



Report to Shareholders for the three month period ended March 31, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis ("MD&A") of financial results is dated June 24, 2011 and reviews the business of BacTech Environmental Corporation (the "Company" or "BacTech"), for the period ended March 31, 2011, and should be read in conjunction with the accompanying unaudited condensed interim financial statements and related notes for the period ended March 31, 2011. This MD&A and the accompanying unaudited condensed interim financial statements and related notes for the period ended March 31, 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 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 and March 31, 2011	32,553	-	32,553

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.

Pursuant to completion of the Plan of Arrangement on December 2, 2010, REBgold assigned its rights and commitments to BacTech Environmental Corporation.

In February 2011, BacTech tendered a proposal for the remediation of the arsenopyrite stockpile at Snow Lake under a request for proposals 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 409 geochemical samples were taken at 50 cm intervals. 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.

Samples were sent to the Saskatchewan Research Council laboratory in Saskatoon for analyses. These will be used to calculate a National Instrument 43-101 (“NI 43-101”) mineral resource estimate. The remainder of the core was shipped to Inspectorate Exploration and Mining Services Ltd. in Vancouver, B.C., where it will undergo bioleach test work under the supervision of BacTech to determine the best approach to processing the stockpile material.

Pursuant to the Plan of Arrangement, REBgold assigned its rights and commitments to the Company on December 2, 2010. 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 capitalized costs to date reflect the costs for completing the initial bioleach study.

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 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 Corporation 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 100 tonnes of stockpiled material per day, or 37,500 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.

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.

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.

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 BacTech 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 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, 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 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.

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 March 31, 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 \$230,172 for the period ended March 31, 2011. This is the second 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 \$112,819 for the three month period ended March 31, 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;
2. Stock based compensation, as explained in note 15 to the unaudited condensed interim financial statements, was \$13,025 for the three month period ended March 31, 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 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 \$14,526 for the three month period ended March 31, 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 \$22,956 for the three month period ended March 31, 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 future capital financings through media publications and news releases.

5. Travel costs were \$22,986 for the three month period ended March 31, 2011. These are travel costs incurred by management when sourcing and evaluating projects in the current period; and
6. General administrative expenses were \$43,585 for the three month period ended March 31, 2011. These are expenses for general corporate office overhead.

Finance Charges

Debenture interest expense for the three month period ended March 31, 2011 was \$3,870. The debenture interest expense for the period reflects the interest expense from BEC's portion of the debenture held by REBgold Corporation, as explained in note 5 and note 12 to the unaudited condensed interim financial statements for the period ended March 31, 2011.

Accretion expense is related to the Company's debentures as described in note 12 to the unaudited condensed interim financial statements for the three month period ended March 31, 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 March 31, 2011, the Company had cash of \$34,968 and a working capital deficit of \$399,781. 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, 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	March 31, 2011		December 31, 2010	
	Number of shares	Number of shares	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	100,000	8,500	-	--
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	30,568,029	431,090	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 is only two quarters to present.

	2011	2010
	Q1	Q4
	\$000's	\$000's
Revenues	-	-
Operating loss	(305)	(558)
Loss for the period	(305)	(558)
	\$	\$
Loss per share	(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 "RBG".

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 March 31, 2011.

G. Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2010 or March 31, 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 will be 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 three month period ended March 31, 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.

BacTech Environmental Corporation

Condensed Interim Financial Statements

For the three months ended March 31, 2011

(Unaudited)

Notice of No Auditor Review of Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, MSCM LLP, has not performed a review of these unaudited condensed interim financial statements, in accordance with standards established by the Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

BacTech Environmental Corporation
June 24, 2011

BacTech Environmental Corporation
Condensed Interim Statements of Financial Position
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	As at March 31 2011 \$	As at December 31 2010 \$	As at October 5 2010 \$
Assets		(Note 22)	(Note 22)
Current assets			
Cash (<i>note 6</i>)	34,968	239,400	-
Other receivable (<i>note 7</i>)	13,130	16,582	-
Prepaid expenses	10,235	8,203	-
	58,333	264,185	-
Deferred exploration costs (<i>note 9</i>)	32,553	32,553	-
Equipment (<i>note 10</i>)	2,240	2,515	-
	93,126	299,253	-
Equity and Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (<i>note 11</i>)	123,329	111,774	-
Payable to REBgold Corporation (<i>note 5 and 8</i>)	334,785	334,021	-
	458,114	445,795	-
Capital and Reserves			
Share capital (<i>note 13</i>)	431,090	357,190	-
Reserves	66,861	53,837	-
Deficit	(862,939)	(557,569)	-
	(364,988)	(146,542)	-
	93,126	299,253	-

Nature of Operations and Going Concern (note 1)

The accompanying notes are an integral part of these condensed interim financial statements.

