



Year End Update 2018/19

January 6, 2019

I dusted off my year end piece from last year and decided that instead of trying to gloss over a tough year, I would look back and update the results and/or predictions from last January. Anything new is in red and should follow the paragraph from last year in black.

For those of you who have hung in with us over 2017 we extend our sincere thanks.

Ditto

In the junior or micro-cap investment world, we environmental companies have had to dig deeper to raise capital while competing with the likes of bitcoin, blockchain and weed offerings. How many of them will still be with us in 2 years remains to be seen but they are a formidable competitor at present. To illustrate, just look what we had to offer investors recently with respect to our debenture and equity offering. We still contend that we are an environmental company with a twist; we intend to make money.

I guess we can say that, with the exception of pot, the other competitors have seen their day in the sun and, well, good riddance. Now we need to convince these people that an environmental story that can actually makes money is a winner. My focus to start the year is pounding the table with the fact we are not a junior miner and shouldn't be treated as one. Our projects don't come with the Capex of conventional mining projects and the asset sits on surface and not under tonnes of rock.

Things are moving along, albeit slower than planned, in Bolivia. It looked like we were generating some interest in the shares (thanks in part to Chris Temple of the National Investor Newsletter. www.nationalinvestor.com) but the release of the first round of metallurgical test work killed the momentum we had built up. In short, the results for silver and copper were very good but not what we wanted for tin and tin is the major metal in the tailings in dollar terms. What was disappointing was the fact that no one, I repeat no one, rests on the results of one round of test work. With this in mind we continue to pursue alternatives looking for the optimal approach to recover all 3 metals. Remember that the infrastructure at Telamayu is exceptional from a development point of view. We have power, rail, a very healthy resource and an experienced workforce. In essence, we hope to retrofit the existing mill keeping the capital costs to a very low level. It should be a very busy year in 2018 as we move toward production and cash flow. Quite a concept for a company with a market capitalization of only \$3M Canadian.

Chris Temple remains bullish on BacTech especially after his recent trip to Ecuador. In fact, I did a podcast with him just yesterday. We now have 2 flow sheets for Bolivia, and we are engaging a group to conduct an economic study and a feasibility study. Once completed we will then engineer and build the plant. We have started to engage metal traders, financial houses etc. to finance the project and get to production. I still firmly believe that once 1 plant is up and running the rest will fall like dominos (Ecuador/Peru for starters).

I have just returned from Ecuador. On the trip, I met with the Ministry of Mines and came away convinced that the use of bioleaching in Ponce Enriquez can provide a leg up on environmental remediation there. I can't go into specifics at this time but I can say that the government is concerned about the use of mercury and the capacity levels of arsenic tailings in the area. With our local advisor, Bernardo Brito, we travelled to Ponce Enriquez and visited several processing plants as well as their tailings. It was very informative and the game plan moving forward is much clearer to us now. Look for some new photos from the trip shortly on social media and our web site.

I am actually writing this from Quito. I arrived yesterday and will spend the week here. I went to Ecuador last August after we had received the bioleach results from Laurentian U. To recap, the results were very good and encouraged us to pursue this project. I was fortunate to meet the current Minister of Oil and Gas and Mining, Carlos Perez. He was pulled out of retirement after a successful career at Haliburton and has quite a task ahead of him. Ecuador was voted the "place to be" last March at PDAC and there have been numerous discoveries made there to back up the endorsement. I will meet with our new partner Juan Carlos Espinosa of Green Oil. There are 94 different tailings ponds in Ponce Enriquez and our goal is to identify 5-10 tailings ponds that hold a significant amount of the material that warrants construction of a bioleach plant. The rest of the tailings owners will find us in due course. We should not lose sight of the fact that there are still many active mines producing high arsenic concentrates in the area. Our hope is that the tailings treatment will also be an audition for processing this other high-grade material that now goes to China.

Speaking of social media, we have engaged a young dynamic group to assist us get the message out to a younger investor group. Our target market is not strictly the junior resource sector anymore. We have gone to great lengths to convince people we are an environmental company that gets paid in metal for our work. You could pay me in bitcoin (if I knew what it was) as long as we derive an environmental benefit for our work. I am happy to reach out to a new investor base to complement our existing investors.

Ok, our social media participation has not been great. We did build a very nice website and I have had a number of compliments for what it's worth. I also started to write a Blog under the News section on the website. It's sort of a layman's blog where I convert press releases filled with jargon into what I hope is understandable literature. Now that we re-upped with Frontier, our IR group, we hope to really push the environmental side of our business in the public arena. For me it is very frustrating to be grouped into junior mining which in today's market is a pox. Look for a renewed re-re-branding early in the new year as a green company who just happens to be paid in metal. As long as what we are paid can be converted to cash you can pay me in bananas for all I care. I have recently done 3 interviews. One with Chris Temple mentioned above, one with a group called Investment Research Radio and the final one with Smallcaps.us which is based in Belgium. We need to get our story better understood in Europe given their penchant for investing in environmental stories.

Finally, after a series of delays that were beyond our control, the bioleach lab at Laurentian University is up and running under the direction of Dr. Nadia Mykytczuk and her #2 Madiha Khan. I can't stress enough the effort that both have put in to date to make the test facility happen. We can expect some initial results in the first quarter from the test work we are doing on some Ecuadorian concentrates we shipped to Sudbury.

Of course, this was completed and is now in Phase 2. If you missed it, we successfully tied up the arsenic and liberated 85% of the gold for recovery. These results were presented to the government

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and they stand behind us. Right now, we are in Phase 2 which will focus on gold recovery and our hope is we get 95%+ recoveries along with the stabilization of the arsenic.

In closing, all I can say is keep the faith and watch us move towards cash flow in 2018.

Ditto for 2019.

Sincerely,

M. Ross Orr
President and CEO

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