

FORM 5

QUARTERLY LISTING STATEMENT

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

Trading Symbol: BAC

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the CNSX Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

The Company's unaudited financial statements for the period ended March 31, 2012 are attached.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

See Note 10 of the Company's interim unaudited financial statements for the period ended March 31, 2012, a copy of which is attached.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 5): (January 1, 2012 – March 31, 2012)

- (a) summary of securities issued during the period:

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Jan 18, 2012	Common shares	Private placement	705,000	0.20	\$141,000	Cash	- Your CFO Ltd., owned by Lou Nagy, the Company's CFO, purchased 50,000 shares. - MaryAnn Mihychuk, a Director, purchased 20,000 shares	Nil

(b) summary of options granted during the period (January 1, 2012 – March 31, 2012)

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
	Nil					

3. Summary of securities as at the end of the reporting period (March 31, 2012).

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Unlimited number of common shares without par value

- (b) number and recorded value for shares issued and outstanding,

**Common shares issued and outstanding as at March 31, 2012
39,088,361**

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

	Number	Exercise or conversion price	Expiry date
Options	1,950,000	\$0.15	December 6, 2015
Options	50,000	\$0.20	March 10, 2016
Warrants – Series B	1,250,000	\$0.30	June 29, 2012
Warrants – Series B Finder's Warrants	97,500	\$0.20	July 2, 2013
Warrants – Series C	250,000	\$0.30	July 16, 2012
Warrants – Series C Finder's Warrants	15,000	\$0.20	July 15, 2013
Warrants – Series D	352,500	\$0.30	January 18, 2013

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Not applicable.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Position
John C. Gingerich	Chairman
M. Ross Orr	President & CEO
W. Walter Cimowsky	Director
Jay L. Naster	Director
Donald A. Whalen	Director
Louis R. Nagy	Chief Financial Officer
David Salari	Chief Operating Officer
Paul C. Miller	Vice President, Technology & Engineering
Junxiang Guo	Vice President, Metallurgy

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

The Company's Management Discussion & Analysis for the period ended March 31, 2012 is attached.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: May 30, 2012

Louis R. Nagy
Name of Director or Senior Officer

"Louis R. Nagy"
Signature

Chief Financial Officer _____
Official Capacity

Issuer Details Name of Issuer BacTech Environmental Corporation	For Quarter Ended March 31, 2012	Date of Report YY/MM/D May 30, 2012
Issuer Address 50 Richmond Street East, Suite 300		
City/Province/Postal Code Toronto, Ontario M5C 1N7	Issuer Fax No. (416) 596-9840	Issuer Telephone No. (416) 813-0303
Contact Name Louis R. Nagy	Contact Position Chief Financial Officer	Contact Telephone No. 416-813-0303 ext 224
Contact Email Address lnagy@bactechgreen.com	Web Site Address www.bactechgreen.com	

BacTech Environmental Corporation

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2012

(Unaudited)

Notice of No Auditor Review of Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, MSCM LLP, has not performed a review of these unaudited condensed consolidated interim financial statements, in accordance with standards established by the Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

BacTech Environmental Corporation
May 29, 2012

BacTech Environmental Corporation
Condensed Consolidated Interim Statements of Financial Position
(expressed in Canadian dollars, unless otherwise stated)

	As at March 31 2012 \$	As at December 31 2011 \$
Assets	(unaudited)	(audited)
Current assets		
Cash	18,318	99,114
Other receivable (<i>note 5</i>)	14,177	30,105
Prepaid expenses	35,377	15,283
	67,872	144,502
Deferred exploration costs (<i>note 7</i>)	359,593	341,259
Equipment (<i>note 8</i>)	1,140	1,415
	428,605	487,176
Equity and Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 9</i>)	432,338	381,691
Payable to REBgold Corporation (<i>note 6</i>)	227,504	202,720
	659,842	584,411
Capital and Reserves		
Share capital (<i>note 12</i>)	1,674,768	1,631,624
Contributed surplus reserves	165,719	165,719
Warrant reserve	102,791	72,591
Deficit	(2,174,515)	(1,967,169)
	(231,237)	(97,235)
	428,605	487,176

Nature of Operations and Going Concern (note 1)

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

BacTech Environmental Corporation
Condensed Consolidated Interim Statements of Income (Loss)
and Comprehensive Income (Loss)

