty Ltd., which specializes in the extractive metallurgy of gold and base metals from complex ore types which are generally classified as refractory sulphides.

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, Vice President, Metallurgy

Dr. Guo is currently the Vice President of Metallurgy of the Company, a position he has held since completion of the Plan of Arrangement on December 2, 2010. In March 2010, Dr. Guo joined REBgold Corporation (previously, BacTech Mining Corporation) as Vice President of Metallurgy, a position he continues to hold. 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.

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

See 13.1

Directors of the Company hold office until the next annual meeting of the shareholders held following their election, unless they resign.

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

See 13.1

13.4 Disclose the board committees of the Issuer and identify the members of each committee.

Audit Committee: John Gingerich (Chair), Walter Cimowsky, Ross Orr

Compensation and Corporate Governance Committee: Jay Naster (Chair), MaryAnn Mihychuk

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

Name and position with the issuer	**Principal occupation, other than with the issuer**	**Principal business**	**Has the individual signed an NDA or non compete agreement?**
Ross Orr Director President & CEO			No
John Gingerich Director Chairman	President & CEO Advanced Explorations Inc.	See 13.1	No
Walter Cimowsky Director	Partner Ocean Partners Holdings Limited	See 13.1	No
Jay Lawrence Naster Director	Lawyer Rosen & Company	See 13.1	No

MaryAnn Mihychuk Director	President Corporate Relations Services	See 13.1	No
Louis Nagy Chief Financial Officer & Corporate Secretary	President Your CFO Ltd.	See 13.1	No
David Salari Chief Operating Officer	President DENM Ltd.	See 13.1	No
Paul Miller VP, Technology & Engineering	Managing Director Sulphide Resource Processing Pty Ltd	See 13.1	No
Junxiang Guo VP, Metallurgy		See 13.1	No

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

Not applicable.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Not applicable.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

Not applicable.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

Not applicable.

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

Not applicable.

13.11 Management — In addition to the above provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;

See 13.1

(b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;

See. 13.1. All management personnel, with the exception of Ross Orr, President and CEO, perform their duties on a part-time basis as independent contractors. Mr. Orr is a full-time, salaried employee of the Company.

(c) state whether the individual is an employee or independent contractor of the Issuer;

See 13.1. All management personnel, with the exception of Ross Orr, President and CEO, perform their duties on a part-time basis as independent contractors. Mr. Orr is a full-time, salaried employee of the Company.

(d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:

(i) its name and principal business,

(ii) if applicable, that the organization was an affiliate of the Issuer,

(iii) positions held by the individual, and

(iv) whether it is still carrying on business, if known to the individual;

See 13.1

(e) describe the individual's experience in the Issuer's industry; and

See 13.1

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

See 13.5

Instruction:

(1) For purposes of this Item "management" means all directors, officers, employees and contractors whose expertise is critical to the Issuer, its subsidiaries and proposed subsidiaries in providing the Issuer with a reasonable opportunity to achieve its stated business objectives.

(2) The description of the principal occupation of a member of management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.

14. Capitalization

The shareholder base was created though a Plan of Arrangement from REBgold's shareholder base which was a publicly listed company on the TSX Venture Exchange since 1997. During the period from 1997 to December 2, 2011, the Company was widely held, having shareholders in Australia, Europe, US and Canada.

Effective December 2, 2010, REBgold completed a divisive reorganization by way of a Plan of Arrangement (the "Arrangement") whereby a newly formed subsidiary, BacTech Environmental Corporation, was granted rights and interests in REBgold's existing and proposed tailings remediation projects and an exclusive, perpetual, royalty-free licence to use REBgold's proprietary bioleaching technology for reclamation of historic mine tailings and waste rock. Under the terms of the Arrangement, REBgold's shareholders received, in exchange for each existing common share of REBgold, one new common share of REBgold (formerly BacTech Mining Corporation) and one-fifth of a common share of BacTech Environmental Corporation.

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	38,383,361	51,551,527	100.0	100.0
Held by related persons (B)	10,136,538	8,180,002	26.4	16.0
Total public float (A-B)	28,246,823	43,371,525	73.6	84.1
Freely-tradeable Float				
Number of restricted shares (C)				
Total tradeable float (A-C)				

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		

3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		

Public Securityholders (Beneficial)

> **Instruction:** Include (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. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		
Unable to confirm		

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)[1]	**Number of convertible / exchangeable securities outstanding**	**Number of listed securities issuable upon conversion / exercise**
Stock options	2,000,000	2,000,000
Warrants	1,612,500	1,612,500
Convertible debenture	820,000	820,000
1. All as more fully described in the attached audited annual financial statements and Management Discussion & Analysis for the year ended December 31, 2011.		

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Pursuant to the Plan of Arrangement, BacTech has certain obligations pursuant to the REBgold warrants in existence at the time of the Arrangement, which upon being exercised, shall be satisfied by the issuance of one common share from REBgold and one-fifth of one common share of the Company in accordance to the terms of the Arrangement.

Upon the exercise of any REBgold warrants following the Arrangement, REBgold shall pay to the Company 17% of the exercise proceeds as consideration for the issuance of the Company's common shares. REBgold shall retain the balance of the aggregate exercise price as consideration for the issuance of its common shares from the exercise of the warrant. As of

December 31, 2011, REBgold had 47,778,333 common share purchase warrants outstanding which are subject to the Arrangement. The Company's obligation, if these warrants were exercised prior to expiry, would be to issue 9,555,667 common shares in return for its portion of the aggregate exercise price of $848,835.

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Executive Compensation will be fully described in the Management information Circular to be filed within the next 60 days.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

(1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

(a) a purchase of securities; and

(b) all other indebtedness.

(2) Report separately the indebtedness to:

(a) the Issuer or any of its subsidiaries (column (b)); and

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)),

of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

(3) "Support agreement" includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS						
Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year] ($)	Amount Outstanding as at [the date of the Form] ($)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Securities Purchase Programs						
Other Programs						

(1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,

(a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the

Issuer or any of its subsidiaries, or

(b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the borrower was, during the year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) – disclose separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the Issuer, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

(3) Supplement the above table with a summary discussion of:

(a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:

(i) the nature of the transaction in which the indebtedness was incurred,

(ii) the rate of interest,

(iii) the term to maturity,

(iv) any understanding, agreement or intention to limit recourse, and

(v) any security for the indebtedness;

(b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and

(c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

Not applicable.

17. Risk Factors

17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

17.2 If there is a risk that security holders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

Instruction: Disclose risks in the order of seriousness from the most serious to the least serious. A risk factor must not be de-emphasized by including excessive caveats or conditions.

The Company's strategy emphasizes developing projects in order to leverage its intellectual property and drive the creation of shareholder value. This strategy has required, and continues to require, significant financings, and is subject to risks associated with mineral prices, mineral resources and operations. Due to the nature of the Company's business, the present stage of development of its projects, and the constraints placed upon the Company's ability to move forward by its current liquidity situation, readers should carefully review and consider the financial, environmental and operational risk factors affecting the Company.

Need for Additional Financing

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

Dependence on Management

The Company'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 Company are dependent, to a significant extent, on the efforts and abilities of the management of the Company. Investors must be willing to rely, to a significant extent, on the discretion and judgment of the management of the Company. Furthermore, while the Company 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 Company does not maintain key employee insurance on any of its employees.

Competition

The Company competes with other engineering companies for the acquisition of mineral rich mine tailings and mine waste that can be developed economically. The Company competes with other engineering companies that have greater financial and technical resources and experience. Such competition may result in the Company 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 Company to compete with other engineering companies for these resources would have a material adverse effect on the Company's results of operations and business.

Currently, the Company's bioleaching technology does not operate in an overly competitive marketplace; however the Company anticipates that it may face increased competition in the future, as advanced technologies become available. While management believes that the Company's technology is more advanced,

commercially proven and better situated than its competitors, there can be no assurance that the Company 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 Company to successfully license its technology on terms that are acceptable, may have a material adverse effect on the Company's business, operating results and financial condition.

Conflicts of Interest

Certain of the Company's directors and officers may serve as directors or officers of other reporting companies, companies providing services to the Company, or companies in which they may have significant shareholdings. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company 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 Company'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 Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company 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 Company may be exposed and its financial position at the time.

18. Promoters

18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and

(d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(2) For the purposes of section 18.2 (1), “order” means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) If a promoter referred to in section 18.2 (1):

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

Not applicable.

19. Legal Proceedings

19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not applicable.

19.2 Regulatory actions - Describe any:

(a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

Not applicable.

20. Interest of Management and Others in Material Transactions

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

(a) any director or executive officer of the Issuer;

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

Not applicable.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

MSCM LLP
701 Evans Avenue, 8th floor
Toronto, Ontario M9C 1A3

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

Computershare Investor Services Inc.
100 University Avenue, 9th floor
Toronto, Ontario M5J 2Y1

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

Manitoba Department of Innovation Energy and Mines for the remediation of the arsenopyrite stockpile in Snow Lake, Manitoba.

The contract details, among other things, time horizons with respect to BacTech's goal of building and operating a bioleach plant in Snow Lake. The bioleach plant is to be built to reprocess the arsenopyrite stockpile that has been sitting onsite at the Snow Lake Mine (formerly known as the Nor-Acme Mine) since the mid-1950s. BacTech has proposed a "no cost to the taxpayer" approach meaning the Company will build and operate the plant, at its sole expense, in exchange for the gold and silver recovered from the stockpile. The Province will receive a 2% net smelter royalty on production once the capital costs for the plant have been recovered. BacTech has the right to purchase one half of the 2% royalty for $500,000 at any time.

Instruction:

(1) The term "material contract" for this purpose means a contract that can reasonably be regarded as material to a proposed investor in the securities being listed and may in some circumstances include contracts with a person or company providing the Issuer with promotional or investor relations services.

(2) Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in Listing Statement and provide particulars about those material contracts for which particulars are not given elsewhere in the Listing Statement.

(3) Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

23 Interest of Experts

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.

23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.

23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

Not applicable.

24. Other Material Facts

24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

Not applicable.

