MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

The following management discussion and analysis ("MD&A") of financial results is dated April 28, 2015 and reviews the business of BacTech Environmental Corporation (the "Company" or "BacTech"), for the year ended December 31, 2014, and should be read in conjunction with the accompanying audited consolidated financial statements and related notes for the year ended December 31, 2014. This MD&A and the accompanying audited consolidated financial statements and related notes for the year ended December 31, 2014 have been reviewed 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, resources and research 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. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise.

A. Core Business Strategy

BacTech Environmental Corporation (the "Company" or "BacTech") 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 ("Arrangement") transaction described below, the Company was granted a perpetual, exclusive, royalty free license to use REBgold Corporation's proprietary bioleaching technology ("BACOX") 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. During the year end December 31, 2013, REBgold amalgamated with Aquila Resources Inc. and hereinafter referred to as "Aquila". 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 are eliminated. Furthermore, the capital and operating costs of a bioleach facility are significantly less when compared to other existing treatment methods.

Plan of Arrangement ("Arrangement")

Effective December 2, 2010, REBgold completed a divisive reorganization by way of an 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 mine tailings and waste rock. REBgold retained the primary rights to the bioleaching technology, as well as all of REBgold's existing project assets.

On December 2, 2010, BacTech 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". On December 2, 2010, 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 and one-fifth of a common share of BacTech Environmental Corporation.

B. Mineral Reclamation Projects

The mineral reclamation projects and deferred assessment and evaluation expenditures are comprised as follows:

	Snow Lake
Balance December 31, 2012	**842,144**
Additions	**556,706**
Recovery SRED refund	**(37,608)**
Balance, December 31, 2013	**1,361,242**
Additions	**46,115**
Write-down	**(1,407,357)**
Balance, December 31, 2014	**-**

Snow Lake Arsenopyrite Concentrate Stockpile - Manitoba

In early 2010, the Company pursued a reclamation opportunity in Snow Lake, Manitoba. In the 1950's, a gold mine was owned and operated by Nor-Acme Mines 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.

The Company approached the Manitoba Ministry of Innovation, Energy and Mines in April 2010 and outlined a plan whereby the Company, 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. The Manitoba government granted approval for the Company 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 the arsenopyrite stockpile.

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. In

April 2011, BacTech was awarded the contract by the Mines Branch of the Manitoba Department of Innovation, Energy and Mines.

The current remediation agreement requires the operation of a bioleaching plant by December 31, 2014, however, the Company has decided to not extend the deadline and cease development of this project. As a result the deferred development costs of $1,407,357 have written down to nil as of December 31, 2014.

Patent: Bioleaching Process Produces Liquid Ferric Sulfate

In June 2012, the Company filed a provisional patent application for a new invention relating to bioleaching. The patent application covers the use of bioleaching as a means of manufacturing liquid ferric sulphate.

Ferric sulfate is a staple chemical with a wide range of applications. In conventional water treatment processes, it is commonly used as a coagulant to remove turbidity, colour, phosphate, and heavy metals. In the mining industry, ferric sulfate is not only a leaching lixiviant in various processes treating copper concentrates and uranium ores, but also a reagent commonly used to control arsenic in metal mining effluents.

The provisional patent is an alternative application of REBgold Corporation's bioleaching technology. BacTech owns a perpetual, exclusive license to the bioleach technology for tailings' reclamation and is allowed, under the agreement with REBgold Corporation, to own any improvements made to the technology. The Company and REBgold Corporation have negotiated an amendment to the licence agreement to specifically address the use of this application, which, as of the date of this report, has not been finalized. This patent is the invention of various contractors to the Company and they have assigned their rights in the invention to the Company, subject to the terms of a royalty agreement.

At this time, the development of this project has been suspended due to lack of financial support.

Bolivia

In January 2013, the Company announced that it had signed a Memorandum of Understanding ("MOU") with the Corporación Minera de Bolivia ("COMIBOL"), the state-owned mining company, for the Telamayu tailings site in Bolivia. Telamayu is a former mill site and consists of two tailings deposits created through custom milling for numerous mines in the area. Highlights of the MOU include:

- COMIBOL and BacTech will be partners in a Joint Venture ("JV") Bolivian company;
- COMIBOL will provide the JV with suitable tailings for reprocessing and make existing infrastructure available;
- BacTech holds the right to export concentrates from the Telamayu Tailings site for bioleaching or conventional treatment at its discretion; and
- BacTech will provide all capital necessary to undertake a study of the Telamayu tailings, including gravity, flotation and copper cementation test work.