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31 2012	Three months ended March 31, 2011
	\$	\$
Net Revenue	-	-
Expenses		
Operating and administrative costs <i>(note 16)</i>	199,540	230,172
Finance charges <i>(note 17)</i>	7,806	9,798
Property termination payments	-	244,271
	207,346	484,241
Net income (loss) for the period	(207,346)	(484,241)
Basic and diluted income (loss) per share <i>(note 15)</i>	(0.01)	(0.02)
Weighted average number of common shares outstanding	38,947,361	30,474,696
Statement of Comprehensive Income (loss)		
Net income (loss) for the period	(207,346)	(484,241)
Other comprehensive income	-	-
Comprehensive income (loss) for the period	(207,346)	(484,241)

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

BacTech Environmental Corporation
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Share Capital \$	Contributed Surplus Reserve \$	Warrant Reserve \$	Deficit \$	Total Equity \$
Balance December 31, 2010	357,190	25,971	27,866	(557,569)	(146,542)
Common shares issued on exercise of warrants	8,500	-	-	-	8,500
Common shares issued as Property Termination Payment	244,271	-	-	-	244,271
Share based payments	-	13,024	-	-	13,024
Net income (loss) for the period	-	-	-	(484,241)	(484,241)
Balance, March 31, 2011	609,961	38,995	27,866	(1,041,810)	(364,988)
Common shares issued pursuant to private placement	532,500	-	67,500	-	600,000
Common shares issued on exercise of REBgold Corporation warrants	365,187	-	-	-	365,187
Common shares issued on exercise of warrants	43,350	-	-	-	43,350
Fair market value of warrants exercised	5,279	-	(5,279)	-	-
Expired warrants	-	22,587	(22,587)	-	-
Common shares issued on exercise of options	30,000	-	-	-	30,000
Fair market value of options exercised	14,940	(14,940)	-	-	-
Share issue costs	(33,593)	-	5,091	-	(28,502)
Share based payments	-	119,077	-	-	119,077
Future share issuance	64,000	-	-	-	64,000
Net income (loss) for the period	-	-	-	(925,359)	(925,359)
Balance, December 31, 2011	1,631,624	165,719	72,591	(1,967,169)	(97,235)
Common shares issued pursuant to private placement	46,800	-	30,200	-	77,000
Share issue costs	(3,656)	-	-	-	(3,656)
Net income (loss) for the period	-	-	-	(207,346)	(207,346)
Balance, March 31, 2012	1,674,768	165,719	102,791	(2,174,515)	(231,237)

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

BacTech Environmental Corporation
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31, 2012	Three months ended March 31, 2011
	\$	\$
Cash flow from operating activities		
Cash paid to suppliers, employees and consultants	(157,390)	(212,932)
	(157,390)	(212,932)
Cash flow from financing activities		
Proceeds (repayment) of payable to REBgold Corporation	21,584	-
Proceeds from issue of common shares, net	73,344	8,500
	94,928	8,500
Cash flow from investing activities		
Deferred development expenditures	(18,334)	-
	(18,334)	-
Increase (decrease) in cash	(80,796)	(204,432)
Cash, beginning of period	99,114	239,400
Cash, end of period	18,318	34,968

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

BacTech Environmental Corporation

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2012

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. REBgold Corporation completed a divisive reorganization by way of a Plan of 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. 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 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. The Company's head office is located at 50 Richmond Street East, Toronto, Ontario, M5C 1N7.

The accompanying condensed consolidated interim financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company has no sources of recurring revenue, has incurred losses amounting to \$2,174,515 since its inception, has a working capital deficit of \$591,970 at March 31, 2012, and is dependent on financings to fund its operations. The ability of the Company to continue as a going concern is dependent upon the continuing financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to monetize its intellectual property assets, and upon attaining profitable operations once such assets can be monetized, all of which outcomes are uncertain and which, taken together, cast significant doubt over the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the carrying values of the Company's assets, liabilities, and expenses and the related statement of financial position and statement of income (loss) classifications 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 three months ended March 31, 2012 from existing cash reserves and one private placement which generated \$141,000 in gross proceeds, \$64,000 of which was received prior to December 31, 2011 and prior to closing, and funding from a third party on certain project expenditures. 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.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2012

2. Basis of Consolidation and Presentation

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

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies the Company reported in Note 2 and 3 in its audited annual consolidated financial statements for the year ending December 31, 2011. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on May 29, 2012.