25. Financial Statements

25.1 Provide the following audited financial statement for the Issuer:

(a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and

(b) a copy of financial statements for any completed interim period of the current fiscal year.

The Company became operational following completion of a Plan of Arrangement on December 2, 2010. Audited financial statements for the period ended December 31, 2010 and the year ended December 31, 2011 are attached.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

(a) the information required in sections 5.1 to 5.3 for the target;

(b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;

(c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:

(i) the last full fiscal year of the Issuer, and

(ii) any completed interim period of the current fiscal year.

Not applicable.

The certificate below must be signed by the CEO, CFO, and two directors of the Issuer.

CERTIFICATE OF THE ISSUER

The foregoing contains full, true and plain disclosure of all material information relating to BacTech Environmental Corporation. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario

this 7th day of May, 2012.

Signed: "M. Ross Orr"

Chief Executive Officer

M. Ross Orr

Signed: "Louis R. Nagy"

Chief Financial Officer

Louis R. Nagy

Signed: "John Gingerich"

Director, John Gingerich

Signed: "Walter Cimowsky"

Director, Walter Cimowsky

BacTech Environmental Corporation

Financial Statements

December 31, 2011 and 2010

Table of Contents
December 31, 2011

Independent Auditors' Report

To the Shareholders of
BacTech Environmental Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of BacTech Environmental Corporation, which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and October 5, 2010 and the statements of operations and comprehensive loss, changes in equity, and cash flows for the year ended December 31, 2011 and for the period from the date of incorporation on October 5, 2010 to December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

701 Evans Avenue, 8th Floor, Toronto ON M9C 1A3, Canada T (416) 626-6000 F (416) 626-8650 MSCM.CA

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BacTech Environmental Corporation as at December 31, 2011, December 31, 2010 and October 5, 2010 and its financial performance and its cash flows for the year ended December 31, 2011 and for the period from the date of incorporation on October 5, 2010 to December 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which describes uncertainty regarding the Company's ability to continue as a going concern.

Signed: ***"MSCM LLP"***

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
April 25, 2012

Statements of Financial Position

	December 31, 2011	December 31, 2010 *(Note 23)*	October 5, 2010 *(Note 23)*
Assets			
Current assets			
Cash	**$ 99,114**	$ 239,400	$ 10
Other receivables *(note 6)*	**30,105**	16,582	-
Prepaid expenses	**15,283**	8,203	-
	144,502	264,185	10
Deferred exploration costs *(note 8)*	**341,259**	32,553	-
Equipment *(note 9)*	**1,415**	2,515	-
	$ 487,176	$ 299,253	$ 10
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities *(notes 10 and 11)*	**$ 381,691**	$ 111,774	**$** -
Payable to REBgold Corporation *(note 7)*	**202,720**	334,021	-
	584,411	445,795	-
Deficiency in assets			
Share capital *(note 13)*	**1,567,624**	357,190	10
Shares to be issued *(note 24)*	**64,000**	-	-
Warrants reserve *(note 14)*	**72,591**	27,866	-
Contributed surplus reserve *(note 15)*	**165,719**	25,971	-
Deficit	**(1,967,169)**	(557,569)	-
	(97,235)	(146,542)	10
	$ 487,176	$ 299,253	$ 10

Plan of arrangement *(note 5)*

Going concern *(note 1)*
Subsequent events *(note 24)*

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Signed: "*John C. Gingerich*"

Director

Signed: "*M. Ross Orr*"

Director

Statements of Operations and Comprehensive Loss
for the year ended December 31, 2011
(with comparatives for the period from the date of incorporation on October 5, 2010 to December 31, 2010)

	2011	2010 *(Note 23)*
Expenses		
Operating and administrative costs *(note 18)*	**$ 1,133,763**	$ 121,026
Finance charges *(note 19)*	**31,566**	3,619
Write-down of mineral properties and deferred exploration costs *(note 8)*	**-**	432,924
Property termination costs *(note 5)*	**244,271**	-
Net loss and comprehensive loss for the periods	**$ (1,409,600)**	$ (557,569)
Basic and diluted loss per common share *(note 16)*	**$ (0.04)**	$ (0.06)

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity
for the year ended December 31, 2011
(with comparatives for the period from the date of incorporation on October 5, 2010 to December 31, 2010)

	Share Capital		Reserves			
	Amount	**Shares to be issued**	**Contributed surplus**	**Warrants**	**Deficit**	**Total**
Balance, October 5, 2010 *(note 13(i) and note 23)*	**$ 10**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 10**
Shares cancelled pursuant to Plan of Arrangement *(note 13(ii))*	(10)	-	-	-	-	(10)
Shares issued pursuant to Plan of Arrangement *(note 5 and note 13(ii))*	97,396	-	-	-	-	97,396
Shares issued pursuant to private placement *(note 13(iii))*	277,049	-	-	26,151	-	303,200
Share issue costs *(note 13(iii))*	(17,255)	-	-	1,715	-	(15,540)
Share based payments	-	-	25,971	-	-	25,971
Net and comprehensive loss for the period	-	-	-	-	(557,569)	(557,569)
Balance, December 31, 2010	**$ 357,190**	**$ -**	**$ 25,971**	**$ 27,866**	**$ (557,569)**	**$ (146,542)**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity - continued
for the year ended December 31, 2011
(with comparatives for the period from the date of incorporation on October 5, 2010 to December 31, 2010)

	Share Capital		Reserves			
	Amount	**Shares to be issued**	**Contributed surplus**	**Warrants**	**Deficit**	**Total**
Balance, December 31, 2010	**$ 357,190**	**$ -**	**$ 25,971**	**$ 27,866**	**$ (557,569)**	**$ (146,542)**
Common Shares issued pursuant to private placement *(note 13(iv))*	532,500	-	-	67,500	-	600,000
Common Shares issued on exercise of REBgold warrants *(note 13(v))*	373,687	-	-	-	-	373,687
Common Shares issued on exercise of warrants *(note 13(vi))*	43,350	-	-	-	-	43,350
Fair value of warrants exercised *(note 13(vi))*	5,279	-	-	(5,279)	-	-
Expired warrants	-	-	22,587	(22,587)	-	-
Common shares issued on exercise of options *(note 13(vii))*	30,000	-	-	-	-	30,000
Fair value of options exercised *(note 13(vii))*	14,940	-	(14,940)	-	-	-
Common shares issued as property termination payment *(note 5)*	244,271	-	-	-	-	244,271
Share issue costs *(note 13(iv))*	(33,593)	-	-	5,091	-	(28,502)
Share based payments	-	-	132,101	-	-	132,101
Shares to be issued *(note 24)*	-	64,000	-	-	-	64,000
Net and comprehensive loss for the year	-	-	-	-	(1,409,600)	(1,409,600)
Balance, December 31, 2011	**$ 1,567,624**	**$ 64,000**	**$ 165,719**	**$ 72,591**	**$(1,967,169)**	**$ (97,235)**

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
for the year ended December 31, 2011
(with comparatives for the period from the date of incorporation on October 5, 2010 to December 31, 2010)

	2011	2010
Cash flow from operating activities		
Cash paid to suppliers, employees and consultants	**$ (816,670)**	$ (38,842)
Interest paid	**(17,683)**	(491)
	(834,353)	(39,333)
Cash flow from financing activities		
Proceeds from private placements	**676,000**	291,200
Proceeds from exercise of warrants	**417,037**	-
Proceeds from exercise of options	**30,000**	-
Share issue costs	**(28,502)**	(8,190)
Repayment of loan to REBgold Corporation	**(180,177)**	-
Repayment of debenture financing	**(4,000)**	-
	910,358	283,010
Cash flow from investing activities		
Expenditures on mineral properties	**(216,291)**	(1,493)
Expenditures on equipment	**-**	(2,794)
	(216,291)	(4,287)
(Decrease) increase in cash	**(140,286)**	239,390
Cash, beginning of period	**239,400**	10
Cash, end of period	**$ 99,114**	$ 239,400
Non-cash transactions:		
Property termination payments *(note 5)*	**$ 244,271**	$ -
Stock-based compensation *(note 15)*	**$ 132,101**	$ -
Mineral properties acquired under Plan of Arrangement *(note 5)*	**$ -**	$ 463,984
Loan repayable to REBgold Corporation under Plan of Arrangement *(note 5)*	**$ -**	$ 250,000
Shares issued under Plan of Arrangement *(note 5)*	**$ -**	$ 97,396
Accounts payable transferred from REBgold Corporation under Plan of Arrangement *(note 5)*	**$ -**	$ 49,946
Debentures payable assumed from REBgold Corporation under Plan of Arrangement *(note 5)*	**$ -**	$ 66,642

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations and Going Concern

BacTech Environmental Corporation (the "Company" or "BEC") was incorporated by REBgold Corporation ("REBgold" and formerly BacTech Mining Corporation) on October 5, 2010 under the Canada Business Corporations Act and its head office is located at 50 Richmond Street East, Suite 300, Toronto, Ontario, Canada. Through the completion of the Plan of Arrangement transaction as described in Note 5, the Company was granted a license to use REBgold's proprietary bioleaching technology in the mining remediation business. The technology utilizes bacteria to extract precious and base metals and has been traditionally used to treat difficult-to-treat sulphide ores and concentrates. The business plan for the Company is to apply the bioleaching technology to abatement and reclamation projects to remove the harmful elements such as arsenic and sulphur from the environments, where this can be assisted by a positive cash flow from metal recovery. Examples of metals which can be extracted include gold, silver, cobalt, nickel, copper, uranium and zinc.

The Company has no sources of recurring revenue, has incurred losses amounting to $1,967,169 since its inception, has a working capital deficit of $439,909 at December 31, 2011, and is dependent on financings to fund its operations. The ability of the Company to continue as a going concern is dependent upon the continued financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to utilize its bioleaching technology for the recovery of mineral reserves, all of which outcomes are uncertain. These financial statements do not include any adjustments to the carrying values of the Company’s assets, liabilities, and expenses or to their classifications in the statements of financial position and statements of operations and comprehensive loss that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management but could be material.