BacTech Environmental Corporation
Condensed Interim Statements of Income (Loss)
and Comprehensive Income (Loss)

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31
	2011
	\$
Net Revenue	-
Expenses	
General and administrative costs <i>(note 17)</i>	230,172
Finance charges <i>(note 18)</i>	9,798
Property termination payments <i>(note 5)</i>	65,400
	305,370
Net income (loss) for the period	(305,370)
Basic and diluted income (loss) per share <i>(note 16)</i>	(0.01)
Weighted average number of common shares outstanding	30,474,696
Statement of Comprehensive Income (loss)	
Net income (loss) for the period	(305,370)
Other comprehensive income	-
Comprehensive income (loss) for the period	(305,370)

The accompanying notes are an integral part of these condensed interim financial statements.

BacTech Environmental Corporation
Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Share Capital \$	Warrant Reserve \$	Contributed Surplus Reserve \$	Deficit \$	Total Equity \$
Balance, October 5, 2010	-	-	-	-	-
Shares issued upon incorporation	100	-	-	-	100
Shares cancelled pursuant to Plan of Arrangement	(100)	-	-	-	(100)
Common Shares issued pursuant to Plan of Arrangement	97,396	-	-	-	97,396
Common Shares issued pursuant to private placement	277,049	26,151	-	-	303,200
Share issue costs	(17,255)	1,715	-	-	(15,540)
Stock based compensation	-	-	25,971	-	25,971
Net income (loss) for the period	-	-	-	(557,569)	(557,569)
Balance, December 31, 2010	357,190	27,866	25,971	(557,569)	(146,542)
Common shares issued on exercise of warrants	8,500	-	-	-	8,500
Common shares issued as Property Termination Payment	65,400	-	-	-	65,400
Stock based compensation	-	-	13,024	-	13,024
Net income (loss) for the period	-	-	-	(305,370)	(305,370)
Balance, March 31, 2011	431,090	27,866	38,995	(862,939)	(364,988)

The accompanying notes are an integral part of these condensed interim financial statements.

BacTech Environmental Corporation

Condensed Interim Statements of Cash Flows

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended
	March 31
	2011
	\$
Cash flow from operating activities	
Cash paid to suppliers, employees and contractors	(212,932)
	(212,932)
Cash flow from financing activities	
Proceeds from issue of common shares, net	8,500
	8,500
Cash flow from investing activities	
Expenditures on mineral properties	-
	-
Increase (decrease) in cash	(204,432)
Cash, beginning of period	239,400
Cash, end of period	34,968

The accompanying notes are an integral part of these condensed interim financial statements.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

1. Nature of Operations and Going Concern

BacTech Environmental Corporation (the "Company" or "BEC") was incorporated by REBgold Corporation ("REBgold" and formerly BacTech Mining Corporation) on October 5, 2010 under the Canada Business Corporations Act. Through the completion of the Plan of Arrangement transaction as described in note 5, the Company was granted a license to use REBgold Corporation's proprietary bioleaching technology in the mining remediation business. The technology utilizes bacteria to extract 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 the 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.

The accompanying condensed interim financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company has no sources of recurring revenue, has incurred losses amounting to \$862,939 since its inception, has a working capital deficit of \$399,781 at March 31, 2011, and is dependent on financings to fund its operations. The ability of the Company to continue as a going concern is dependent upon the continuing financial support of shareholders or other investors, obtaining new financing on commercial terms acceptable to the Company to enable it to monetize its intellectual property assets, and upon attaining profitable operations once such assets can be monetized, all of which outcomes are uncertain and which, taken together, cast significant doubt over the ability of the Company to continue as a going concern. These condensed interim financial statements do not include any adjustments to the carrying values of the Company's assets, liabilities, and expenses and the related statement of financial position and statement of income (loss) classifications that would be necessary if the going concern assumption were inappropriate. Such adjustments have not been quantified by management but could be material.