Basis of Preparation and Presentation

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

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Basis of consolidation

These unaudited condensed consolidated interim financial statements are comprised of the financial statements of the Company and its subsidiary (BacTech Manitoba Corp.), for the three months ended March 31, 2012. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Company and its subsidiary.

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity. All inter-company balances and transactions, including unrealized profits arising from inter-group transactions, are eliminated on consolidation. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

3. Significant Accounting Policies

The accounting policies as reported in Note 2 and 3 of the audited annual consolidated financial statements for the year ended December 31, 2011, have been applied in preparing these condensed consolidated interim financial statements.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2012

Measurement and Uncertainty

The preparation of these condensed consolidated interim 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 condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim 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.

Critical accounting estimates:

Significant assumptions about the future that management have 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 accounts receivable that are included in the condensed consolidated interim statements of financial position;
- the recoverability of exploration and evaluation expenditures incurred;
- the inputs used in accounting for share based payment transactions in net income (loss);
- management's assumption of no material restoration, rehabilitation and environmental provision, based on the facts and circumstances that existed during the period; and
- management's position that there is no income tax provisions required within these condensed consolidated interim financial statements.

4. Future Changes in Accounting Policies

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 7 - Financial Instruments: Disclosures

The Accounting Standards Board ("AcSB") approved the incorporation of the IASB's amendments to IFRS 7 Financial Instruments: Disclosures and the related amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards into Part I of the Handbook. These amendments were made to Part I in January 2011 and are effective for annual periods beginning on or after July 1, 2011. Earlier application is permitted. The amendments relate to required disclosures for transfers of financial assets to help users of the financial statements evaluate the risk exposures relating to such transfers and the effect of those risks on an entity's financial position. The Company has not fully assessed the impact of adopting IFRS 7; however, it anticipates that the impact will be limited.

IFRS 9 - Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair

BacTech Environmental Corporation

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2012

value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. The Company is assessing the impact of IFRS 9 on its results of operations and financial position.

IFRS 10 - Consolidated Financial Statements

IFRS 10, Consolidated Financial Statements (“IFRS 10”) was issued by the IASB on May 12, 2011 and will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidated - Special Purpose Entities. IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be “An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee”. Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and continuous reassessment as facts and circumstances change. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 10 on its results of operations and financial position.

IFRS 11 – Joint Arrangements

IFRS 11, Joint Arrangements (“IFRS 11”) was issued by the IASB on May 12, 2011 and will replace IAS31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidation will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 11 on its results of operations and financial position.

IFRS 12 – Disclosure of Interest in Other Entities

IFRS 12, Disclosure of Interest in Other Entities (“IFRS 12”) was issued by the IASB on May 12, 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 12 on its consolidated financial statements.

IFRS 13 – Fair Value Measurement

IFRS 13, Fair Value Measurement (“IFRS 13”) was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 13 on its consolidated results of operations and financial position.

IAS 1 – Presentation of Financial Statements

IAS 1, Presentation of Financial Statements (“IAS 1”) amendment, issued by the IASB in June 2011, requires an entity to group items presented in the Statement of Comprehensive Income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The

BacTech Environmental Corporation

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2012

amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoption permitted. The Company is assessing the impact of IAS 1 on its consolidated financial statements.

IAS 28 – Investments in Associates and Joint Ventures

IAS 28, Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted. The Company is assessing the impact of IAS 28 on its consolidated financial statements.

5. Other Receivables

Other receivables consist of the following:

	As at March 31 2012 \$	As at December 31 2011 \$
Sales tax receivable	14,177	30,105
Other receivables	14,177	30,105

6. Payable to REBgold Corporation

	As at March 31 2012 \$	As at December 31 2011 \$
Debenture payable (note 11)	81,563	78,363
Accrued interest on debenture (note 11)	6,970	3,280
Plan of Arrangement loan	69,823	69,823
Other	69,148	51,254
	227,504	202,720

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

BacTech Environmental Corporation

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2012

7. Deferred Exploration Costs

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

	Snow Lake	Total
Balance December 31, 2010	32,553	32,553
Net expenditures on property	308,706	308,706
Balance, December 31, 2011	341,259	341,259
Third party project contribution	(169,156)	(169,156)
Expenditures on property	187,490	187,490
Balance, March 31, 2012	359,593	359,953

Snow Lake Concentrate Stockpile – 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.

