

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: BAC

Number of Outstanding Listed Securities: 42,393,944

Date: January 6, 2016

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

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

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The BacTech bioleaching technology can be applied to the remediation of polluted mine waste in an economically beneficial manner. The BacTech bioleaching technology has been used commercially in the past for the liberation of precious and base metals from difficult to treat mine concentrates and ores. The business plan for BacTech Environmental Corporation is to apply the BacTech bioleaching technology to abatement

projects to remove harmful elements such as arsenic and sulphur from the environment, where this can be assisted by a positive cash flow from metal recovery. Metals which could be extracted include gold, silver, cobalt, nickel, copper, uranium and zinc.

2. Provide a general overview and discussion of the activities of management.

Bolivia Project

On April 16, 2015 the Company provided an update on the progress of its tailings reclamation project located at Telamayu, Bolivia. It consists of two separate tailings areas (Antigua and Nuevo) earmarked for remediation and is the result of many years of toll treating ores from four regional mines. Previous test work on the Antigua tailings revealed a silver grade of 8.8 oz/t and copper of 2.24%. There are also recoverable amounts of tin. The project is subject to the signing of a suitable association contract with COMIBOL, the Bolivian state mining company.

The above-mentioned association contract has been under negotiation since the beginning of March 2015 and should be completed before January 31, 2016. Once the agreement is signed, due diligence will begin for the US\$10M debt instrument that was announced on December 19, 2014. The term sheet contemplates a senior debt facility of up to US\$10M to finance 100% of the capital requirements of bringing Telamayu into production.

Assuming the due diligence proves positive, BacTech will immediately begin a definition drilling program on both the Antigua and Nuevo tailings. The purpose of the drill program is threefold: 1) to obtain better knowledge of the distribution of the silver, copper and tin in Antigua for production planning, 2) to confirm the previous grades on Antigua and determine the grades for Nuevo, and 3) to provide fresh material to conduct enhanced gravity and flotation work and to study the recovery of silver, tin and the copper in solution in the tails for plant design.

Upon satisfactory results from the drilling programs, BacTech intends to build a 500 tpd gravity-flotation processing plant that will produce a copper cement concentrate and a silver concentrate.

On-going Activities: Peru

On April 22, 2015 the Company announced the launch of a new initiative to reduce the amount of mercury used in artisanal/small mining operations.

There are areas of northern Peru and southern Ecuador where artisanal miners are mining complex sulphide (refractory) mineralized material as the near-surface oxidized material becomes depleted. In many instances, mercury is used by the miners, who obtain as little as 10% of the contained gold from this difficult-to-treat mineralized material. The remainder of the material is then sold for little value and/or trucked 1,100 km to the southern region for eventual smelting. This presents a real opportunity for BacTech to make a large contribution to the reduction of mercury, arsenic and cyanide contamination in the environment while giving substantial increases in gold recovery.

This is achievable through the use of relatively simple gravity and flotation circuits and BacTech's bioleaching technology to process the mineralized material, without using mercury and reducing other chemical requirements.

In a joint press release dated November 17, 2015 the BacTech announced that it had signed a non-binding memorandum of understanding with Duran Ventures Inc. ("Duran")

The basis of the memorandum of understanding is to determine the financial viability of constructing a bioleach circuit to be built as an add-on to Duran's Aguila Norte mineral processing plant near Trujillo, Peru (see Duran news release dated Oct. 19, 2015). Construction of the Aguila Norte plant, currently under way, is expected to be completed late in the first quarter of 2016.

If deemed viable, the bioleach plant will be designed to address the high levels of arsenic that are present in high-grade precious metal material, which are prevalent in northern Peru. Duran's geologists have already identified several prospective sources of this mineralized material, which is presently not treatable at most other toll-milling facilities in Peru. Both companies agree that a bioleach circuit at the Aguila Norte plant will be an environmentally friendly alternative to process refractory and arsenic-rich precious and base metal mineralized material mined by small-scale miners. In many cases, gold-rich refractory mineralized materials mined are treated with mercury in an attempt to extract gold from the host rocks. Recoveries of gold are very low, and much of the material is discarded after mercury treatment, leading to widespread contamination of soils and waterways.

For the past several months, Duran's geologists have collected gold mineralized samples from different sites in northern Peru. The assay and metallurgical results from these samples convinced both parties that further investigation was warranted. It should be noted that some of the samples were representative of non-refractory sulphide mineralization and contained potential preg-robbing copper, as well as gold. Another benefit of bioleaching is the ability to put this copper into solution for recovery as a byproduct. This then allows for conventional recovery of the gold without the use of large amounts of cyanide that would be otherwise consumed by copper content.

If further investigation shows favourable economics on identifiable mineralized material, a joint venture will be formed with Duran's 80-per-cent-owned subsidiary (Minera Aguila de Oro SAC) and BacTech, with each party holding 50-per-cent ownership of the bioleach circuit. BacTech will finance the cost of the construction of the bioleach circuit. Duran will have the right to participate in BacTech's financing if a construction decision is considered.

Other

The Company continues to receive and evaluate other expressions of interest and potential projects from many different countries and companies, the latest being the project in Bolivia and Peru.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

See note 2 above regarding press release dated November 17, 2015.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not applicable.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

On December 19, 2014 the BacTech signed a term sheet with Pala Investments Limited ("Pala") to pursue the development of tailing projects using its proprietary bioleaching technology. The term sheet contemplates a senior debt facility of up to US\$10M to finance 100% of the capital requirements of bringing Telamayu into production.

See note 2 above regarding press release dated November 17, 2015.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable.

8. Describe the acquisition of new customers or loss of customers.

Not applicable.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not applicable.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

In a press release dated December 19, 2015, the Company announced that it had hired Dr. Jose Cordova to represent the company's interests in Bolivia..

11. Report on any labour disputes and resolutions of those disputes if applicable.

Not applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not applicable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Not applicable

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

15. Provide details of any loans to or by Related Persons.

Not applicable.

16. Provide details of any changes in directors, officers or committee members.

Not applicable.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Not applicable.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: January 6, 2016

Name of Director or Officer: Louis R. Nagy

Signature: *signed "Louis R. Nagy"*

Official Capacity: Chief Financial Officer

Issuer Details Name of Issuer BacTech Environmental Corporation	For Month End December 2015	Date of Report YY/MM/DD 16/01/06
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