The Company funded its operations for the year ended December 31, 2011 with one private placement which generated $600,000 in gross proceeds, with the receipt of a $12,000 subscription receivable from the prior year, with the receipt in advance of $64,000 related to a private placement closing subsequent to year-end, and through the exercise of options and warrants which generated gross proceeds of $447,037, including the proceeds received upon the exercise of REBgold warrants. The Company does not have sufficient cash reserves to fund its administrative costs and fully fund all project development initiatives for the coming twelve month period, and to repay its liabilities to trade creditors and debt holders. Management is actively involved in identifying mining ventures amenable to the application of the Company’s technology license, and in seeking new equity financing to enable it to service the Company’s existing liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

2. Basis of Consolidation and Presentation

Statement of Compliance and Conversion to International Financial Accounting Standards ("IFRS")

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). As these are the Company's first annual financial statements to be presented in accordance with IFRS. IFRS 1 - First-Time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied and the impact of the transition from Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS is explained in note 23.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. They also have been applied in preparing an opening IFRS statement of financial position at the date of the transition to IFRS, which is as of the date of incorporation, October 5, 2010.

These financial statements were authorized for issuance by the Board of Directors of the Company on April 25, 2012.

Basis of Preparation and Presentation

These financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

3. Summary of Significant Accounting Policies

Measurement Uncertainty

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods, if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Summary of Significant Accounting Policies - continued

Measurement Uncertainty - continued

Critical accounting estimates:

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of mineral property acquisition costs and mineral properties and deferred exploration costs that are included in the statements of financial position;
- the inputs used in accounting for share based payment transactions in net loss; and
- management's assumption of no material restoration, rehabilitation and environmental provision, based on the facts and circumstances that existed during the period.

Foreign Currency Translation

The Company’s exploration and development activities occur primarily in an economic environment where the functional currency is the Canadian dollar. Transactions in foreign currencies are translated to the functional currency at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in a currency other than the Canadian dollar are translated into Canadian dollars at the exchange rate as at the end of the reporting period. Non-monetary assets and liabilities are translated at historical exchange rates at the transaction date. Depreciation is translated at historical exchange rates at the transaction date. The calculated exchange gains and losses are included in net loss for the period.

Environmental Liability, Contingency, and Other Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A legal or constructive obligation to incur restoration, rehabilitation, or environmental costs may arise when environmental disturbance is caused by the exploration, development, or ongoing production of a mineral property interest. Such costs, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against net loss over the economic life of the related asset, through depreciation using either a unit-of-production or the straight-line method, as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. To date, no such obligation has been identified.

Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets and its deferred exploration costs to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset’s fair value less cost to sell or its value in use.

3. Summary of Significant Accounting Policies - continued

Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of being sold or repurchased in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at the end of each reporting period. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

Other financial liabilities - This category includes all other financial liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consist of the following:

Financial assets:	**Classification:**
Cash	Loans and receivables
Other receivables and prepaid expenses	Loans and receivables

Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities
Payable to REBgold Corporation	Other financial liabilities

3. Summary of Significant Accounting Policies - continued

Equipment

Equipment is stated at cost less accumulated depreciation and any recognized impairment loss. Cost includes expenditures associated with bringing the asset to its operating location and condition. Except for land and assets in the course of construction, the costs of equipment are depreciated over their expected useful lives, on a straight-line basis at the following rate:

Equipment and fixtures - 5 years

The amount of depreciation of equipment is recorded on a straight-line basis over the lesser of mine life or estimated useful life of the asset to the residual value of the asset. Each part of the item of a building, plant or equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately if their useful lives differ.

The Company reviews the useful life, depreciation method and residual value and carrying value of equipment at each reporting date.

Expenditures that extend the useful lives of the equipment are capitalized and depreciated over the remaining useful lives of the assets. Repairs and maintenance expenditures are expensed as incurred.

Exploration and Development Activities

Deferred exploration costs include the direct costs related to mineral properties, including costs of acquiring mining properties and deferred exploration and development costs. These costs are capitalized and accumulated on a property by property basis and will be depreciated on the unit of production method based upon estimated proven and probable mineral reserves, or written off if the properties are abandoned or the carrying value is determined to be in excess of possible recoverable amounts.

Costs for general exploration prior to obtaining legal rights to explore the subject property are expensed as incurred.

Government Grants

Government grants are recognized in the financial statements in the period where it becomes reasonably certain that the conditions attaching to the grant will be met, and that the grant will be received. Grants relating to income are shown as a deduction in the reported expense. Grants relating to assets are deducted from the carrying amount of the asset.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, options, and convertible debentures outstanding that may add to the total number of common shares. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

3. Summary of Significant Accounting Policies - continued

Share Based Payments

The fair values of employee share option plan issuances are measured at the date of grant of the options using the Black-Scholes pricing model, taking into consideration the terms and conditions upon which the options were granted. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At the end of each reporting period before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest.

Income Taxes

Income tax on the net loss for the periods presented comprises current and deferred tax.

Current income tax expense is the expected tax payable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regard to previous periods.

Deferred income tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

No deferred income tax is recognized for temporary differences arising from the initial recognition of assets or liabilities that affect either accounting nor taxable profit or loss.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Cash

Cash comprises cash at bank and in hand, money market deposits and other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

Revenue Recognition

Revenue is recognized when the service is completed in the case of consulting activities and upon delivery of products or technology when all significant risks and rewards of ownership have passed to the customer and collection is reasonably assured.

4. Future Changes in Accounting Policies

The IASB has issued a new standard, IFRS 9, Financial Instruments (IFRS 9), which will ultimately replace IAS 39, Financial Instruments: Recognition and measurement (IAS 39). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Most of the disclosure requirement in IAS 39 for classification and measurement of financial liabilities were carried forward to IFRS 9. The standard becomes effective January 1, 2015. The Company has yet to assess the impact of the new standard.

IFRS 10, 11, 12 and 13 were all issued in May 2011 and are effective for annual periods beginning January 1, 2013, with early adoption allowed. The Company has yet to assess the impact, if any, of these new standards.

IFRS 10, Consolidated Financial Statements, replaces the consolidation guidance in IAS 27, Consolidated and Separate Financial Statements, and SIC-12 Consolidation – Special Purpose Entities, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee.

IFRS 11, Joint Arrangements, introduces new accounting requirements for joint arrangements, replacing IAS 31, Interests in Joint Ventures. It eliminates the option of accounting for jointly controlled entities by proportionate consolidation.

IFRS 12, Disclosure of Interests in Other Entities, requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.

IFRS 13, Fair Value Measurement, replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. It defines and provides guidance on determining fair value and requires disclosures about fair value measurements, but does not change the requirements regarding which items are measured or disclosed at fair value.

5. Plan of Arrangement

Effective December 2, 2010, REBgold Corporation (REBgold) completed a divisive reorganization by way of a Plan of Arrangement (the "Arrangement") whereby a newly formed subsidiary, the Company, was granted rights and interests in REBgold’s existing and proposed tailings remediation projects and an exclusive, perpetual, royalty free license to use REBgold’s proprietary bioleaching technology for reclamation of historic mine tailings. REBgold retained the primary rights to the bioleaching technology, as well as all of REBgold’s existing mining assets.

REBgold shareholders voted in favour of the Arrangement at a Special Meeting of Shareholders held on November 12, 2010. Subsequent to the Arrangement, REBgold continued to trade on the TSX Venture Exchange ("TSX V") under the symbol RBG, and the Company started to trade on the Canadian National Stock Exchange under the symbol BAC.

5. Plan of Arrangement - continued

As the Arrangement resulted in no substantial change of ownership, the exchange of net assets pursuant to the Arrangement was measured at its net book value and was recorded on the books of the Company as follows:

		2010
Mineral properties and deferred exploration costs transferred from REBgold *(note 8)*	$	463,984
Accounts payable transferred from REBgold		(49,946)
Book value of debentures payable assumed from REBgold *(note 12)*		(66,642)
Loan payable to REBgold *(note 7)*		(250,000)
Value attributed to common shares issued *(note 13)*	**$**	**97,396**

Common shares *(note 13(ii))*

Under the terms of the Arrangement, REBgold's shareholders received, in exchange for each existing common share of REBgold, one new common share of REBgold and one-fifth of a common share of the Company.

Share purchase warrants *(note 14)*

All outstanding share purchase warrants of REBgold became exercisable for one common share of REBgold and one-fifth of a common share of the Company. The proceeds received by REBgold on the exercise of share purchase warrants are to be distributed 83% to REBgold and 17% to the Company as determined by the formula set out in the Arrangement which considers the volume weighted average trading price of the REBgold and Company for the first 20 trading days subsequent to the Arrangement.

Stock options *(note 15)*

All outstanding stock options of REBgold remained exercisable for shares of REBgold under the original terms of the options. No shares of the Company are issuable upon the exercise of these options.

Debentures payable *(note 12)*

The Company assumed 20% of the face value of REBgold's convertible debentures liability. Upon maturity, the Company will repay to REBgold 20% of the principal plus 20% of the interest accrued from December 2, 2010 to maturity. REBgold remains indebted to the debenture holders for the full principal of the debenture. For every share of REBgold issued in the event of a conversion, one-fifth of a common share of the Company will be issued.

Papua New Guinea arrangement

Pursuant to a settlement agreement between REBgold and Yamana Gold Inc. ("Yamana") dated July 8, 2010, REBgold agreed to issue to Yamana 6,106,780 common shares. These shares were not issued before the Arrangement and consequently, for every share of REBgold issuable, one-fifth of a common share of the Company became issuable. In February 2011, REBgold issued 6,106,780 common shares to Yamana, along with the Company issuing 1,221,356 common shares valued at $244,271 to Yamana.

6. Other Receivables

Other receivables consist of the following:

	December 31, 2011	December 31, 2010	October 5, 2010
Subscriptions receivable	**$ -**	$ 12,000	$ -
Sales tax receivable	**30,105**	4,582	-
	$ 30,105	$ 16,582	$ -

7. Payable to REBgold Corporation

	December 31, 2011	December 31, 2010	October 5, 2010
Debentures payable *(note 12)*	**$ 78,363**	$ 68,480	**$ -**
Accrued interest on debenture *(note 12)*	**3,280**	1,290	**-**
Plan of Arrangement loan (*note 5)*	**69,823**	250,000	**-**
Other	**51,254**	14,251	**-**
	$ 202,720	$ 334,021	**$ -**

The balance is unsecured, non-interest bearing, and has no set terms of repayment.

