

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**

July 25, 2014

3. **News Release**

A news release with respect to the material change referred to in this report was issued on July 25, 2014 and subsequently filed on SEDAR.

4. **Summary of Material Change**

**BacTech Eliminates Debt through issuance of common shares**

5. **Full Description of Material Change**

The Company has come to an agreement with holders of both the 12% convertible debenture, that matured on April 26<sup>th</sup>, 2014 and the 10% bridge loan, that matured on February 15<sup>th</sup>, 2014.

The total outstanding debt of \$1,337,146 as of July 31, 2014 will be paid by the issuance of 26,742,934 common shares of the Company at a price of \$0.05 per common share.

As a result of the conversion Option 3 of London, England will own or control approximately 40% of the issued and outstanding shares of the Company as of the date of conversion, having increased its position from 20.6%. Option 3 is currently represented on the BacTech board of directors by Mr. Tim Lewin.

BacTech has also accepted the resignation of David Salari as the Company's Chief Operating Officer. We wish Dave well in his future endeavours.

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**

August 5, 2014