The Company funded its operations from inception to March 31, 2011 with one private placement that generated \$303,200 in gross proceeds (*note 13*). The Company does not have sufficient cash reserves to fund its administrative costs and fully fund all project development initiatives for the coming twelve month period, and to repay its liabilities to trade creditors and debt holders. Management is actively involved in identifying mining ventures amenable to the application of the Company's technology license, and in seeking new equity financing to enable it to service the Company's existing liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

2. Basis of Consolidation and Presentation

Statement of Compliance and Conversion to International Financial Accounting Standards ("IFRS")

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company expects to adopt in its financial statements as at and for the year ending December 31, 2011. These condensed interim financial statements do not include all of the information required for full annual financial statements.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

These are the Company's first IFRS unaudited condensed interim financial statements to be presented in accordance with IFRS. IFRS 1 First-Time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied and the impact of the transition from Canadian GAAP to IFRS is explained in note 22.

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed interim financial statements. They also have been applied in preparing an opening IFRS statement of financial position which is the date of incorporation, October 5, 2010. Refer to note 22 for the purposes of the transition to IFRS, as required by IFRS 1.

These condensed interim financial statements should be read in conjunction with the Company's 2010 Canadian GAAP annual financial statements and in consideration of the IFRS transition disclosures included in note 22 to these condensed interim financial statements. These are the Company's first financial statements prepared using IFRS and they include certain disclosures that were not included in the most recent Canadian GAAP annual financial statements, but are required to be included in annual financial statements prepared in accordance with IFRS.

These condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on June 28, 2011.

Basis of Preparation and Presentation

These condensed interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

3. Significant Accounting Policies

Measurement and Uncertainty

The preparation of these unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods, if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

- the recoverability of accounts receivable that are included in the unaudited condensed interim statements of financial position;
- the recoverability of exploration and evaluation expenditures incurred;
- the inputs used in accounting for share based payment transactions in net income (loss);
- management's assumption of no material restoration, rehabilitation and environmental provision, based on the facts and circumstances that existed during the period; and
- management's position that there is no income tax provisions required within these unaudited condensed interim financial statements.

Foreign Currency Translation

The Company's exploration and development activities primarily operate in an economic environment where the functional currency is the Canadian dollar. Transactions in foreign currencies are translated to the functional currency at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the Canadian dollar are translated into Canadian dollars at the exchange rate as at the end of the reporting period. Non-monetary assets and liabilities are translated at historical exchange rates at the transaction date. Amortization is translated at historical exchange rates at the transaction date. The calculated exchange gains and losses are included in net income (loss) for the period.

Environmental Liability, Contingency and Other Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against net income (loss) over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method, as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, intangible assets and goodwill that are not amortized are subject to an annual impairment assessment.

Financial Instruments

All financial instruments are classified into one of the following five categories: held-for-trading, available for sale, and held to maturity, loans and receivables, or other financial liabilities. Initial and subsequent measurement and recognition of the changes in the value of the financial instrument depend on their initial classification.

- (a) Held to maturity investments, loans and receivables and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Premiums or discounts and transaction costs are amortized into net income (loss), using the effective interest method.
- (b) Available for sale financial assets are measured at fair value, with unrealized gains and losses recorded in accumulated other comprehensive earnings until the asset is realized, at which time they are recorded in the net income (loss).
- (c) Held-for-trading financial instruments are measured at fair value. All gains and losses resulting from changes in fair value are included in net income (loss) in the period in which they arise.

The Company's financial instruments include cash, other receivables, loan payable to REBgold Corporation, and accounts payable and accrued liabilities.

i. Cash and cash equivalents

Cash is classified as held for trading and are measured at fair value with changes in fair value recorded in the statement of operations.

ii. Loans, receivables and other financial liabilities

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs.

Subsequent to initial recognition, loans, receivables and other financial liabilities are measured at amortized cost using the effective interest method, less any impairment losses. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Cost includes expenditures associated with bringing the asset to its operating location and condition. Except for land and assets in the course of construction, the costs of property, plant and equipment are depreciated over their expected useful lives, on a straight-line basis at following rates;

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

Office Equipment – 5 years

The depreciable amount of building, plant and equipment is recorded on a straight line basis over the lesser of mine life or estimated useful life or the asset to the residual value of the asset. Each part of the item of a building, plant or equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately if their useful lives differ.

The Company reviews the useful life, depreciation method and residual value and carrying value of its building plant and equipment at each reporting date.

Expenditures that extend the useful lives of the existing facilities or equipment are capitalized and amortized over the remaining useful lives of the assets. Repairs and maintenance expenditures are expensed as incurred.

Exploration and Development Activities

Mineral properties and deferred exploration costs include the direct costs related to mineral properties, including costs of acquiring mining properties and deferred exploration and development costs. These costs are capitalized and accumulated on a property by property basis and will be amortized on the unit of production method based upon estimated proven and probable mineral reserves, or written off if the properties are abandoned or the carrying value is determined to be in excess of possible recoverable amounts.

