MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED DECEMBER 31, 2010

The following management discussion and analysis ("MD&A") of financial results is dated April 28, 2011 and reviews the business of BacTech Environmental Corporation (the "Company" or "BacTech"), for the period end December 31, 2010, and should be read in conjunction with the accompanying audited financial statements and related notes for the period ended December 31, 2010. This MD&A and the accompanying audited financial statements and related notes for the period ended December 31, 2010 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 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, the 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 the 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, the REBgold's shareholders received, in exchange for each existing common share of the 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 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:

	Snow Lake	Cobalt Tailings	Total
	$	$	$
Balance, October 5, 2010	-	-	-
Plan of arrangement transaction	**31,060**	**432,924**	**463,984**
Expenditures on property	1,493	-	1,493
Write-down of assets	-	(432,924)	(432,924)
Balance, December 31, 2010	**32,553**	-	**32,553**

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 April 2010, REBgold Corporation signed a Memorandum of Understanding with Blackstone Development Inc. of Cobalt, Ontario (the "Blackstone MOU"). Pursuant to the 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 considerable 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.

Pursuant to the Arrangement, REBgold Corporation assigned its rights under the Blackstone MOU to the Company. The Company's objective is to identify 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. Sites that contain enough recoverable metal to operate a profitable operation will be targeted for initial clean up.

Blackstone obtained ownership of the Cobalt tailings from Agnico Eagle Mines in 2006, subject to certain conditions. Subsequent to signing the agreement, Blackstone's rights to the tailings were revoked by Agnico. The Company will continue to monitor events in the area to evaluate future opportunities.

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, with over 90% of the arsenic in the tailings reported to the concentrate.

Pursuant to the 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 is to build 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. Bioleaching is an environmentally-friendly and commercially-proven technology that not only liberates metals from refractory or sulphide ores, but also stabilizes arsenic in a benign end product approved for disposal by the U.S. Environmental Protection Agency. The building of a demonstration plant in the Cobalt area is conditional on positive results from preliminary bioleaching test work on tailings and obtaining access to suitable property in the Cobalt Camp.

The anticipated cost to build the demonstration plant, including one year of working capital, is approximately $12.0 million. BacTech has applied to federal and Ontario agencies for a combined total of $6.0 million in funding. Bioleaching would significantly reduce the use of additional public funds required for the environmental clean-up of the tailings, outside of what is needed to build a demonstration plant of sufficient size to allow for scale-up to a commercial plant. Should the government funding be granted, BacTech and the future joint venture partner will be required to raise the remaining $6.0 million in approximately the next 12 months.

In the event that the demonstration plant study is successful, BacTech envisages building a commercial facility to treat up to approximately 1,000,000 tonnes of tailings per annum. It is expected that a commercial plant with that capacity would operate for a minimum of 10 years. The plant could be adapted to process other tailings outside of the Cobalt area, which includes Northern Ontario and Northern Quebec. With the possibility of obtaining feedstock from other areas, the plant life could be easily extended to in excess of 20 years.

Snow Lake 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. Reportedly, from government provincial mine records, approximately 250,000 tonnes of concentrate residue was stockpiled onsite at the New Britannia mine, with a reported grade of approximately 9 grams per tonne (g/t).

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.

In mid-September, REBgold presented the positive results of its preliminary study to the Government of Manitoba and has followed up with a proposal to conduct a larger metallurgical/bioleach study. The proposed study, which would again be completed at REBgold's expense, will involve the drilling of a number of holes on the concentrate stockpile to obtain approximately 1,000 kg of material. The study will be used to confirm the amount of gold present as well as the metallurgical variability of the stockpile. In addition, the study will evaluate pre-treatment scenarios and costs, continue bioleach work on a larger scale for gold extraction and also study the detox/arsenic stability for the oxidized end product.

In February 2011, the Company tendered a proposal for the remediation of an arsenopyrite stockpile at Snow Lake under a request for proposals from Manitoba Innovation, Energy and Mines. A decision on the proposal is expected within 60 days. Pending the outcome of the decision, the Company will make the necessary commitments to proceed or refocus its efforts.

Pursuant to the 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 Company's balance sheet as per the terms Arrangement. The capitalized costs to date reflect the costs for completing the initial bioleach study.

Future Plans

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, treat 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 has already been concentrated, 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 stockpile is situated on a mining lease controlled by Alexis Minerals and any subsequent deal must be accompanied by their permission to access the site.

The Company envisions the construction of a bioleach plant in Snow Lake to treat 150 tonnes of stockpiled material per day or 52,500 tonnes per year. The 5-6 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. BacTech's proposal includes a "no-cost" to the government approach whereby BacTech will fund the operation through the recovery of the contained gold.

C. Selected Annual Information

The following table presents selected financial information in Canadian dollars ($), for the last completed financial period, and has been prepared in accordance with Canadian generally accepted accounting principles. Only one period of financial information is provided given that this is the Company's first period of operations.

	2010
	$
Revenues	-
Net loss for the period	(557,569)
Net loss per share	(0.06)
Total assets	299,253
Total liabilities	445,795

D. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2010.

