

## 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: October 5, 2015

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 and should be completed shortly. 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.*

*Recently the government of Peru enacted legislation to encourage artisanal miners to apply for legal mining licenses, stating that artisanal miners have been contributing up to one million ounces of gold production annually. The origin of much of this gold has been difficult for government authorities to ascertain. Peru has initiated a formalization process designed to register all small-scale and artisanal mining operations. The registration allows the government to monitor and regulate health and safety, and environmental issues for miners, and will allow these operations to legally sell their mineralized material to toll-milling facilities approved by the government.*

*This has led to increasing interest, predominantly among Canadian companies, to set up processing facilities for conventional processing. All of these facilities have been designed to process oxide material and "easy" or non-refractory sulphide material. The resulting sulphide concentrates are then treated with cyanide to liberate the precious metal, but often results in poor gold recovery due to the presence of refractory gold that is not recovered by such processing. Dynacor, Inca One, Standard Tolling and Anthem United are examples of companies either processing material today or planning to build processing facilities in Peru.*

*The grades of the refractory arsenopyrite-rich material in this area are very high. It has been reported that arsenopyrite gold concentrate grades of 150 gpt (5 ounces) and higher are common, given the high grade material that is processed. There is a strong business case to establish a gravity/flotation plant and a bioleach processing facility in a strategic location to address these refractory issues. The plant would eliminate the need to deliver arsenic sulphides 1,100 km on public highways to the south for processing.*

*This problem is not limited to Peru and Ecuador as there are other countries, such as Colombia and Nicaragua, that have similar issues. There is no doubt that bioleaching can play a big part in alleviating the mercury issues related to artisanal mining. BacTech will be aggressively pursuing these opportunities as they are presented.*

*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.

*Not applicable.*

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

*Not applicable.*

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

*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.*

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.

*Not applicable.*

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

*Not applicable.*

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

*Not applicable.*

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

*Not applicable*

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>

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: October 5, 2015

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

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

**Official Capacity:** Chief Financial Officer

<b>Issuer Details</b> Name of Issuer BacTech Environmental Corporation	For Month End September 2015	Date of Report YY/MM/DD 15/10/05
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