8. Deferred Exploration Costs

The deferred exploration costs are comprised as follows:

	Snow Lake	**Cobalt Tailings**	**Total**
Balance, October 5, 2010	$ -	$ -	$ -
Plan of Arrangement transaction *(note 5)*	31,060	432,924	463,984
Additions	1,493	-	1,493
Write-down of assets	-	(432,924)	(432,924)
Balance, December 31, 2010	32,553	**-**	32,553
Additions	308,706	-	308,706
Balance, December 31, 2011	**$ 341,259**	**$ -**	**$ 341,259**

8. Mineral Properties and Deferred Exploration Costs - continued

Snow Lake Concentrate Stockpile - Manitoba

In early 2010, REBgold became aware of a reclamation opportunity in Snow Lake, Manitoba. In the 1950's, 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.

REBgold approached the Manitoba Ministry of Innovation, Energy and Mines in April 2010 and outlined a plan whereby REBgold, 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 REBgold 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.

Pursuant to the Plan of Arrangement, REBgold assigned its rights and commitments to the Company on December 2, 2010. The deferred exploration costs incurred by REBgold up to the date of the Plan of Arrangement were transferred to BEC as part of the Plan of Arrangement transaction as described in note 5.

In February 2011, BEC tendered a proposal for the remediation of the arsenopyrite stockpile at Snow Lake under a request for proposals from Manitoba Innovation, Energy and Mines, and in December 2011, was awarded the contract by the Mines Branch of the Manitoba Department of Innovation, Energy and Mines. The contract is subject to negotiating a suitable agreement between BEC and the Manitoba government. BEC has proposed a "no cost to the taxpayer" approach to the clean up. The Company will recover payable metals for its own account from the stockpile while treating the contained arsenic.

Cobalt Tailings - Ontario

In September 2008, REBgold 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 entailed REBgold investigating the use of its proprietary bioleaching technology to treat certain tailings in the Cobalt Camp in north-eastern Ontario for the recovery of cobalt, nickel and silver. In addition, REBgold investigated the potential environmental remediation for the associated arsenic in the tailings. In the event of a positive outcome from the study, both parties would formalize the agreement through the creation of a Joint Venture. In January 2009, GBB informed REBgold that it could not proceed with the future joint venture terms of the Memorandum of Understanding and gave REBgold permission to begin discussions with potential new partners.

8. Mineral Properties and Deferred Exploration Costs - continued

Cobalt Tailings - Ontario - continued

In April 2010, the Company signed an agreement with Blackstone Development Inc. ("Blackstone") of Cobalt, Ontario, granting the Company access to Blackstone's considerable tailings inventory in the Cobalt camp in North-Eastern Ontario. Blackstone obtained ownership of the Cobalt tailings in 2006, subject to certain conditions. Subsequent to signing the agreement and subsequent to the Plan of Arrangement, Blackstone's rights to the tailings were revoked by the previous owners.

The deferred exploration costs incurred by REBgold up to the date of the Plan of Arrangement were transferred to BEC as part of the Plan of Arrangement transaction as described in note 5. The amount of the deferred exploration expenses were written down in December 31, 2010.

9. Equipment

Cost	**Equipment and Fixtures**
Balance, October 5, 2010	$ -
Additions	**2,794**
Disposals	**-**
Other	**-**
Balance, December 31, 2010	**2,794**
Additions	**-**
Disposals	**-**
Other	**-**
Balance, December 31, 2011	**$ 2,794**

Accumulated Depreciation	**Equipment and Fixtures**
Balance, October 5, 2010	$ -
Additions	**279**
Disposals	**-**
Other	**-**
Balance, December 31, 2010	**279**
Additions	**1,100**
Disposals	**-**
Other	**-**
Balance, December 31, 2011	**$ 1,379**

9. Equipment - continued

Net book value at October 5, 2010	$	-
Net book value at December 31, 2010	$	**2,515**
Net book value at December 31, 2011	$	**1,415**

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31, 2011	December 31, 2010	October 5, 2010
Trade payables	**$ 315,069**	$ 90,024	$ -
Accrued liabilities	**66,622**	21,750	-
	$ 381,691	$ 111,774	$ -

11. Related Party Transactions

Related parties include the Board of Directors, officers, close family members, and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of key management of the Company for the periods ended December 31, 2011 and 2010 was as follows:

	2011	2010
Aggregate compensation included in salaries and management fees	**$ 215,820**	$ 19,715
Aggregate compensation included in deferred exploration costs	**$ 63,925**	$ -
Share-based compensation	**$ 62,480**	$ -

During the year ended December 31, 2011, nil (2010 - 1,250,000) share options were granted to related parties valued at $nil (2010 - $77,938).

At December 31, 2011 the Company owed $54,720 (December 31, 2010 - $2,326, October 5, 2010 - $nil) to officers of the Company which has been recorded in accounts payable and accrued liabilities.

12. Debentures Payable

Under the Arrangement as described in note 5, the Company assumed 20% of REBgold's debenture obligation which consisted of 43 $10,000 unsecured convertible debentures, initially maturing on October 13, 2011 and bearing interest at 18% per year payable semi-annually. On December 1, 2010, 20% of the book value of the debenture obligation was $66,642 and was attributed to the Company; this will accrete to $86,000 over the remaining life of the debenture. Upon maturity, the Company will pay to REBgold 20% of the principal plus 20% of the interest accrued from December 2, 2010 to maturity and REBgold will repay the debenture obligation and accrued interest to the debenture holders.

The convertible debentures may be converted by the holders at any time at a price of $0.10 per common share (the "Conversion Price") or in the event that the closing price of REBgold's common shares on the TSX-V is at or greater than $0.15, REBgold shall have the right, in its sole discretion, to redeem the convertible debentures through the issuance of common shares at the Conversion Price. For every share of REBgold issued in the event of a conversion, one-fifth of a common share of the Company will be issued.

On October 13, 2011, REBgold extended the expiry date of $410,000 principal amount of these convertible debentures and 4.1 million of the common share purchase warrants originally issued in October 2010 (note 5). Each holder of debentures and warrants was offered the choice to either (i) extend the maturity date of the debentures held by that holder to April 13, 2012, in which case the expiry date of the warrants held by that holder would also be extended to April 13, 2012, or (ii) accept payment in full of the debentures on the original maturity date of October 13, 2011, in which case the warrants held by that holder would also expire on the original expiry date of October 13, 2011. The holder of $20,000 principal amount of the debentures elected to be repaid, and the balance of $410,000 principal amount of debentures was extended and remains outstanding. The fair value of the extension of the warrants was calculated using the Black-Scholes option pricing model at $32,000. The assumptions used to determine the value were: expected dividend yield - 0%; weighted expected volatility - 142.7%; risk-free interest rate - 1.1% and an expected life of .5 years. The $32,000 was then applied as a discount on the face value of the debentures, of which $6,400 was attributed to the Company. The effective interest rate of the extended debentures is 36.4%.

The proportionate share of the debenture has been attributed to the Company as follows:

Carrying value, October 5, 2010	**$**	**-**
Carrying value attributed to the Company pursuant to the Arrangement *(note 5)*		**66,642**
Accretion expense		**1,838**
Carrying value, December 31, 2010		**68,480**
Debenture repayment		**(4,000)**
Accretion related to warrant extension		**(6,400)**
Accretion expense		**20,283**
Carrying value, December 31, 2011	**$**	**78,363**

13. Share Capital

Authorized:

Unlimited common shares without par value

Issued and outstanding:

	Number of Shares		Amount
Balance, October 5, 2010	**-**	**$**	**-**
Shares issued upon incorporation *(i)*	100		10
Shares cancelled pursuant to Plan of Arrangement *(ii)*	(100)		(10)
Shares issued pursuant to Plan of Arrangement *(ii)*	26,720,007		97,396
Private placement *(iii)*	2,526,666		303,200
Warrants issued in private placement *(iii)*	-		(26,151)
Share issue costs *(iii)*	-		(17,255)
Balance, December 31, 2010	**29,246,673**		**357,190**
Shares issued in settlement of property termination obligation *(Note 5)*	1,221,356		244,271
Shares issued pursuant to private placement *(iv)*	3,000,000		600,000
Warrants issued in private placement *(iv)*	-		(67,500)
Shares issued to REBgold Corporation warrant holders pursuant to plan of arrangement *(v)*	4,510,332		373,687
Shares issued pursuant to exercise of warrants *(vi)*	255,000		43,350
Fair value of warrants exercised *(vi)*	-		5,279
Shares issued pursuant to exercise of options *(vii)*	150,000		30,000
Fair value of options exercised *(vii)*	-		14,940
Share issue costs *(iv)*	-		(33,593)
Balance, December 31, 2011	**38,383,361**	**$**	**1,567,624**

Activity:

(i) On October 5, 2010, the Company issued 100 common shares of the Company upon incorporation to its parent company, REBgold Corporation, for a nominal value of $10.

(ii) Pursuant to the Arrangement as described in note 5, on December 2, 2010, the Company cancelled the initial 100 shares issued upon incorporation and issued 26,720,007 common shares of the Company to REBgold shareholders on the basis of one (1) share of the Company for each five (5) common shares of REBgold held as of the close of business on December 1, 2010.

13. Share Capital - continued

(iii) On December 22, 2010, the Company issued 2,526,666 units in a non-brokered private placement at a price of $0.12 per unit for aggregate gross proceeds of $303,200. Each unit consisted of one common share and one half of one common share purchase warrant. Each warrant entitled the holder to purchase one common share at $0.17 until December 22, 2011. All securities issued in connection with the offering and the underlying securities were subject to a four month hold period that expires on April 23, 2011. Fair value of common share purchase warrants issued in this placement was estimated at $26,151. The Company incurred finder's commissions of $9,940 (of which $1,750 were included in December 31, 2010 accounts payable), legal costs of $5,600 (all of which were included in December 31, 2010 accounts payable), and issued 82,833 finder's warrants. Each finder's warrant entitled the holder to purchase one common share at a price of $0.17 until December 22, 2011. The fair value of the finder's warrants issued was estimated at $1,715.

