



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2011

The following management discussion and analysis ("MD&A") of financial results is dated August 15, 2011 and reviews the business of BacTech Environmental Corporation (the "Company" or "BacTech"), for the period ended June 30, 2011, and should be read in conjunction with the accompanying unaudited condensed interim financial statements and related notes for the period ended June 30, 2011. This MD&A and the accompanying unaudited condensed interim financial statements and related notes for the period ended June 30, 2011 have been approved 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 "BEC") 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 transaction as described below, the Company was granted a perpetual, exclusive, royalty free license to use REBgold Corporation's proprietary bioleaching technology 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

Effective December 2, 2010, REBgold completed a divisive reorganization by way of a Plan of Arrangement (the "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 mining assets.

REBgold shareholders voted in favour of the Arrangement at a special meeting of shareholders held on November 12, 2010. Subsequent to the Arrangement, BEC 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.

The Notice of Meeting and Management Information Circular dated October 14, 2010 for the REBgold (formally known as BacTech Mining Corporation) Plan of Arrangement (POA) were mailed to shareholders on October 21, 2010. The Notice of Meeting and Circular are posted on SEDAR (www.sedar.com) and on REBgold's website, www.reb-gold.com.

B. Mining Properties and Project

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

	Cobalt Tailings	Snow Lake	Total
Balance, October 5, 2010	-	-	-
Transferred under Plan of Arrangement	432,924	31,060	463,984
Net expenditures on property	-	1,493	1,493
Write-down of assets	(432,924)	-	(432,924)
Balance December 31, 2010	-	32,553	32,553
Net expenditures on property	-	162,912	162,912
Recovered during period	-	-	-
Written off during period	-	-	-
Balance, June 30, 2011	-	195,465	195,465

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 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. Based on historic data provided by the Manitoba Geological Survey (Economic Geology Report ER86-1), the stockpile is estimated at approximately 227,000 tonnes with an average grade of approximately 9.6 grams per tonne of gold. This is an historical estimate, dated 1996, and does not constitute a Resource as defined by National Instrument 43-101.

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 as a ferric-arsenate. 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, was awarded the contract by the Mines Branch of the Manitoba Department of Innovation, Energy and Mines. The contract is subject to negotiating a suitable agreement between BacTech and the Manitoba government. 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.

In May, 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 and metallurgical samples. Some 432 geochemical samples were taken at 50 cm intervals of which 236 will be 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 9.6 g/t gold was received 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.

In addition to the above study, the drill samples will be 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.

Future Plans

If the results of the sampling and bioleach test program are positive, it is BacTech's intention to seek permission and the necessary approvals to process the stockpile material, which 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. The process will extract the gold and produce a stable residue in a manner which is economic, efficient, 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.

The Company envisions the construction of a bioleach plant in Snow Lake to treat 100 tonnes of stockpiled material per day, or 37,500 tonnes per year. The 6 - 7 year project would be the first operating

bioleach plant of its kind in North America and could possibly be adapted, after completion of the Snow Lake clean up, to treat additional tailings issues in central Canada.

Avalos Smelter Tailings, Chihuahua, Mexico

On June 6, BacTech announced the signing of a Memorandum of Understanding (“MOU”) with TW SEOP, S.C. (doing business as “Teamwork”), for a tailings project in Chihuahua, Mexico. The tailings are located at the closed Avalos smelter in the city of Chihuahua.

Teamwork was recently engaged by the State Government of Chihuahua, through the Avalos Trust (*Fideicomiso Avalos*), to remove all the surface material from the site. Included in the material to be removed is a yet to be quantified amount of tailings containing up to 250 g/t silver, 10% zinc and 3.5% lead, slag produced from the smelting operation and concentrates that were left behind at the time of closing. BacTech cautions the reader that the potential quantity and grade of the tailings are conceptual in nature, as insufficient test work has been carried out on the tailings to define a mineral resource at this time. It is uncertain if the test work to be conducted by BacTech/Teamwork will result in the tailings being delineated as a mineral resource.

In 2007, a limited study was conducted by the state-run Mexican Geological Service on the mineralogy of the tailings. The following results were generated from samples taken at the time. The test work was completed by the Chihuahua office of the Mexican Geologic Service.