The Company approached the Manitoba Ministry of Innovation, Energy and Mines in April 2010 and outlined a plan whereby the Company, 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 the Company to conduct the sampling program, subject to oversight by an independent engineering consulting firm which the government engaged to ensure that there would be no adverse environmental impacts from drilling through the arsenopyrite.

In February 2011, BacTech 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 April, was awarded the contract by the Mines Branch of the Manitoba Department of Innovation, Energy and Mines. 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 treating the contained arsenic.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2012

8. Equipment

Equipment consists of the following:

Cost	Equipment	Total
Balance, December 31, 2010	\$ 2,794	\$ 2,794
Additions	-	-
Disposals	-	-
Other	-	-
Balance, December 31, 2011	2,794	2,794
Additions	-	-
Disposals	-	-
Other	-	-
Balance, March 31, 2012	\$2,794	\$2,794

Accumulated Depreciation	Equipment	Total
Balance, December 31, 2010	\$ 279	\$ 279
Additions	1,100	1,100
Disposals	-	-
Other	-	-
Balance, December 31, 2011	1,379	1,379
Additions	275	275
Disposals	-	-
Other	-	-
Balance, September 30, 2011	\$1,654	\$1,654

Net book value at December 31, 2010	\$2,515	\$2,515
Net book value at December 31, 2011	\$1,415	\$1,415
Net book value at March 31, 2012	\$1,140	\$1,140

BacTech Environmental Corporation

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2012

9. Accounts Payable and Accruals

Accounts payable and accruals consist of the following:

	As at March 31 2012 \$	As at December 31 2011 \$
Trade payables	324,248	315,069
Accrued liabilities other	108,090	66,622
Total	432,338	381,691

10. Related Party Transactions

Related party transactions consist of the following for the three months ended:

	March 31 2012 \$	March 31 2011 \$
Aggregate compensation included in salaries and management fees	52,500	52,500
Aggregate compensation included in professional fees	-	-
Share-based compensation	-	-
Total	52,500	52,500

11. Debentures Payable

Convertible Debentures - Maturing October 13, 2011

Under the Plan of Arrangement completed with REBgold, the Company assumed 20% of REBgold's debenture obligation which consists of 43 \$10,000 unsecured convertible debentures, initially maturing on October 13, 2011 but having been extended to April 13, 2012, 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. Each

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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%.

Subsequent to March 31, 2012, REBgold extended the expiry of these convertible debentures and 4.1 million of the common share purchase warrants originally issued in October 2010. Each holder of debentures and warrants accepted to extend the maturity date of the debentures held to April 13, 2015, in which case the expiry date of the warrants held by that holder would also be extended to April 13, 2015.

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

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
Accretion Expense	3,200
Carrying value, March 31, 2012	81,563

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12. Share Capital

Authorized:

Unlimited common shares without par value

Issued and outstanding:

	Number of shares	Amount \$
Balance, December 31, 2010	29,246,673	357,190
Common shares issued - Property Termination Payment (v)	1,221,356	244,271
Private placement (i)	3,000,000	532,500
Shares issued pursuant to exercise of REBgold warrants (ii)	4,510,332	373,687
Shares issued pursuant to exercise of warrants (iii)	255,000	43,350
Fair value of warrants exercised	-	5,279
Shares issued pursuant to exercise of options (iv)	150,000	30,000
Future share issuance (vi)	-	64,000
Fair value of options exercised	-	14,940
Share issue costs	-	(33,593)
Balance, December 31, 2011	38,383,361	1,631,624
Private placement (vi)	705,000	46,800
Share issue costs	-	(3,656)
Balance, March 31, 2012	39,088,361	1,674,768

- (i) On June 29, 2011, the Company completed the first tranche of a private placement and issued 2,500,000 units at a price of \$0.20 per unit for aggregate gross proceeds of \$500,000. The second tranche was closed on July 15, 2011 and issued an additional 500,000 units at a price of \$0.20 for additional proceeds of \$100,000. 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 for 12 months from the date of closing. All securities issued in connection with the offering and the underlying securities were subject to a four month hold period. The fair value of common share purchase warrants issued in this placement was estimated at \$67,500. The Company incurred finder's commissions of \$22,500 and issued 112,500 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.20 for a period of 24 months from the date of closing. The fair value of the finder's warrants issued was estimated at \$5,091.
- (ii) 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 4,510,332 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.