As at December 31, 2010, subscriptions totaling $12,000 had not yet been paid in cash to the Company and were included in subscriptions receivable (note 6).

(iv) On June 29, 2011, the Company closed the first tranche of a private placement and issued 2,500,000 units at a price of $0.20 per unit for gross proceeds of $500,000. The second tranche was closed on July 15, 2011 where the Company issued an additional 500,000 units at a price of $0.20 per share. Each unit consisted of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.30 for one year from the date of closing. The fair value of the common share purchase warrants issued in this placement was estimated to be $67,500. The Company incurred finder's fees of $22,500 and issued 112,500 finder's warrants in connection with this private placement. Each finder's warrant entitles the holder to purchase one common share at a price of $0.20 for a period of one year from the date of closing. The fair value of these finder's warrants was estimated at $5,091. The Company also incurred legal consulting fees in connection with this private placement totaling $6,002.

(v) Between January 1, 2011 and May 3, 2011, REBgold Corporation warrant holders exercised a total of 22,051,667 warrants to purchase 22,051,667 REBgold common shares for gross proceeds of $2,198,100. Under the terms of the Arrangement, the Company was obligated to issue 1 common share for each 5 common shares issued by REBgold, which is a total of 4,510,331 of its common shares to be issued to these REBgold warrant holders. The Company was entitled to 17% of the gross proceeds on such warrant exercises. REBgold Corporation paid the Company a total of $373,687 in connection with these warrant exercises.

(vi) During the fiscal year, warrant holders exercised a total of 255,000 warrants to purchase 255,000 common shares of the Company for gross proceeds of $43,350. The weighted average share price at the time these warrants were exercised was $0.18. The fair value of the exercised warrants of $5,279, recognized at the time of the initial private placement, was reclassified from warrants reserve to share capital.

(vii) During the fiscal year, option holders exercised a total of 150,000 options to purchase 150,000 common shares of the Company for gross proceeds of $30,000. The weighted average share price at the time these options were exercised was $0.18. The fair value of the exercised options of $14,940, recognized at the time of the initial grant, was reclassified from contributed surplus to share capital.

14. Warrants Reserve

The movements in the number and estimated fair value of outstanding broker warrants and share purchase warrants are as follows:

	Number	Fair Value
Balance, October 5, 2010	**-**	**$ -**
Warrants issued pursuant to private placement *(note 13(iii))*	1,263,334	26,151
Broker warrants issued *(note 13(iii))*	82,833	1,715
Balance, December 31, 2010	**1,346,167**	**27,866**
Warrants issued pursuant to private placement *(note 13(iv))*	1,500,000	67,500
Broker warrants issued *(note 13(iv))*	112,500	5,091
Warrants exercised during the year *(note 13(vi))*	(255,000)	(5,279)
Expired during the year	(1,091,167)	(22,587)
Balance, December 31, 2011	**1,612,500**	**$ 72,591**

Pursuant to the Arrangement as described in note 5, REBgold has certain obligations pursuant to the REBgold warrants in existence at the time of the Arrangement, which upon being exercised, shall be satisfied by the issuance of one common share from REBgold and one-fifth of one common share of the Company in accordance to the terms of the Arrangement.

Upon the exercise of any REBgold warrants following the Arrangement, REBgold shall pay to the Company 17% of the exercise proceeds as consideration for the issuance of the Company's common shares. REBgold shall retain the balance of the aggregate exercise price as consideration for the issuance of its common shares from the exercise of the warrant.

As of December 31, 2011, REBgold had 47,778,333 common share purchase warrants outstanding which are subject to the Arrangement. The Company’s obligation, if these warrants were exercised prior to expiry, would be to issue 9,555,667 common shares in return for its portion of the aggregate exercise price of $848,835.

14. Warrants Reserve - continued

The exercise price, contractual life, and the fair value assigned to warrants issued and outstanding as at December 31, 2011 are as follows:

Warrants	Weighted Average Exercise Price	Fair Value	Weighted Average Contractual Life (years)
1,250,000	$ 0.30	$ 56,250	0.50
97,500	0.20	4,416	1.50
250,000	0.30	11,250	0.54
15,000	0.20	675	1.54
1,612,500	**$ 0.29**	**$ 72,591**	**0.57**

The fair value of these warrants, issued during the year ended December 31, 2011 and period ended December 31, 2010, was estimated using the Black-Scholes option pricing model with the following assumptions:

	2011	2010
Risk free interest rate	**1.44%-1.55%**	1.66%
Expected dividend yield	**nil**	nil
Expected volatility	**102%**	100%
Expected life	**1 - 2 years**	1 year

Option pricing models require the input of subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the estimate of fair value, and therefore, the use of the Black-Scholes option pricing model, as required by IFRS, may not provide a realistic measure of the fair value of the Company's warrants at the date of issue.

15. Contributed Surplus Reserve and Stock-Based Compensation

The movements in the contributed surplus are as follows:

	Fair Value
Balance, October 5, 2010	**$ -**
Stock-based compensation	25,971
Balance, December 31, 2010	**25,971**
Stock-based compensation	132,101
Options exercised	(14,940)
Warrants expired	22,587
Balance, December 31, 2011	**$ 165,719**

15. Contributed Surplus Reserve and Stock-Based Compensation - continued

The Company has a stock option plan (the Plan), under which the Company may grant options to directors, officers, and consultants. Under the terms of the Plan that was approved by the shareholders on November 12, 2010, the Company is authorized to issue a maximum of 10% of the issued and outstanding common shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. The options granted under the Plan are non-assignable, have a term of 5 years and vest over periods of up to one year from the date of issue.

	Number Outstanding	Weighted-Average Exercise Price
Balance, October 5, 2010	**-**	**$ -**
Granted	2,100,000	0.15
Balance, December 31, 2010	**2,100,000**	**0.15**
Granted	250,000	0.20
Exercised	(150,000)	0.20
Cancelled/expired	(200,000)	0.16
Balance, December 31, 2011	**2,000,000**	**$ 0.15**

Options to purchase common shares outstanding at December 31, 2011 carry exercise prices and remaining terms to maturity as follows:

Weighted Average Exercise Price	Options Outstanding	Options Exercisable	Weighted-Average Contractual Life (years)
$ 0.15	1,950,000	1,950,000	3.9
0.20	50,000	50,000	4.2
$ 0.15	**2,000,000**	**2,000,000**	**3.9**

15. Contributed Surplus Reserve and Stock-Based Compensation - continued

During the year ended December 31, 2011, the Company granted 250,000 new options at an exercise price of $0.20 which vested immediately. 200,000 of these options expire January 31, 2016 and 50,000 of these options expire March 10, 2016. The fair value of options vested during the year ended December 31, 2011, was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2011	2010
Risk free interest rate	**2.13% - 2.48%**	1.60%
Expected dividend yield	**nil**	nil
Expected volatility	**124% - 134%**	142%
Expected life	**2.4 years**	2 years

The Company recognized a total expense of $132,101 (2010 - $25,971) in respect of the options vesting during the period. Stock-based compensation expense was included in operating and administrative costs (note 18).

Option pricing models require the input of subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of Black-Scholes option pricing model, may not provide a realistic measure of the fair value of the Company's options at the date of issue.

16. Loss per Share

The following table sets forth the computation of basic and diluted loss per common share for the periods ended December 31:

	2011	2010
Numerator:		
Loss attributable to common shareholders	**$ (1,409,600)**	$ (557,569)
Denominator:		
Weighted-average common shares outstanding	**34,888,631**	8,962,025
Basic and diluted loss per common share	**$ (0.04)**	$ (0.06)

In the periods ended December 31, 2011 and 2010, the potential effect of the exercise of stock options, warrants and the portion of REBgold's convertible debentures attributable to the Company *(Note 12)*, was anti-dilutive.

17. Income Taxes

In the following tables, the Company has reallocated certain amounts reported for 2010 in connection with the Plan of Arrangement. This reallocation has resulted in an increase in the tax value of various resource pools, as well as other small adjustments.

The following table reconciles the expected income tax recovery at the Canadian Federal and Provincial statutory tax rate of 28.25% (2010 - 31%) to the amount recognized in the statements of operations:

	2011	2010
Loss before recovery of income taxes	**$ (1,409,600)**	$ (557,569)
Expected income tax recovery	**$ (398,200)**	$ (172,800)
Tax effect of assets acquired through plan of arrangement	**-**	149,400
Recognition and reversal of temporary differences	**33,800**	2,800
Difference between current and future income tax rate	**41,900**	149,500
Plan of arrangement adjustment	**-**	(751,700)
Change in unrecognized temporary differences	**322,500**	622,800
Recovery of income taxes	**$ -**	$ -

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred income tax assets have not been recognized in respect of the following items:

	2011	2010
Deferred income tax assets		
Non-capital losses	**$ 1,411,900**	$ 162,300
Mineral interests	**373,200**	357,300
Share issue costs	**39,800**	16,400
Equipment and intangible assets	**1,956,400**	1,955,300
	$ 3,781,300	$ 2,491,300

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

At December 31, 2011, the Company had non-capital losses in Canada of approximately $1,411,900 which are available under certain circumstances to reduce future taxable income. These losses expire as follows:

2030	**$ 162,300**
2031	**1,249,600**
	$ 1,411,900

18. Operating and Administrative

General and administrative expenses consist of the following:

	2011	2010
Salaries and management fees	**$ 452,350**	$ 40,369
General office expenses	**168,639**	11,225
Shareholder communication and filing fees	**162,861**	5,660
Share based payments	**132,101**	25,971
Travel	**114,202**	5,476
Professional fees	**103,020**	32,046
Depreciation *(note 9)*	**1,100**	279
Foreign exchange gain	**(510)**	-
	$ 1,133,763	$ 121,026

19. Finance Charges

Finance charges consist of the following:

	2011	2010
Debenture interest	**$ 15,320**	$ 1,781
Accretion on debenture payable	**13,883**	1,838
Other interest	**2,363**	-
	$ 31,566	$ 3,619

20. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to sales tax receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet current liabilities when due. As at December 31, 2011, the Company had a cash balance of $99,114 (2010 - $239,400) to settle current liabilities of $584,411 (2010 - $445,795). The Company does not have sufficient cash reserves to fund its administrative costs and fully fund all project development initiatives for the coming twelve month period, and to repay its liabilities to trade creditors and debt holders. Management is actively involved in identifying reclamation ventures amenable to the application of the Company’s technology and in seeking new equity financing to enable it to service the Company’s existing liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

20. Financial Risk Factors (continued)

Market risk

(a) Interest rate risk

The Company has cash balances earning interest at a variable interest rate and debentures payable through REBgold bearing interest at a fixed rate of 18% per year. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company had no such deposit certificates at the end of the reporting period.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar. Major purchases are transacted in Canadian dollars. The Company funds certain operations and administrative expenses using United States dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is not exposed to price risk with respect to commodity prices because the Company is not a producing entity.