BacTech had previously announced assay results from a composite sample taken in May 2012 from one of the two tailings sites. Silver and copper values were 282 g/t and 2.24% respectively, illustrating the high-grade nature of the tailings. This compared favorably with COMIBOL's results from a 2005 sampling and assay program that reported 258 g/t Ag and 1.05% Cu. BacTech enlisted the services of SGS Bolivia S.A. to oversee the sampling of some 2,000 bags of tailings assembled by COMIBOL. In essence material was bagged at 1 meter intervals by COMIBOL from 8 test holes of roughly 10 meters in depth. A "pipe" was used to extract a sample from every bag and a larger sample of 200 kg was created. This larger sample was bagged and secured at site before making its way to Lima, Peru. From there, the samples were shipped to Inspectorate Exploration and Mining Services Ltd. ("Inspectorate") in Vancouver, Canada for assaying.

COMIBOL has estimated that there are approximately 700,000 tonnes of tailings attributable to the above assay results, and across the river lie an additional estimated 3-4 million tonnes of tailings from the similar sources. To date, no investigation has been initiated at the larger site. It is hoped that a drill program will be initiated on both piles after successfully completing the association contract with COMIBL and completing the US$10M debt facility with Pala Investments. A National Instrument 43-101 resource estimate will be completed after the drilling program has been completed. In addition, there are two additional tailings sites within 50 km that could be investigated in the future.

In 2014 the Company initiated the next steps to evaluate this project. On April 28, 2014 the Company announced the initial flotation results for the Telamayu tailings which are as a follows: *(The Company has not investigated or verified the sampling program conducted by COMIBOL.)*

Assay chart

Element	**Unit of measure**	**Telamayu Tailing Comp.**
Ag	g/mt	275.0
Au	g/mt	0.24
As	ppm	3,145
Sb	ppm	853.61
Cu	ppm	22417
Bi	ppm	557.97
Sn	ppm	1,571.8

Flotation results

Element	**Maximum Metal Recovered to Concentrate**	**Recovery**
AG	35 oz/t	60 – 64%
CU (i)	4.2 – 4.4 %	33 -35%
AS	0.65%	n/a

(i)Copper recovery is 33-35% of the remaining unoxidized sulphides in the tailings.
(ii) The tonnages provided by COMIBOL are of a historical nature and have not been confirmed by the Company. BacTech is not treating the historical estimate as current mineral resources or mineral reserves as they are not NI 43-101 compliant. The Qualified Person ("QP") for the above information is Gary Williams, P.Geo.

It was noted that roughly 50% of the sulphides in the sample had been oxidized. Two rougher kinetic flotation tests were carried out on the sample at different grinds to evaluate the tailings response to flotation. Results from these preliminary tests showed that after four stages of rougher flotation approximately 15% of the material was removed to a bulk rougher concentrate assaying 31-35oz/t silver (60-64% recovery), 4.2-4.4% (33-35% recovery) copper and 0.65% arsenic. There is also tin in the tailings that will be investigated for recovery. Additional tests will be undertaken to attempt to improve the recoveries for the silver component.

The copper recovery into concentrate at first glance would appear to be disappointing but upon further investigation it appears that approximately one half of the copper was extracted before flotation into the grind/wash water. If this is the case then recoveries of up to 80% were achieved if the wash water is included in the calculation. That is to say an operation may include a washing process from which the soluble copper is recovered prior to flotation.

Current Status

The Company's next steps include the completion of gravity and floatation test work to assess the projects economic viability, as well as the completion of a definitive agreement with COMIBOL. The definitive agreement has been under negotiation since the beginning of March 2015 and is expected to be completed within the next few weeks.

In December 2014, the Company signed a financing term sheet with Pala Investments Ltd. for a senior debt facility of up to US$10.0 million to finance 100% of the capital requirements to bring Telamayu into production. Once the definitive agreement is signed with COMIBOL, the final due diligence will be completed by Pala.

