

FORM 51-102F3

**MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102**

1. **Name and Address of Company**

BacTech Environmental Corporation
50 Richmond Street East, Suite 300
Toronto, Ontario M5C 1N7

2. **Date of Material Change**

December 15, 2011

3. **News Release**

A news release with respect to the material change referred to in this report was issued on December 15 and subsequently filed on SEDAR.

4. **Summary of Material Change**

Toronto, Canada, December 15, 2011 - BacTech Environmental Corporation ("BacTech" CNSX-BAC, WKN: A1H4TY) today announced that it has entered into an agreement with **Newalta Corporation ("Newalta" TSX:NAL)**, pursuant to which Newalta has agreed to contribute to the Preliminary Economic Assessment ("PEA") for the previously announced project to remediate an arsenopyrite gold stockpile in Snow Lake, Manitoba.

5. **Full Description of Material Change**

Toronto, Canada, December 15, 2011 - BacTech Environmental Corporation ("BacTech" CNSX-BAC, WKN: A1H4TY) today announced that it has entered into an agreement with **Newalta Corporation ("Newalta" TSX:NAL)**, pursuant to which Newalta has agreed to contribute to the Preliminary Economic Assessment ("PEA") for the previously announced project to remediate an arsenopyrite gold stockpile in Snow Lake, Manitoba.

"We are pleased to work with Newalta on this project and look forward to the opportunities from combining our proven technology with Newalta's engineering expertise and operating capabilities," said Ross Orr, President and CEO of BacTech.

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.

BacTech is also pleased to announce that the contract to conduct the PEA has been awarded to Micon International. The PEA is being done at this time to quantify the value of the Project, within +/- 30%. The completion of a positive PEA will lead to the start of the feasibility study that will be undertaken in early 2012 in conjunction with the completion of the bioleach testing currently

underway. It is anticipated that the PEA work will begin shortly and will be completed in six to eight weeks.

6. **Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

For further information, contact Ross Orr, President and Chief Executive Officer of BacTech Environmental Corporation at (416) 813-0303.

9. **Date of Report**

Dec 15, 2011