21. Capital Management

The Company defines capital as share capital, warrants reserve, contributed surplus reserve, and deficit. The Company’s objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support the acquisition, exploration, and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is currently in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties, if it feels there is sufficient geologic or economic potential, and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company does not have externally imposed capital requirements.

22. Segmented Information

The Company has one global operating segment, being the development of projects where the Company can use its bacterial technologies and related intellectual property. No revenues have been derived from those technologies and property to date.

23. Conversion to IFRS

Overview

These are the Company's first annual financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended December 31, 2011 and the comparative information presented in these financial statements for the period ended December 31, 2010. The Company was incorporated on October 5, 2010 and therefore the opening IFRS statement of financial position is at October 5, 2010, which is the Company's date of transition.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected not to apply any optional exemptions in its preparation of an opening IFRS statement of financial position as at October 5, 2010, the Company's transition date.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

Changes to accounting policies

In preparing its IFRS statements of financial position and statement of operations, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position and determination of net loss is set out in the following tables and accompanying notes. The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS:

(a) Impairment of (non-financial) assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There is no impact on the financial statements.

(b) Decommissioning liabilities (asset retirement obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. In addition, the measurement, of such liabilities differs between IFRS and Canadian GAAP. The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the financial statements.

23. Conversion to IFRS - continued

Changes to accounting policies - continued

(c) Exploration and evaluation

On transition to IFRS, the Company elected to continue its policy of capitalizing exploration and evaluation expenditures as incurred. All capitalized expenditures were incurred subsequent to obtaining a right to explore and evaluate the property. There is no impact on the financial statements.

(d) Property, plant, and equipment ("PP&E")

Under IFRS, componentization is required for PP&E. Asset componentization involves breaking down an asset into significant individual components that have different useful lives. Significant parts or components of the PP&E that have useful lives that are significantly different from the asset as a whole, are depreciated over their useful lives. There is no impact on the financial statements.

Presentation

Certain amounts in the statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS, which are as follows:

The presentation of expenses in the statements of operations and comprehensive loss has been amended to use an analysis based consistently on their function.

23. Conversion to IFRS - continued

The Canadian GAAP statements of financial position have been reconciled to IFRS as follows:

	Canadian GAAP	Transition to IFRS	IFRS	Canadian GAAP	Transition to IFRS	IFRS
	October 5, 2010			December 31, 2010		
Assets						
Cash	$ 10	$ -	$ 10	$ 239,400	$ -	$ 239,400
Other receivables	-	-	-	16,582	-	16,582
Prepaid expenses	-	-	-	8,203	-	8,203
	10	-	10	264,185	-	264,185
Deferred exploration costs	-	-	-	32,553	-	32,553
Equipment	-	-	-	2,515	-	2,515
	$ 10	**$ -**	**$ 10**	**$ 299,253**	**$ -**	**$ 299,253**
Liabilities						
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 111,774	$ -	$ 111,774
Payable to REBgold Corporation	-	-	-	334,021	-	334,021
	-	-	-	445,795	-	445,795
Deficiency in assets						
Share capital	10	-	10	357,190	-	357,190
Warrants reserve	-	-	-	27,866	-	27,866
Contributed surplus reserve	-	-	-	25,971	-	25,971
Deficit	-	-	-	(557,569)	-	(557,569)
	10	-	10	(146,542)	-	(146,542)
	$ 10	$ -	**$ 10**	**$ 299,253**	$ -	**$ 299,253**

23. Conversion to IFRS - continued

The Canadian GAAP statement of loss and comprehensive loss for the period ended December 31, 2010 has been reconciled to IFRS as follows:

	Canadian GAAP	IFRS Transition	IFRS
Expenses			
Operating and administrative costs	$ 121,026	$ -	$ 121,026
Interest expense	3,619	-	3,619
Write-down of mineral properties and deferred exploration	432,924	-	432,924
Net loss and comprehensive loss for the period	**$ (557,569)**	**$ -**	**$ (557,569)**

24. Subsequent Events

Private placement

On January 18, 2012, the Company issued 705,000 units at $0.20 per unit for gross proceeds of $141,000. Each unit consisted of one common share and one half purchase warrant, with each whole warrant exercisable at $0.30 until January 18, 2013. Prior to December 31, 2011, the Company had collected $64,000 related to the private placement which was recorded at the end of the reporting period as shares to be issued.

Extension of convertible debentures and warrants by REBgold Corporation

On April 17, 2012, REBgold announced that it had extended the maturity date of the $410,000 principal amount of the outstanding convertible debentures and 4,100,000 common share purchase warrants described in Note 12, with an original maturity date of April 13, 2012 to April 13, 2015. Each debenture holder was offered the choice to either (i) further extend the maturity date of the debentures and expiry date of the related warrants held to April 13, 2015, or (ii) accept payment in full of the debentures outstanding on April 13, 2012, in which case the related warrants held would also expire on April 13, 2012. All holders of the outstanding debentures and warrants elected to extend the maturity date to April 13, 2015.

As a result of the Plan of Arrangement described in Note 5, the debentures are convertible into units comprised of one common share of REBgold and one-fifth of a common share of the Company at a conversion price of $0.10 per unit. The warrants are exercisable for units at a price of $0.12 per unit. The conversion price of the debentures and the exercise price of the warrants remain unchanged.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011

The following management discussion and analysis ("MD&A") of financial results is dated April 25 2012 and reviews the business of BacTech Environmental Corporation (the "Company" or "BacTech"), for the year ended December 31, 2011, and should be read in conjunction with the accompanying audited annual financial statements and related notes for the year ended December 31, 2011. This MD&A and the accompanying audited annual financial statements and related notes for the year ended December 31, 2011 have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors.

This MD&A contains certain forward looking statements, such as statements regarding potential mineralization, reserves and exploration results and future plans and objectives of the Company, that are subject to various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward looking statements.

A. Core Business Strategy

BacTech Environmental Corporation (the "Company" or "BEC") was incorporated by REBgold Corporation ("REBgold" and formerly known as BacTech Mining Corporation) on October 5, 2010 under the Canada Business Corporations Act. Through the completion of the Plan of Arrangement transaction as described below, the Company was granted a perpetual, exclusive, royalty free license to use REBgold Corporation's proprietary bioleaching technology ("BACOX") in the remediation business for mining. The technology utilizes bacteria to liberate precious and base metals and has been traditionally used to treat difficult-to-treat sulphide ores and concentrates. The business plan for the Company is to apply the bioleaching technology to abatement and reclamation 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. Examples of metals which can be extracted include gold, silver, cobalt, nickel, copper, uranium and zinc.

Bioleaching is an environmentally friendly process technology for treating difficult-to-treat sulphide ores and concentrates. By replacing smelting and/or roasting with a bioleach process, the production of sulphur dioxide emissions which is the primary source of acid rain, and arsenic trioxide is eliminated. Furthermore, the capital and operating costs of a bioleach facility are significantly less when compared to other existing treatment methods.

Plan of Arrangement

Effective December 2, 2010, REBgold completed a divisive reorganization by way of a Plan of Arrangement (the "Arrangement") whereby a newly formed subsidiary, BacTech Environmental

Corporation, was granted rights and interests in REBgold's existing and proposed tailings remediation projects and an exclusive, perpetual, royalty-free licence to use REBgold's proprietary bioleaching technology for reclamation of historic mine tailings and waste rock. REBgold retained the primary rights to the bioleaching technology, as well as all of REBgold's existing project assets.

REBgold shareholders voted in favour of the Arrangement at a special meeting of shareholders held on November 12, 2010. Subsequent to the Arrangement, BEC started to trade on the Canadian National Stock Exchange under the symbol "BAC" and REBgold continued to trade on the TSX Venture Exchange under the symbol "RBG".

Under the terms of the Arrangement, REBgold's shareholders received, in exchange for each existing common share of REBgold, one new common share of REBgold (formerly BacTech Mining Corporation) and one-fifth of a common share of BacTech Environmental Corporation.

The Notice of Meeting and Management Information Circular dated October 14, 2010 for REBgold (formally known as BacTech Mining Corporation) Plan of Arrangement (POA) were mailed to shareholders on October 21, 2010. The Notice of Meeting and Circular are posted on SEDAR (www.sedar.com) and on REBgold's website, www.reb-gold.com.

B. Mining Properties and Project

The mineral properties and deferred exploration costs are comprised as follows:

	Cobalt Tailings	**Snow Lake**	**Total**
Balance, October 5, 2010	-	-	-
Transferred under Plan of Arrangement	432,924	31,060	463,984
Net expenditures on property	-	1,493	1,493
Write-down of assets	(432,924)	-	(432,924)
Balance December 31, 2010	**-**	**32,553**	**32,553**
Net expenditures on property	-	308,706	308,706
Recovered during period	-	-	-
Written off during period	-	-	-
Balance, December 31, 2011	**-**	**341,259**	**341,259**

Snow Lake Arsenopyrite Concentrate Stockpile - Manitoba

In early 2010, REBgold became aware of a reclamation opportunity in Snow Lake, Manitoba. In the 1950's, a gold mine named Nor-Acme 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.