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- (iii) During fiscal 2011, 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.
- (iv) During fiscal 2011, 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.
- (v) 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.
- (vi) On January 18, 2012, the Company completed a private placement and issued 705,000 units at a price of \$0.20 per unit for aggregate gross proceeds of \$141,000, of which \$64,000 was received prior to December 31, 2011. 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 for 12 months from the date of closing. All securities issued in connection with the offering and the underlying securities were subject to a four month hold period. The fair value of common share purchase warrants issued in this placement was estimated at \$30,200.

13. Warrant reserve

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

	March 31, 2012		December 31, 2011	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Balance, beginning of period	1,612,500	\$ 0.30	1,346,167	\$0.17
Issued	352,500	0.30	1,612,500	\$ 0.30
Exercised	-	-	(255,000)	0.17
Expired	-	-	(1,091,167)	0.17
Balance, end of period	1,965,000	\$ 0.30	1,612,500	\$ 0.30

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The exercise price, expiry date, and the fair value assigned to warrants issued and outstanding as at March 31, 2012 are as follows:

Expiry Date	Weighted Average Exercise Price \$	Fair Value \$	Warrants Outstanding	Contractual Life (years)
June 29, 2012	0.30	56,250	1,250,000	0.25
June 29, 2013	0.20	4,416	97,500	0.25
July 15, 2012	0.30	11,250	250,000	0.29
July 15, 2013	0.20	675	15,000	0.29
January 18, 2013	0.30	30,200	352,500	0.80
	0.30	102,971	1,965,000	0.35

The fair values of the warrants issued during the year ended December 31, 2011 and for the three months ended March 31, 2012 were estimated using the Black-Scholes option pricing model with the following assumptions:

Risk free interest rate	1.4%-1.7%
Expected dividend yield	Nil
Expected volatility	100%-110%
Expected life	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, use of Black-Scholes option pricing model may not provide a realistic measure of the fair value of the Company's warrants at the date of issue.

REBgold Warrants

Pursuant to the Arrangement completed with REBgold in December 2010, 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 with 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 March 31, 2012, REBgold had 47,978,333 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 9,595,667 common shares in return for its portion of the aggregate exercise price of \$848,835.

14. Stock Options

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

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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 two years from the date of issue.

	March 31, 2012		December 31, 2011	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Balance, beginning of period	2,000,000	\$ 0.15	2,100,000	\$ 0.15
Granted	-	-	250,000	0.20
Exercised	-	-	(150,000)	0.20
Expired/Cancelled	-	-	(200,000)	0.16
Balance, end of period	2,000,000	\$ 0.15	2,000,000	\$ 0.15

Options to purchase common shares outstanding at March 31, 2012 carry exercise prices and remaining terms to maturity as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Contractual Life (years)
December 6, 2015	0.15	1,950,000	1,950,000	3.68
March 10, 2016	0.20	50,000	50,000	3.95
	0.15	2,000,000	2,000,000	3.69

During the period ended March 31, 2012, the Company granted no new options (for the year ended December 31, 2011 – 250,000). The Company recognized a total expense of nil for the three month period ended March 31, 2012 (for the year ended December 31, 2011 - \$132,101) in respect of the options vesting during the year. Share based payments expense is included in general and administrative costs.

	2011 - 2010
Risk free interest rate	2.13-2.48%
Expected dividend yield	Nil
Expected volatility	124 - 134%
Expected life	1 to 5 years

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.

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15. (Loss) Earnings per Share

The calculation of basic and diluted loss per share for the three months ended March 31, 2012 was based on the loss attributable to common shareholders of \$207,346 and the weighted average number of common shares outstanding of 38,947,361. The calculation of basic and diluted loss per share for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of \$484,241 and the weighted average number of common shares outstanding of 30,474,696. Diluted loss per share did not include the effect of share purchase options and warrants as they are anti-dilutive.