Upon completion of Pala's due diligence to proceed with the project, BacTech will immediately begin a definition-drilling program on both the Antigua and Nuevo tailings. The purpose of the drill program is threefold: to obtain better knowledge of the distribution of the silver, copper and tin in Antigua for production planning; to confirm the previous grades on Antigua and determine the grades for Nuevo; and to provide fresh material to conduct enhanced gravity and flotation work to study the recovery of silver, tin and the copper in solution in the tails for plant design. Based on the test work conducted to date, BacTech intends to build a gravity-flotation processing plant that will produce a copper cement concentrate and a silver concentrate. The daily tonnage rate for the plant will be decided once the aforementioned test work has been completed

Other Projects

The Company continues to evaluate other projects in Canada, Mexico, South America and Europe.

C. Selected Annual Information

The following table presents selected financial information in Canadian dollars ($), for each of the three most recently completed financial years, and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

	2014	**2013**	**2012**
	$	$	$
Revenues	Nil	Nil	Nil
Net loss for the year	(1,897,330)	(1,199,244)	(1,377,396)
Net loss per share	(0.13)	(0.12)	(0.15)
Total assets	30,599	1,421,682	1,325,321
Total liabilities	1,045,724	2,010,623	942,068

The Company continues to not generate any revenue. The funding of the Company's operations since inception in December 2010 has been from the exercise of warrants and options, private placements, long term debenture and bridge loans, which have been used for general working capital, advancing the Snow Lake Project, as well as pursuing other projects of interest. The most significant asset on the balance sheet was the deferred assessment and evaluation costs for the Snow Lake Project, which represent $Nil (2013 - $1,361,242). The project was abandoned in 2014, which resulted in the write down of $1,407,357 the deferred costs to $Nil.

During 2014, the Company completed a share for debt conversion for the combined outstanding debentures and bridge loan of $1,387,146 which were settled through the issuance of 27,742,934 common shares of the Company at a price of $0.05 per common share. In addition, a portion of the accounts payable for professional services and management payroll in the total amount of $115,000 were converted to 2,300,000 common shares as part of this transaction. This accounted for the significant decrease in liabilities and improvement in working capital for the 2014 year end.

D. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014.

Revenues

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

Operating and Administrative Costs

Operating and administrative expenses decreased to $466,099 for the year ended December 31, 2014 compared to $934,825 in the same period last year. Significant components of this expense include:

1. Salaries, management fees and related costs decreased to $309,161 for the year ended December 31, 2014, from $417,524 in the same period last year. These costs are for the salaries, wages and management fees incurred directly in managing and operating the business of the Company, which includes the investigation and evaluation of potential projects. The Company has decreased these expenditures in light of its current financial situation. The majority of these amounts have been accrued for and have not been paid;
2. Share based payments, as explained in note 10 to the audited consolidated financial statements, were $Nil for the year ended December 31, 2014 compared to $105,350 for the year ended December 31, 2013. 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. No options were issued for the year ended December 31, 2014. For the year ended December 31, 2013 there were 150,000 options granted. 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 decreased to $32,884 for the year ended December 31, 2014, from $203,854 in the same period last year. The Company has significantly decreased these expenditures in light of its current financial situation, but not all costs could be eliminated such as its corporate stewardship responsibilities of the Company which requires the use of legal and accounting services.
4. Costs associated with shareholder information and investor relations decreased to $38,756 for the year ended December 31, 2014, from $63,612 in the same period last year. Overall these costs have been reduced as a result of eliminating the remaining IR programs in existence from 2013. Costs in the current year included additional one-time costs related to the share consolidation process and debt conversion transaction;
5. Travel costs significantly decreased to $5,062 for the year ended December 31, 2014, from $39,535 in the same period last year. These costs are for travel incurred to Bolivia, as well as capital fundraising activities in the current period. The Company has significantly decreased these discretionary expenditures in light of its current financial situation; and

6. General office expenses decreased to $78,602 for the year ended December 31, 2014, compared to $112,092 in the same period last year. These are expenses for the general corporate office located in Toronto. Prior year costs reflect costs associated with a corporate office in Manitoba.