REBgold approached the Manitoba Ministry of Innovation, Energy and Mines in April 2010 and outlined a plan whereby REBgold, 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. The Manitoba government granted approval for REBgold 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 stockpile.

Pursuant to completion of the Plan of Arrangement on December 2, 2010, REBgold assigned its rights and commitments to BacTech Environmental Corporation. As such, accumulated development costs and expenditures that have been capitalized and deferred have been transferred to the Company's balance sheet as per the terms of the Arrangement.

In February 2011, BacTech tendered a proposal for the remediation of the arsenopyrite stockpile at Snow Lake under a request for proposals ("RFP") from Manitoba Innovation, Energy and Mines, and in April 2011, was awarded the contract by the Mines Branch of the Manitoba Department of Innovation, Energy and Mines. The contract was finalized in November 2011. BacTech has proposed a "no cost to the taxpayer" approach to the clean up. The Company will recover payable metals for its own account from the stockpile while stablizing the contained arsenic.

In May 2011, BacTech announced the completion of a drill program carried out at the arsenopyrite concentrate stockpile. A total of 299.3 meters of sonic drilling were completed in 33 holes. The holes were drilled on a grid at 20 m spacing to obtain core from the entire stockpile. One half of the core was retained in Snow Lake as a permanent record, with half the core taken for geochemical, metallurgical and bioleach samples. Some 432 geochemical samples were taken at 50 cm intervals of which 236 were used for a resource calculation. Saskatchewan Research Council in Saskatoon completed the fire assaying. In July 2011 the Company released the drill results of the program. An average grade of 9.7 g/t gold was obtained from the 33-hole program, which is consistent with previous historic results. Given the large number of samples, the Company advises the reader to visit the BacTech website at www.bactechgreen.com to view a complete list of the drill holes and related samples.

On October 17, 2011 the Company announced the results of a National Instrument 43-101 technical report for the Snow Lake, Manitoba, arsenopyrite residue stockpile (ARS) compiled by Ralph Newson, the independent qualified person who authored the report. The technical report outlines a measured mineral resource of 265,000 tonnes grading 9.7 grams per tonne gold and 2.17 g/t silver for the stockpile. In addition, an indicated mineral reserve of 9,300 tonnes grading 9.2 g/t gold and 2.15 g/t silver is estimated, as is a further inferred mineral reserve of 28,000 tonnes grading 7 g/t gold and 2.4 g/t silver. The samples were assayed at Inspectorate Exploration and Mining Services Ltd. in Richmond, B.C., an approved assay facility. The accompanying table outlines the total ounces for the various resource calculations.

		Gold		Silver	
	Tonnes	(g/t)	Ounces	(g/t)	Ounces
Measured resource	265,000	9.7	82,643	2.17	18,488
Indicated resource	9,300	9.2	2,750	2.15	642
Inferred resource	28,000	7.0	6,300	2.4	2,160

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The drill samples collected from the arsenopyrite stockpile were also used to determine the metallurgical variability of the stockpile, evaluate pre-treatment scenarios and costs, continue bioleach work on a larger scale for gold extraction, as well as to study the detox/arsenic stability for the oxidized end product.

On March 20, 2012, the Company announced results of the bioleach study program it had been working on for the last several months. The patented BACOX bio-oxidation process oxidized over 95 per cent of the sulphides. This study definitively demonstrates the technology's ability in eliminating future acid mine drainage and the environmental problems associated with the stockpile, which is one of the key drivers of the project. In addition, the bio-oxidation process rendered 88.6 per cent of the gold contained in the sulphides available for extraction, compared with only 9.4 per cent using conventional gold extraction without oxidation.

The bioleach study is an integral part of the continuing economic study currently under way with Micon International. The study is expected to be completed by the end of May 2012. In addition, BacTech has hired Golder Associates Ltd., which is in the process of completing the environmental impact statement required for an Environment Act license.

Newalta has agreed to contribute up to $300,000, as well as provide engineering resources and co-manage detailed engineering for the PEA and subsequent feasibility study. If the Snow Lake project proves economically feasible, the companies have agreed to engage in good faith negotiations for a 90-day exclusivity period concerning Newalta's participation in the development, construction and operation of the project.

It is BacTech's intention to complete the current study and then seek permission and the necessary approvals to process the stockpile material. This would involve building a bioleach plant in the vicinity to reprocess the arsenopyrite concentrate, stabilize the arsenic, and recover a high percentage of the contained gold. Once the bioleach plant is built, this will be the first operating bioleach plant in North America used to remediate a mine waste. The process will extract the gold and produce a stable residue in a manner which is economic and, effective, that would result in a financial saving to the government of Manitoba. BacTech is committed to working with all parties associated with the potential reclamation of the Snow Lake site. Given the fact that the stockpile is already in a concentrate form, the capital cost associated with building a bioleach plant will be significantly reduced. In addition, Manitoba's low energy prices would provide for a beneficial reduction in operating costs, as power can consume as much as 40% of the operating costs for bioleaching.

<u>Future Plans</u>

The Company envisions to begin the construction of a bioleach plant during 2012 in Snow Lake to treat 100 tonnes of stockpiled material per day, or 37,500 tonnes per year. The Snow Lake Arsenopyrite Stockpile will take approximately 6 - 7 years to process. Once the reclamation and remediation of the Snow Lake Arsenopyrite Stockpile is completed, the bioleach facility will be adapted to treat similar tailings in the region. The expected life of the facility is estimated to be approximately 25 years.

Cobalt Tailings

In September 2008, REBgold 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 entailed REBgold investigating the use of its proprietary bioleaching technology to treat certain tailings in the Cobalt Camp in north-eastern Ontario for the recovery of cobalt, nickel and silver. In addition, REBgold investigated the potential environmental remediation for the associated arsenic in the tailings. In the event of a positive outcome from the study, both parties would formalize the agreement through the creation of a Joint Venture. In January 2009, GBB informed REBgold that it could not proceed with the future joint venture terms of the Memorandum of Understanding and gave REBgold permission to begin discussions with potential new partners.

In April 2010, REBgold Corporation signed a Memorandum of Understanding with Blackstone Development Inc. of Cobalt, Ontario (the "Blackstone MOU"). Pursuant to the Plan of Arrangement, REBgold Corporation assigned its rights under the Blackstone MOU to BacTech Environmental Corporation. The Blackstone MOU outlined REBgold's intent to gain access to Blackstone's tailings inventory in the Cobalt Camp. There are an estimated 18 million tonnes of tailings in the entire Cobalt Camp, with approximately 10-12 million tonnes of tailings on the Blackstone properties. Blackstone obtained ownership from a third party, subject to certain conditions. Subsequent to the Company signing the agreement with Blackstone, Blackstone's rights to the tailings were revoked.

The Company will continue to monitor events in the area to evaluate future opportunities with the objective of identifying potential cleanup sites for which it can apply the BacTech Bioleaching Technology in order to remediate arsenic laden mine tailings from the Cobalt/Coleman Townships of northern Ontario.

Pursuant to the Plan of Arrangement, REBgold assigned its rights and commitments to the Company. As such, accumulated development costs and expenditures that have been capitalized and deferred have been transferred to the Company's balance sheet as per the terms of the Arrangement. The Company has no access to the tailings at the present time or any formal agreement to grant access to the Company sometime in the future. As a result, the capitalized cost associated with the development of the Cobalt project has been expensed.

C. Selected Annual Information

The following table presents selected financial information in Canadian dollars ($), for each of the two most recently completed financial years, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company started operations on October 5, 2010 and had its first period end December 31, 2010. As a result there are only two periods to present.

	2011	**2010**
	$	$
Revenues	Nil	Nil
Net loss for the year	(1,409,600)	(557,569)
Net loss per share	(0.04)	(0.06)
Total assets	487,176	299,253
Total liabilities	584,411	445,795

The Company had its first full year of operations for the year ended December 31, 2011. The prior period reflects operations for a shorter period starting from October 5, 2010 to December 31, 2010. The Company did not generate any revenue in fiscal 2011 or 2010. The net loss for 2011 reflects a full year of operations.. The funds raised from the exercise of warrants and options, and the 3 private placement completed in December 2010, June 2011 and January 2012, were used for general working capital, advancing the Snow Lake Project, as well as pursuing other projects of interest. The most significant assets on the balance sheet are the deferred exploration cost for the Snow Lake Project.

D. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2011.

Revenues

The Company has no revenue or sources of recurring revenues at this time.

Operating and Administrative Costs

Operating and administrative expenses were $1,133,763 for the year ended December 31, 2011 compared to $121,026 for the period from the date of incorporation on October 5, 2010 to December 31, 2010. For the purposed of the analysis below the term " period ended December 31, 2010" will mean: the period from the date of incorporation on October 5, 2010 to December 31, 2010. Significant components of this expense include:

1. Salaries, management fees and related costs were $452,350 for the year ended December 31, 2011 compared to the $40,369 period ended December 31, 2010. These costs are for the salaries, wages and management consulting fees incurred directly in managing and operating the business of the company, which includes the investigation and evaluation of potential projects. As the Company further pursues the Snow Lake and other project initiatives, it is expected that the level of spending will continue to increase in the next year;
2. Share based payments, as explained in note 15 to the audited annual financial statements, were $132,101 for the year ended December 31, 2011 compared to $25,971 for the period ended December 31, 2010. Yearly fluctuations in stock option expense are dependent on a number of factors including, but not limited to, number of options issued, valuation of options, vesting period and timing. For the current period ended December 31, 2011, 250,000 options were issued. For the period ended December 31, 2010, 2,100,000 options were issued. The expense for the current period is based on the valuations of options granted in both the current period which are recognized as an expense in the current period, based on the portion of options vested in the current period;
3. Professional fees were $103,020 for the year ended December 31, 2011 compared to $32,046 for the period ended December 31, 2010. Legal fees and professional fees were incurred on project related expenses, Plan of Arrangement and general corporate purposes;
4. Costs associated with shareholder information and investor relations were $162,861 for the year ended December 31, 2011 compared to $5,660 for the period ended December 31, 2010. Investor relations programs continue to be used by management to assist with raising awareness of the Company (explaining the Plan of Arrangement transaction), as well as support for capital financings through media publications and news releases.
5. Travel costs were $114,202 for the year ended December 31, 2011 compared to $ 5,476 for the period ended December 31, 2010. Travel costs incurred to source and evaluate projects, as well as capital fund raising tasks in the current period; and
6. General office expenses were $168,639 for the year ended December 31, 2011 compared to $11,225 for the period ended December 31, 2010. These are expenses for the general corporate office located in Toronto.