	Element	Ag	Au	Cu	Pb	Zn
	Unit	g/t	g/t	%	%	%
Detection Limits		0.01 g/t	0.001 g/t	0.001 %	0.001 %	0.001 %
Lab Sample ID	Field Sample ID					
38089	1007	31.01	N.D	0.188	1.93	3.52
38090	1008	N.D	N.D	0.191	1.15	9.34
38091	1009	70.21	N.D	0.359	2.29	9.12
38092	1010	246.31	N.D	0.721	4.92	10.1
38093	1011	15.51	N.D	0.034	3.23	1.09
38094	1012	27.51	N.D	0.227	1.74	10.1
38095	1013	N.D	N.D	0.272	0.861	10.9
38096	1014	N.D	N.D	0.229	1.08	10.2
38097	1009-DPL	70.11	N.D	0.359	2.3	9.06
% Precision (by duplicates)		99.9	--	100	99.6	99.3

The table above indicates a high grade of zinc in some of the samples. This is due to the fact that the zinc recovery was suppressed at the original time of concentration to separate it from the silver/lead concentrate that was floated. At the time of production (>80 years ago), there were significantly fewer uses for zinc than today and the metal was deemed to be of little value.

The MOU outlines the steps to be taken by both companies as they work towards signing a definitive joint venture agreement. In early June 2011, Teamwork excavated 3 - 5 meters below surface to obtain fresh, un-oxidized samples that will be concentrated at the Mexican Geological Service laboratory

in Chihuahua. The generated concentrates will then be shipped to BacTech's lab in Canada where a diagnostic test and a bioleach study will be undertaken. The test work should be completed within 4 - 5 months. It will also determine if a high grade zinc concentrate can be produced which would be sold as a stand-alone product and not subject to any bioleaching.

If the diagnostic tests and bioleach study are positive, the MOU provides that BacTech and Teamwork will negotiate, in good faith, a definitive joint venture agreement. Under the contemplated joint venture agreement, BacTech will be the operator and would own a 50% interest in the project. In addition, BacTech and Teamwork would own together, on a 50/50 basis, a bioleach facility to process concentrates from the Avalos tailings, as well as other concentrates from tailings that the JV is able to secure in northern Mexico.

Adjacent to the tailings is an active rail line that will be considered to transport the Avalos tailings from the site to a new property that will be selected for the concentrator and bioleach plant. Trucking of the tailings material to the new site will also be considered.

Cobalt Tailings

In September 2008, REBgold announced the signing of a Memorandum of Understanding with Gold Bullion Development Corp. ("Gold Bullion", TSX-V: GBB) of Cobalt, Ontario. The basis of the agreement entailed REBgold investigating the use of its proprietary bioleaching technology to treat certain tailings in the Cobalt Camp in north-eastern Ontario for the recovery of cobalt, nickel and silver. In addition, REBgold investigated the potential environmental remediation for the associated arsenic in the tailings. In the event of a positive outcome from the study, both parties would formalize the agreement through the creation of a Joint Venture. In January 2009, GBB informed RBG that it could not proceed with the future joint venture terms of the Memorandum of Understanding and gave BacTech permission to begin discussions with potential new partners.

In April 2010, REBgold Corporation signed a Memorandum of Understanding with Blackstone Development Inc. of Cobalt, Ontario (the "Blackstone MOU"). Pursuant to the Plan of Arrangement, REBgold Corporation assigned its rights under the Blackstone MOU to BacTech Environmental Corporation. The Blackstone MOU outlined BacTech's intent to gain access to Blackstone's tailings inventory in the Cobalt Camp. There is an estimated 18 million tonnes of tailings in the entire Cobalt Camp, with approximately 10-12 million tonnes of tailings on the Blackstone properties. Blackstone obtained ownership of the Cobalt tailings from Agnico Eagle Mines ("Agnico") in 2006, subject to certain conditions. Subsequent to the Company signing the agreement with Blackstone, Blackstone's rights to the tailings were revoked by Agnico.

The Company will continue to monitor events in the area to evaluate future opportunities with the objective of identifying potential cleanup sites for which it can apply the BacTech Bioleaching Technology in order to remediate arsenic laden mine tailings from the Cobalt/Coleman Townships of northern Ontario.