Finance Charges

Debenture interest expense for the year ended December 31, 2014 was $180,622 compared to $264,419 in the same period last year. The debenture interest is made up of BacTech's portion of the debenture issued by REBgold Corporation, plus the additional interest expense from BacTech's own convertible debenture issued in April 2012, as well as the bridge loan interest. For the year ended December 31, 2014, the bridge loan interest was $84,996 (which includes a penalty interest portion due to the late repayment of the bridge loan) compared to $25,800 in the same period last year. Please refer to note 11 and 12 to the audited consolidated financial statements for the year ended December 31, 2014.

Accretion expense is related to the Company's debentures as described in note 11 of the audited consolidated financial statements for the year ended December 31, 2014. 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. The accretion expense for the current quarter is significantly reduced as a result of the debenture maturing in the quarter.

E. Liquidity and Capital Resources

At December 31, 2014, the Company had cash of $572 and a working capital deficit of $945,252. The existing cash reserves, private placement for gross proceeds of $70,000 and cash collected from receivables, as well as equity conversion of $1.5 million from accounts payable, bridge loan and debentures, were used for general working capital and advancing the Bolivian Project for the period ended December 31, 2014.

On August 28, 2014, the Company announced that it came to an agreement with holders of both the 12% convertible debenture that matured on April 26, 2014 and the 10% bridge loan that matured on February 15, 2014. The combined outstanding debentures and bridge loan amounted to $1,387,146 as of July 31, 2014 and were settled through the issuance of 27,742,934 common shares of the Company at a price of $0.05 per common share. In addition, a portion of the accounts payable for professional services and management payroll in the total amount of $115,000 were converted to 2,300,000 common shares as part of this transaction. As a result of the conversion of the bridge loan, Option 3 of London, England will own or control approximately 39% of the issued and outstanding shares of the Company. Option 3's ownership prior to the conversion of the debentures and bridge loan was 20.6%. Mr. Tim Lewin currently represents Option 3 on the BacTech Board of Directors

On May 21, 2014, the Company completed a private placement for gross proceeds of $70,000 by issuing 1,400,000 units at $0.05 per unit. Each unit comprised one common share and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at an exercise price of $0.25 for a period of 3 years.

In November 2013, the Company closed a private placement for gross proceeds of $100,000. The Company issued 200,000 units priced at 50 cents per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of 75 cents until November 9, 2016.

On July 3, 2013, the Company announced that it had arranged a bridge loan that allowed the Company to receive $600,000 comprised of (a) an initial $300,000 within 10 days of closing, and (b) a second $300,000 that could be drawn after BacTech has confirmed that the underlying contract with the Province of Manitoba to be used as collateral for the loan. The full $600,000 has been received. All loans were subject to interest at the rate of 10% per annum and were to be repaid initially by November 20, 2013, subject to the Company's right to extend repayment.

Share Capital	**December 31, 2014**		**December 31, 2013**	
	Number of shares(i)	**$ Amount**	**Number of shares(i)**	**$ Amount**
Balance, beginning of period	9,951,010	2,423,269	9,751,010	2,378,769
Shares issued for cash pursuant to a private placement	1,400,000	70,000	200,000	100,000
Shares issued for conversion of debentures, Bridge loan and accounts payable	30,042,934	1,502,146	-	-
Less:				
Warrant fair value from shares issued	-	32,372	-	54,000
Share issue costs	-	-	-	1,500
Balance, end of period	41,393,944	3,963,043	9,951,010	2,423,269

(i) **Share consolidation**: On July 21, 2014, the Company completed a share consolidation of BacTech's common shares on the basis of one post consolidation common share for each five pre-consolidation common shares. The name of the company did not change as a result of the consolidation. The 56,755,027 common shares issued and outstanding prior to the consolidation, which was effective as of July 22, 2014, were consolidated to 11,351,010 common shares.

For a description of the outstanding warrants and stock options that are available to purchase common shares of the Company, please refer to notes 14 and 15 of the audited consolidated financial statements. As result of the share consolidation, the Company's current outstanding stock options and warrants have been adjusted on the same basis, with proportionate adjustments being made to the stock option and warrant exercise prices. The tables and notes referenced herein reflect the share consolidation starting from December 31, 2012.

F. Fourth Quarter

The Company abandoned the development of the Snow Lake project which resulted in the write down of $1,407, 357 of deferred costs. There were no substantive changes in administrative expenses and continued to be consistent with previous three quarters in 2014. Some investigative work was completed on other future projects, but was limited in nature, due to lack of capital to fund such programs.