Finance Charges

Debenture interest expense for the year ended December 31, 2011 was $15,320. The debenture interest expense for the period reflects the interest expense from BEC's portion of the debenture issued by REBgold Corporation, as explained in note 5 and note 12 to the audited annual financial statements for the year ended December 31, 2011.

Accretion expense is related to the Company's debentures as described in note 12 to the audited annual financial statements for the year ended December 31, 2011. This expense reflects the difference, which is recognized as an expense over the life of the debenture, between the face value of the debenture and the fair value at which it is reported in the Company's balance sheet.

E. Liquidity and Capital Resources

At December 31, 2011, the Company had cash of $99,114 and a working capital deficit of $439,909. The funds raised from the exercise of warrants and options, and the 3 private placement completed in December 2010, June 2011 and January 2012, were used for general working capital and advancing the Snow Lake Project.

On January 18, 2012, the Company issued 705,000 units at $0.20 per unit for gross proceeds of $141,000. Each unit consisted of one common share and one half purchase warrant, with each whole warrant exercisable at $0.30 until January 18, 2013. Prior to December 31, 2011, the Company had collected $64,000 related to the private placement which was recorded at the end of the reporting period as shares to be issued.

On June 29, 2011, the Company issued 2,500,000 units in its first tranche of a non-brokered private placement at a price of $0.20 per unit for aggregate gross proceeds of $500,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.30 until June 20, 2012. Subsequently, on July 15, 2011, the Company completed the second tranche for the private placement for total gross proceeds of $100,000 under the same terms as the original tranche.

Between January 1, 2011 and May 3, 2011, REBgold warrant holders exercised a total of 22,051,667 warrants to purchase 22,051,667 REBgold common shares for gross proceeds of $2,198,100. As per the terms of the Arrangement, the Company was obligated to issue 4,510,331 common shares to these REBgold warrant holders, and the Company is entitled to 17% of the proceeds for a total of $373,677. In addition, warrant holders exercised 255,000 warrants for 255,000 common shares of the Company for gross proceeds of $43,350, as well as options holders exercised 150,000 options for 150,000 common shares of the Company for gross proceeds of $30,000.

On December 22, 2010, the Company issued 2,526,666 units in a non-brokered private placement at a price of $0.12 per unit for aggregate gross proceeds of $303,200. Each unit consisted of one common share and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at $0.17 until December 22, 2011. All securities issued in connection with the offering and the underlying securities were subject to a four month hold period that expired on April 23, 2011.

Share Capital				
	December 31, 2011		December 31, 2010	
	Number of shares	$ Amount	Number of shares	$ Amount
Balance, beginning of period	29,246,673	357,190	-	-
Shares issued – property termination payment	1,221,356	244,271	-	-
Shares issued pursuant to exercise of REBgold warrant	4,510,332	373,687	-	--
Shares issued for cash pursuant to a private placement	3,000,000	600,000	2,526,666	303,200
Shares issued pursuant to the Plan of Arrangement	-	-	26,720,007	97,396
Exercise of warrant	255,000	43,350	-	--
Fair value from exercise of warrant	-	5,279	-	--
Exercise of option	150,000	30,000	-	--
Fair value from exercise of option	-	14,940	-	--
Less:				
Warrant fair value from shares issued	-	67,500	-	26,151
Share issue costs	-	33,593	-	17,255
Balance, end of period	38,383,361	1,567,624	29,246,673	357,190

F. Quarterly Information and forth quarter

Selected quarterly information for the most recently completed quarter is presented below in Canadian currency ($), and in accordance with International Financial Reporting Standards. The Company started operations on October 5, 2010 and had its first period end December 31, 2010. As a result there are only three quarters to present.

	2011 Q4 $000's	Q3 $000's	Q2 $000's	Q1 $000's	2010 Q4 $000's
Revenues	-	-	-	-	-
Operating loss	(538)	(228)	(339)	(305)	(558)
Loss for the period	(538)	(228)	(339)	(305)	(558)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.06)

The Company continued to advance the Snow Lake Project as well investigate other projects of interest in North America and South America. Overall general overhead expenses continued on the same trend in the current quarter as in the previous three quarters of fiscal 2011.

G. Proposed Transaction

Plan of Arrangement (completed December 2, 2010)

Effective December 2, 2010, REBgold completed a divisive reorganization by way of a Plan of Arrangement (the "Arrangement") whereby a newly formed subsidiary, BacTech Environmental Corporation ("BEC"), was granted rights and interests in REBgold's existing and proposed tailings remediation projects and an exclusive, perpetual, royalty-free licence to use REBgold's proprietary bioleaching technology for reclamation of historic mine tailings and waste rock. REBgold retained the primary rights to the bioleaching technology, as well as all of the existing mining assets.

REBgold shareholders voted in favour of the Arrangement at a special meeting of shareholders held on November 12, 2010. Subsequent to the Arrangement, BacTech Environmental Corporation started to trade on the Canadian National Stock Exchange under the symbol “BAC” and REBgold continued to trade on the TSX Venture Exchange under the symbol “RBG”.

Under the terms of the Arrangement, REBgold's shareholders received, in exchange for each existing common share of REBgold, one new common share of REBgold, and one-fifth of a common share of BacTech Environmental Corporation.

The Notice of Meeting and Management Information Circular dated October 14, 2010 for REBgold (formerly known as BacTech Mining Corporation”) were mailed to shareholders on October 21, 2010. The Notice of Meeting and Circular are posted on SEDAR (www.sedar.com) and on REBgold’s website, www.reb-gold.com.

As the Arrangement resulted in no substantial change of ownership, the exchange of net assets pursuant to the Arrangement was measured at its net book value, and recorded on the books of Company, as follows:

Mineral properties and deferred exploration costs transferred from REBgold	**$ 463,984**
Accounts payable transferred from REBgold	**(49,946)**
Book value of debentures payable assumed by REBgold	**(66,642)**
Loan payable to REBgold	**(250,000)**
Net reduction in contributed surplus	**$ 97,396**

The Company assumed 20% of the face value of REBgold’s convertible debentures liability. Upon maturity, BacTech Environmental Corporation will repay to REBgold, 20% of the principal plus 20% of the interest accrued from December 2, 2010 to maturity. REBgold remained indebted to the debenture holders for the full principal of the debenture. For every share of REBgold issued in the event of a conversion, one-fifth of a common share of BacTech Environmental Corporation will be issued. For additional information on the Debenture, please refer to Note 12 of the audited annual financial statements for the period ended December 31, 2011.

H. Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2010 or December 31, 2011.

I. Financial Instruments

The Company has not entered into any specialized financial arrangements to minimize its investment risk, currency risk or commodity risk.

J. Changes in Accounting Policies including Initial Adoption

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA announced that Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the conversion from Canadian GAAP to IFRS was applicable to the Company’s financial statements starting with the first quarter of 2011.

The key IFRS dates were January 1, 2010, which was the transition date, and January 1, 2011, which was the changeover date. An opening balance sheet as of October 5, 2010 (date of incorporation), according to IRFS, has been prepared to facilitate the change over to IFRS reporting for 2011. The changeover date is the date which the Company's financial statements will be prepared and reported according to IFRS.

IFRS has a similar conceptual framework to that of previous Canadian GAAP. There are differences in certain areas under recognition and measurement, as well as disclosure. In order for users to understand the impact of IFRS on the Company's financial statements, included in note 23 to the audited annual financial statements for the year ended December 31, 2011, are the reconciliation adjustments between Canadian GAAP and IFRS. Overall, there is no significant change or adjustment to the financial statements, the only real impact is the reclassification of items on the financial statements and additional note disclosure.

K. Outlook

The current volatile state of the capital markets and the high price for precious and base metals has significantly increased the level of activity for companies in the resource sector or in the remediation and reclamation of mine waste and tailings. Even though there is a heightened interest from the capital markets to invest in companies in these sectors, there can be no assurance that the Company will be successful in attracting either new financing or new opportunities to apply its technology.

L. Risks

The Company's strategy emphasizes developing projects in order to leverage its intellectual property and drive the creation of shareholder value. This strategy has required, and continues to require, significant financings, and is subject to risks associated with mineral prices, mineral resources and operations. Due to the nature of the Company's business, the present stage of development of its projects, and the constraints placed upon the Company's ability to move forward by its current liquidity situation, readers should carefully review and consider the financial, environmental and operational risk factors affecting the Company.

Need for Additional Financing

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

Dependence on Management

The Company'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 Company are dependent, to a significant extent, on the efforts and abilities of the management of the Company. Investors must be willing to rely, to a significant extent, on the discretion and judgment of the management of the Company. Furthermore, while the Company 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 Company does not maintain key employee insurance on any of its employees.

Competition

The Company competes with other engineering companies for the acquisition of mineral rich mine tailings and mine waste that can be developed economically. The Company competes with other engineering companies that have greater financial and technical resources and experience. Such competition may result in the Company 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 Company to compete with other engineering companies for these resources would have a material adverse effect on the Company's results of operations and business.

Currently, the Company's bioleaching technology does not operate in an overly competitive marketplace; however the Company anticipates that it may face increased competition in the future, as advanced technologies become available. While management believes that the Company's technology is more advanced, commercially proven and better situated than its competitors, there can be no assurance that the Company 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 Company to successfully license its technology on terms that are acceptable, may have a material adverse effect on the Company's business, operating results and financial condition.

Conflicts of Interest

Certain of the Company's directors and officers may serve as directors or officers of other reporting companies, companies providing services to the Company, or companies in which they may have significant shareholdings. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company 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 Company'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 Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company 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 Company may be exposed and its financial position at the time.

M. Other MD&A Requirements

Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.