Revenues

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

Operating and Administrative Costs

Operating and administrative expenses were $120,747 for the period ended December 31, 2010. This is the first period of operations, as a result there are no comparable period amounts available for comparison. Significant components of this expense include:

1. Salaries, management fees and related costs were $40,300 for the period ended December 31, 2010. These costs are for the salaries, wages and consulting fees incurred directly in managing the business of the company, as well as investigating potential projects;
2. Stock based compensation, as explained in Note 12 to the audited financial statements, increased to $25,971 for the period ended December 31, 2010. 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 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 $32,050 for the period ended December 31, 2010. 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 $10,375 for the period ended December 31, 2010. The Company has initiated their investor relations program with Stone Communications to raise awareness of the Company by informing shareholders and potential shareholders of the Plan of Arrangement transaction;
5. Travel costs were $5,550 for the period ended December 31, 2010. These are travel costs incurred by management on sourcing and evaluating projects in the current period ; and
6. General administrative expenses were $6,450 for the period ended December 31, 2010. These are expenses for general corporate office overhead.

Interest Expense

Interest expense for the period ended December 31, 2010 was $1,780. The interest expense for the period reflects the interest expense from BEC's portion of the debenture held by REBgold Corporation, as explained in note 10 to the audited financial statements for the period ended December 31, 2010.

Accretion on Debentures Payable

Accretion expense is related to the Company's debentures as described in note 10 to the audited financial statements for the period ended December 31, 2010. 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.

E. Liquidity and Capital Resources

At December 31, 2010, the Company had cash of $239,400 and a working capital deficit of $181,610. The funds raised from the private placement completed in December were for general working capital.

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, 2010. All securities issued in connection with the offering and the underlying securities were subject to a four month hold period that expires on April 23, 2011.

Share Capital		
	December 31, 2010	
	Number of shares	$ Amount
Balance, beginning of period	-	-
Shares issued for cash pursuant to a private placement	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	-	26,151
Share issue costs	-	17,255
Balance – end of period	29,246,673	357,190

F. 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 is only one quarter to present.

	2010
	Q4
	$000's
Revenues	-
Operating loss	(558)
Loss for the period	(558)
	Q4
	$
Loss per share	(0.06)

G. Proposed Transaction

Plan of Arrangement

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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 to BEC	**$ (463,984)**
Accounts payable transferred to BEC	**$ 49,946**
Book value of debentures payable assumed by BEC	**66,642**
Loan receivable from BEC	**250,000**
Net reduction in contributed surplus	**$ (97,396)**

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 10 of the audited financial statement for the period ended December 31, 2010.

H. Off-Balance Sheet Arrangements

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

I. Financial Instruments

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

J. 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 will be applicable to the Company's financial statements starting with the first quarter of 2011. For fiscal 2011, the transition to IFRS will require the restatement of all interim financial statements for fiscal 2010 and opening balance sheet for comparative purposes.

To date, our analysis of IFRS in comparison with currently applied accounting principles has identified a number of differences. Most of the adjustments required on transition to IFRS will be made retrospectively, against opening retained earnings as of the date of the first comparative balance sheet being January 1, 2010, based on standards at that time. Many of the adjustments identified are not expected to have a material impact on the reported results. However, there still may be significant changes from the IFRS accounting principles and provision for first time adoption of IFRS on certain areas.

IFRS 1 "First Time Adoption of International Financial Reporting Standards" provides entities adopting IFRSs for the first time with a number of optional exemptions and mandatory exemptions, in certain areas, to the general requirement of full retrospective application of IFRS. The most significant IFRS 1 exemptions the Company will elect in its first IFRS financial statements are as follows:

<u>Property, Plant and Equipment</u>

The optional exemption offers the Company the ability to measure property, plant and equipment ("PPE") at the date of transition based on fair value under IFRS or using the historical valuation under GAAP. This exemption is available on an asset-by-asset basis. The Company will not elect in its opening balance sheet on the transition date to value PPE items at a cost other than historic cost.

<u>Share-based Payments</u>

The optional exemption for share-based payments permits the Company to not apply the standard retrospectively to equity settled grants that have fully vested at the transition date, as well as cash-settled grants where the liability has been settled at the transition date.

The Company will elect not to apply IFRS 2 to equity instruments granted on or before November 7, 2002 or which vested before the Company's transition date to IFRS. In addition, the Company will elect not to apply IFRS 2 to liabilities arising from the share-based payments which were settled before the Company's transition date to IFRS.

<u>Compound Financial Instruments</u>

For compound financial instruments with liability components that are no longer outstanding at the date of transition to IFRS, the Company is permitted to not retrospectively apply the allocation method prescribed in IAS 32. For compound financial instruments with liability components that remain outstanding at the date of transition to IFRS, the Company must retrospectively apply the allocation method prescribed in IAS 32.

The Company has compound financial instruments with the liability component still outstanding as of the transition date and therefore will retrospectively the allocation method. It is expected that the retrospective application of the allocation method prescribed in IAS 32 will not result in a significant adjustment, since the amount assigned to the liability component in accordance with CICA 3863 would be the same in accordance with IAS 32.

The Company has not completed its quantification of the effects of adopting IFRS nor has it completed the opening balance sheet with the opening adjustments from adopting IFRS. The Company will have this completed in time for reporting for the first quarter of 2011.

The above list should not be regarded as a complete list of changes that will result from the transition to IFRS. It is intended to highlight the most significant differences only. At this point in time, it is expected that the financial performance and financial position, as disclosed in our Canadian GAAP financial statements, will not be significantly different when presented in accordance with IFRS.

K. 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.

L. 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 interest 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.

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.