16. General and Administrative

General and administrative expense consists of the following:

	Three months ended March 31	Three months ended March 31
	2012	2011
	\$	\$
Salaries, management and consulting fees	82,947	112,819
Share based payments	-	13,025
Professional fees	5,896	14,526
Shareholder communications and filing fees	58,355	22,956
Travel	26,870	22,986
General office expenses	25,521	43,585
Depreciation	275	275
Foreign exchange gain/(loss)	(274)	-
Total	199,540	230,172

17. Interest Expense

Interest expense consists of the following:

	Three months ended March 31	Three months ended March 31
	2012	2011
	\$	\$
Interest and bank charges	916	338
Debenture interest	3,690	3,870
Accretion on debenture	3,200	5,590
Total	7,806	9,798

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18. 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 subscriptions 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 March 31, 2012, the Company had a cash balance of \$18,318 (December 31, 2011 - \$99,114) to settle current liabilities of \$659,842 (December 31, 2011 - \$584,411). 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.

Market risk

(a) Interest rate risk

The Company has cash earning interest at a variable interest rate and a portion of a debentures payable 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.

(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.

19. Capital Management

The Company defines capital as share capital, warrants, and contributed surplus. 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

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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.

20. 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. All revenues have been derived from those technologies and property.

21. Subsequent Event

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 11, with a 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, 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.

Debenture Financing

On May 4, 2012 the Company announced that it had closed the second and final tranche of its convertible debenture financing originally announced on April 19th, 2012. The financing was oversubscribed, raising an additional \$85,000 over its original goal of \$500,000. Total gross proceeds raised in the financing were \$585,000, with \$160,000 of the proceeds closed in the second tranche and \$425,000 of the proceeds closed in the first tranche. In total, 58.5 units were issued.

The private placement consisted of units priced at \$10,000 per unit. Each unit consisted of a \$10,000 principal amount redeemable convertible debenture and 50,000 Series E common share purchase warrants. The debentures will bear interest at 12 per cent per annum payable quarterly. The debentures mature on April 25, 2014. BacTech has the option to redeem the debentures at par at any time beginning 120 days from issuance. At any time prior to maturity or redemption, the debentures are convertible at the option of the holder into common shares at a conversion price of \$0.20. Each Series E warrant entitles the holder to purchase one common share at a price of \$0.20 until April 25, 2014. The debentures and warrants and the common shares issuable upon conversion of the debentures and exercise of the warrants are subject to a 4 month hold period from the closing of the financing.



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2012

The following management discussion and analysis ("MD&A") of financial results is dated May 29, 2012 and reviews the business of BacTech Environmental Corporation (the "Company" or "BacTech"), for the three months ended March 31, 2012, and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2012, as well as the audited annual consolidated financial statements for the year ended December 31, 2011 and related MD&A. This MD&A and the accompanying unaudited consolidated interim financial statements and related notes for the three months ended March 31, 2012 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 "BacTech") 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 ("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 (“Arrangement”)

Effective December 2, 2010, REBgold completed a divisive reorganization by way of an 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.

Subsequent to the Arrangement, BacTech 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.

B. Mining Properties and Project

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

	Snow Lake	Total
Balance December 31, 2010	32,553	32,553
Expenditures on property	308,706	308,706
Balance, December 31, 2011	341,259	341,259
Third party project contributions	(169,156)	(169,156)
Expenditures on Property	187,490	187,490
Balance, March 31, 2012	359,593	359,593

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 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 economic study is expected to be completed by the end of June 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 (“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. Newalta has contributed up to \$169,156 towards the Snow Lake Project as at March 31, 2012.

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, it will be the first operating bioleach plant in North America to remediate a mine waste. The process will extract the gold and produce a stable residue in a manner which is both economic and effective, and 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 starting construction of a bioleach plant during 2012 in Snow Lake. The current plans for the bioleach plant encompass the treatment of approximately 109 tonnes of stockpiled material per day, or 37,500 tonnes per year. At this rate, 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.

C. Results of Operations

This analysis of the results of the Company’s operations should be read in conjunction with the Company’s condensed consolidated interim financial statements for the three months ended March 31, 2012.