Through the predecessor company, REBgold Corporation, the Company completed some metallurgical test work in the area on local tailings during fiscal 2008 and 2009. The objective of the initial metallurgical test work was to test the effects of using both gravity and flotation techniques to upgrade the tailings to produce concentrates suitable for bioleach test work, which proved to be successful. The subsequent bioleaching study results were encouraging, with higher than anticipated cobalt and arsenic values reporting to a concentrate.

Pursuant to the Plan of Arrangement, REBgold assigned its rights and commitments to the Company. 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. The Company has no access to the tailings at the present time or any formal agreement to grant access to the Company sometime in the future. As a result, the capitalized cost associated with the development of the Cobalt project has been expensed.

Future Plans

BacTech's goal of building a demonstration bioleach facility that would treat 100,000 tonnes of tailings per annum to demonstrate our ability to stabilize the arsenic, while also recovering quantities of cobalt, nickel and silver that remain in the tailings, is currently on hold until the ownership interest in the various tailings in the Cobalt area can be clarified and resolved. The Company will continue to monitor events in the area to evaluate future opportunities.

C. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's unaudited condensed interim financial statements for the period ended June 30, 2011.

Revenues

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

Operating and Administrative Costs

Operating and administrative expenses were \$558,638 for the six month period ended June 30, 2011. For the three month period ended June 30, 2011 expenses were \$328,466. This is the third period of operations; as a result there are no prior year comparisons for the same period available. Significant components of this expense include:

1. Salaries, management fees and related costs were \$260,901 for the six month period ended June 30, 2011. These costs are for the salaries, wages and management consulting 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 and Mexico project initiatives, it is expected that the level of spending will continue to increase in the next two quarters;
2. Share based payments, as explained in note 15 to the unaudited condensed interim financial statements, was \$24,335 for the six month period ended June 30, 2011. 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 June 30, 2011, 250,000 options were issued. For the period ended December 31, 2010, 2,100,000 options were issued. 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 were \$51,811 for the six month period ended June 30, 2011. The legal fees and professional fees were incurred on project related expenses, Plan of Arrangement and general corporate purposes;
4. Costs associated with shareholder information and investor relations were \$96,843 for the six month period ended June 30, 2011. The investor relations programs continue to be used by management to assist with raising awareness of the Company (explaining the Plan of

Arrangement transaction), as well as support for capital financings through media publications and news releases.

5. Travel costs were \$55,705 for the six month period ended June 30, 2011. These are travel costs incurred by management when sourcing and evaluating projects in the current period; and
6. General administrative expenses were \$68,493 for the six month period ended June 30, 2011. These are expenses for general corporate office overhead for the office in Toronto.

Finance Charges

Debenture interest expense for the six month period ended June 30, 2011 was \$7,740. The debenture interest expense for the period reflects the interest expense from BEC's portion of the debenture issued by REBgold Corporation, as explained in note 5 and note 12 to the unaudited condensed interim financial statements for the period ended June 30, 2011.

Accretion expense is related to the Company's debentures as described in note 12 to the unaudited condensed interim financial statements for the six month period ended June 30, 2011. 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 June 30, 2011, the Company had cash of \$451,881 and a working capital deficit of \$44,230. The funds raised from the private placement completed in December 2010 and June 2011 were for general working capital.

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 Jun 20, 2012. Subsequent to June 30, 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.

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			
	June 30, 2011		December 31, 2010	
	Number of shares	\$ Amount	Number of shares	\$ Amount
Balance, beginning of period	29,246,673	357,190	-	-
Shares issued – property termination payment	1,221,356	65,400	-	-
Shares issued pursuant to exercise of REBgold warrant	4,510,332	373,677	-	--
Shares issued for cash pursuant to a private placement	2,500,000	500,000	2,526,666	303,200
Shares issued pursuant to the Plan of Arrangement	-	-	26,720,007	97,396
Less:				
Warrant fair value from shares issued	-	60,630	-	26,151
Share issue costs	-	19,500	-	17,255
Balance, end of period	37,478,361	1,216,137	29,246,673	357,190

E. Quarterly Information

Selected quarterly information for the most recently completed quarter is presented below in Canadian currency (\$), and in accordance with Canadian generally accepted accounting principles. The Company started operation on October 5, 2010 and had its first period end December 31, 2010. As a result there are only three quarters to present.