G. Quarterly Information

Selected quarterly information for the most recently completed quarter is presented below in Canadian currency ($), and in accordance with International Financial Reporting Standards.

	2014				**2013**			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Revenues	-	-	-	-	-	-	-	-
Other items	(1,407)	-	-	-	-	-	-	-
Operating loss	(67)	(198)	(173)	(186)	(399)	(183)	(237)	(396)
Loss for the period	(1,340)	(198)	(173)	(186)	(399)	(183)	(237)	(396)
Loss per share	(0.07)	(0.02)	(0.02)	(0.02)	(0.04)	(0.02)	(0.02)	(0.04)

H. Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2014.

I. Financial Instruments

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

J. Outlook

The current volatile state of the capital markets and the volatile price for precious and base metals has significantly reduced the ability to access capital for junior companies in the resource sector or in the remediation and reclamation of mine waste and tailings. 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 projects in order to leverage its intellectual property to drive 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 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 assessment and evaluation, as well as 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 and mine waste 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, commercially proven 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.

Protection of Intellectual Property Rights

The Company is dependent not only on its ability to protect its intellectual property rights, but also upon the protection of rights of third parties from which it may license intellectual property rights. The Company currently holds patent rights and has pending patent applications. In addition, the Company relies upon certain other technologies, ideas; know how, secrets or other information, which it may not be able to protect. Notwithstanding precautions the Company may take to protect its rights, third parties may copy or obtain and use the Company's proprietary and licensed or optioned technologies, ideas, know how, secrets and other proprietary information without authorization or independently develop technologies similar or superior to the Company's proprietary and licensed or optioned technologies. The Company enters into confidentiality and restriction on use agreements with its employees, strategic partners and others; however, these agreements may not provide meaningful protection of the Company's proprietary and licensed or optioned technologies or other intellectual property in the event of unauthorized use or disclosure. Policing unauthorized use of such technologies and intellectual property is extremely difficult, and the cost of enforcing the Company's rights through litigation may be prohibitive. Further, the laws of jurisdictions other than Canada and the United States may not provide meaningful protection of the intellectual property rights of the Company and such third parties.

Obtaining and Enforcing Patents

The patent positions of technology firms, including the Company, are generally uncertain and involve complex legal and factual questions. The Company's success in utilizing and licensing its bioleaching technology will depend, in part, on its ability to obtain, enforce and maintain patent protection for its technology worldwide. The Company cannot be assured that patents will issue from any pending applications or that claims now or in the future allowed under issued patents will be sufficiently broad to protect its technology. In addition, no assurance can be given that any patents issued to or licensed by the Company will not be challenged, invalidated, infringed or circumvented, or that the rights granted there under will provide continuing competitive advantages to the Company. Furthermore, there is no assurance that the patents of others will not impede the ability of the Company to do business or that others will not independently develop similar products or technologies, duplicate any of the Company's products or technologies or, if patents are issued and licensed to the Company, design around the Company's patented product or technology.

Accordingly, the Company may not be able to obtain and enforce effective patents to protect its proprietary rights from use by competitors, and the patents of other parties could require the Company to stop using or pay to use certain intellectual property, and as such, the Company's competitive position and profitability could suffer as a result.

Claims of Infringement of Proprietary Rights of Others

The Company is not currently aware of any claims asserted by third parties that the Company's intellectual property infringes on their intellectual property. However, in the future, third parties may assert a claim that the Company infringes on their intellectual property. As a result, there is a risk that the

Company, or one or more of its licensors, may become subject to litigation alleging that the products or technologies of the Company or its licensors infringe on the proprietary rights of third parties. Whether or not the products or technologies infringe on the proprietary rights of third parties, the Company or such licensors could incur significant expenses in defending allegations of infringement of proprietary rights. Further, the Company or such licensors may be required to modify their products or obtain licenses for intellectual property rights as a result of any alleged proprietary infringement which may not be achievable on commercially reasonable terms, in a timely manner, or at all, any of which could adversely affect the Company's business revenue, results from operations and financial condition.

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, assessment and evaluation, and development of mineral reclamation 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.

L. Related Party Transactions

Please refer to note 10 of the condensed consolidated financial statements for the year ended December 31, 2014.

M. 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.