Revenues

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

Operating and Administrative Costs

Operating and administrative expenses were \$199,540 for the three months ended March 31, 2012 compared to \$230,172 for same period last year. Significant components of this expense include:

1. Salaries, management fees and related costs decreased to \$82,947 for the three months ended March 31, 2012 from \$112,819 in the same period last year. These costs are for the salaries,

wages and management 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 Project, more management consulting fees have been capitalized which reduces the annual expenses;

2. Share based payments, as explained in note 14 to the condensed consolidated interim financial statements, were \$nil for the three months ended March 31, 2012 compared to \$13,025 in the same period last year. 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 March 31, 2012, no new options were granted. For the year ended December 31, 2011, 250,000 options were granted. 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 decreased to \$5,896 for the three months ended March 31, 2012 from \$14,256 in the same period last year. Legal fees and professional fees were incurred on project related expenses and general corporate purposes. In the prior year additional legal expenses were incurred due to the Plan of Arrangement,;
4. Costs associated with shareholder information and investor relations increased to \$58,355 for the three months ended March 31, 2012 from \$22,956 in the same period last year. Increases in these costs are due to investor relations programs that are now being used by management to assist with raising awareness of the Company, as well as the development of a video to describe, in simple terms, the bioleach process.
5. Travel costs increased slightly to \$26,870 for the three months ended March 31, 2012 from \$22,986 in the same period last year. These costs are for travel incurred to source and evaluate projects, as well as capital fundraising tasks in the current period.
6. General office expenses decreased to \$25,521 for the three months ended March 31, 2012 compared to \$43,585 in the same period last year. These are expenses for the general corporate office located in Toronto. In the prior year, additional expenditures were incurred to set up the communications and computer systems to support the Company.

Finance Charges

Debenture interest expense for the three months ended March 31, 2012 was \$3,690 compared to \$3,870 in the same period last year. The debenture interest expense for the period reflects the interest expense from BacTech's portion of the debenture issued by REBgold Corporation, as explained in note 11 to the condensed consolidated interim financial statements for the three months ended March 31, 2012.

Accretion expense is related to the Company's debentures as described in note 11 to the condensed consolidated interim financial statements for the three months ended March 31, 2012. 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.

D. Liquidity and Capital Resources

At March 31, 2012, the Company had cash of \$18,318 and a working capital deficit of \$591,970. The funds raised from the exercise of warrants and options, and the 3 private placements completed in December 2010, June 2011 and January 2012, were used for general working capital and advancing the Snow Lake Project. Subsequent to the quarter end, the Company completed a debenture financing which raised \$585,000 in gross proceeds.

On May 4, 2012, the Company announced that it had closed the second and final tranche of its convertible debenture financing originally announced on April 19th, 2012. The financing was oversubscribed, raising an additional \$85,000 over its original goal of \$500,000. Total gross proceeds raised in the financing were \$585,000, with \$160,000 of the proceeds closed in the second tranche and \$425,000 of the proceeds closed in the first tranche. In total 58.5 units were issued.

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 March 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, and option 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			
	March 31, 2012		December 31, 2011	
	Number of shares	\$ Amount	Number of shares	\$ Amount
Balance, beginning of period	38,383,361	1,631,624	29,246,673	357,190
Shares issued – property termination payment	-	-	1,221,356	244,271
Shares issued pursuant to exercise of REBgold warrants	-	-	4,510,332	373,687
Shares issued for cash pursuant to a private placement	705,000	77,000	3,000,000	600,000
Exercise of warrants	-	-	255,000	43,350
Fair value from exercise of warrants	-	-	-	5,279
Exercise of options	-	-	150,000	30,000
Future share issuance	-	-	-	64,000
Fair value from exercise of options	-	-	-	14,940
Less:				
Warrant fair value from shares issued	-	30,200	-	67,500
Share issue costs	-	3,656	-	33,593
Balance, end of period	39,088,361	1,674,768	38,383,361	1,631,624

E. Quarterly Information

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 six quarters to present.

	2012	2011				2010
	Q1	Q4	Q3	Q2	Q1	Q4
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenues	-	-	-	-	-	-
Operating loss	(207)	(538)	(228)	(339)	(305)	(558)
Loss for the period	(207)	(538)	(228)	(339)	(305)	(558)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.06)

F. Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of March 31, 2012 or December 31, 2011.

G. Financial Instruments

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

H. 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.

I. 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.

J. 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.