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

F. Proposed Transaction

Plan of Arrangement

Effective December 2, 2010, REBgold completed a divisive reorganization by way of a Plan of Arrangement (the "Arrangement") whereby a newly formed subsidiary, BacTech Environmental Corporation ("BEC"), 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 the existing mining assets.

REBgold shareholders voted in favour of the Arrangement at a special meeting of shareholders held on November 12, 2010. Subsequent to the Arrangement, BacTech Environmental Corporation 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 "RBC".

Under the terms of the Arrangement, REBgold's shareholders received, in exchange for each existing common share of the REBgold, one new common share of REBgold, and one-fifth of a common share of BacTech Environmental Corporation.

The Notice of Meeting and Management Information Circular dated October 14, 2010 for REBgold (formerly known as BacTech Mining Corporation”) were mailed to shareholders on October 21, 2010. The Notice of Meeting and Circular are posted on SEDAR (www.sedar.com) and on REBgold’s website, www.reb-gold.com.

As the Arrangement resulted in no substantial change of ownership, the exchange of net assets pursuant to the Arrangement was measured at its net book value, and recorded on the books of Company, as follows:

Mineral properties and deferred exploration costs transferred from REBgold	\$ 463,984
Accounts payable transferred from REBgold	(49,946)
Book value of debentures payable assumed by REBgold	(66,642)
Loan payable to REBgold	<u>(250,000)</u>
Net reduction in contributed surplus	<u>\$ 97,396</u>

The Company assumed 20% of the face value of REBgold’s convertible debentures liability. Upon maturity, BacTech Environmental Corporation will repay to REBgold, 20% of the principal plus 20% of the interest accrued from December 2, 2010 to maturity. REBgold remained indebted to the debenture holders for the full principal of the debenture. For every share of REBgold issued in the event of a conversion, one-fifth of a common share of BacTech Environmental Corporation will be issued. For additional information on the Debenture, please refer to Note 12 of the unaudited condensed interim financial statements for the period ended June 30, 2011.

G. Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2010 or June 30, 2011.

H. Financial Instruments

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

I. Changes in Accounting Policies including Initial Adoption

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA announced that Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the conversion from Canadian GAAP to IFRS was applicable to the Company’s financial statements starting with the first quarter of 2011.

The key IFRS dates were January 1, 2010 which was the transition date and January 1, 2011 which was the changeover date. An opening balance sheet as of January 1, 2010 according to IRFS has been prepared to facilitate the change over to IFRS reporting for 2011. The change over date is the date which the Company’s financial statements will be prepared and reported according to IFRS.

IFRS has a similar conceptual framework to that of previous Canadian GAAP. There are differences in certain areas under recognition and measurement, as well as disclosure. In order for users to understand the impact of IFRS on the Company’s financial statements, included in note 22 to the

unaudited condensed interim financial statements for the six month period ended June 30, 2011 are the reconciliation adjustments between Canadian GAAP and IFRS. Overall, there is no significant change or adjustment to the financial statements, the only real impact is that reclassification of items on the financial statements and additional note disclosure.

J. Outlook

The current volatile state of the capital markets, as shown with the historically high price for precious and base metals, has significantly increased the level of activity by junior resources mining companies. Even though there is a heightened interest from the capital markets to invest in junior mining companies, there can be no assurance that the Company will be successful in attracting either new financing or new opportunities to apply its technology.

K. Risks

The Company's strategy emphasizes developing properties 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 mineral resource 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 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 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.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds concessions, mineral leases, licenses, or which are the subject of joint ventures, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. The Company does not carry title insurance with respect to any of its mineral properties in which it currently holds an interest. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to explore or mine that property, likely without compensation for its prior expenditures relating to the property.

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.

Potential Dilution

The issue of Common Shares of the Company upon the exercise of outstanding options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional Common Shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted. It is

anticipated that BacTech will be issuing additional equity in the near term to fund the Company's activities.

L. 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.