Costs for general exploration prior to obtaining legal rights to explore the subject property are expensed as incurred.

Government Grants

Government grants are recognized in the financial statements in the period where it becomes reasonably certain that the conditions attaching to the grant will be met, and that the grant will be received. Grants relating to income are shown as a deduction in the reported expense. Grants relating to assets are deducted from the carrying amount of the asset.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

Share Based Payments

The fair value of employee share option plans is measured at the date of grant of the option using the Black-Scholes pricing model, taking into consideration the terms and reconciliations upon which the options were granted. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At the end of each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

Income Tax

Income tax on the net income (loss) for the periods presented comprises current and deferred tax. Income tax is recognized in net income (loss).

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regard to previous years.

Deferred income tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Cash and Cash Equivalents

Cash and cash equivalents for the purposes of the cash flow statement comprise cash at bank and in hand, money market deposits and other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Revenue Recognition

Revenue is recognized when the service is completed in the case of consulting activities and upon delivery of products or technology when all significant risks and rewards of ownership have passed to the customer and collection is reasonably assured.

4. Future Changes in Accounting Policies

The IASB has issued a new standard, IFRS 9, "Financial Instruments" (IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and measurement" ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured amortized costs or fair value, replacing the multiple rules in IAS 39. Most of the disclosure requirement in IAS 39 for classification and measurement of financial liabilities were carried forward to IFRS 9. The standard becomes effective January 1, 2013. The company has yet to assess the impact of the new standard.

IFRS 10, 11, 12 and 13 were all issued in May 2010 and are effective for annual periods beginning January 1, 2013, with early adoption allowed.

IFRS 10, *Consolidated Financial Statements*, replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12 *Consolidation – Special Purpose Entities*, by introduction a single consolidation model for all entities based on control, irrespective of the nature of the investee.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the three months ended March 31, 2011

IFRS 11, *Joint Arrangements*, introduces new accounting requirements for joint arrangements, replacing IAS 31, *Interests in Joint Ventures*. It eliminates the option of accounting for jointly controlled entities by proportionate consolidation.

IFRS 12, *Disclosure of Interests in Other Entities*, requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.

IFRS 13, *Fair Value Measurement*, replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. It defines and provides guidance on determining fair value and requires disclosures about fair value measurements, but does not change the requirements regarding which items are measured or disclosed at fair value.

5. Plan of Arrangement

Effective December 2, 2010, REBgold Corporation ("REBgold") completed a divisive reorganization by way of a Plan of Arrangement (the "Arrangement") whereby a newly formed subsidiary, the Company, was granted rights and interests in REBgold's existing and proposed tailings remediation projects and an exclusive, perpetual, royalty-free license to use REBgold's proprietary bioleaching technology for reclamation of historic mine tailings. 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, REBgold continued to trade on the TSX Venture Exchange ("TSX-V") under the symbol RBG, and the Company started to trade on the Canadian National Stock Exchange under the symbol BAC.

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 was recorded on the books of the Company as follows:

Mineral properties and deferred exploration costs transferred from REBgold (<i>note 9</i>)	\$	463,984
Accounts payable transferred from REBgold	\$	(49,946)
Book value of debentures payable assumed from REBgold (<i>note 12</i>)	\$	(66,642)
Loan payable to REBgold (<i>note 8</i>)	\$	(250,000)
<hr/>		
Value attributed to common shares issued (<i>note 12</i>)	\$	97,396

Common Shares

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 the Company.

Share Purchase Warrants

All outstanding share purchase warrants of REBgold became exercisable for one common share of REBgold and one-fifth of a common share of the Company. The proceeds received by REBgold on the exercise of share purchase warrants are to be distributed 83% to REBgold and 17% to the Company as determined by the formula set out in the Arrangement which considers the volume weighted average trading price of REBgold and the Company for the first 20 trading days subsequent to the Arrangement.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

Stock Options

All outstanding stock options of REBgold remained exercisable for shares of REBgold under the original terms of the options. No shares of the Company are issuable upon the exercise of these options.

Debentures Payable (note 12)

The Company assumed 20% of the face value of REBgold's convertible debentures liability. Upon maturity, the Company 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 the Company will be issued.

Papua New Guinea Arrangement

Pursuant to a settlement agreement between REBgold and Yamana Gold Inc. ("Yamana") dated July 8, 2010, REBgold agreed to issue to Yamana 6,106,780 common shares. These shares were not issued before the Arrangement and consequently, for every share of REBgold issuable, one-fifth of a common share of the Company became issuable. In March 2011, REBgold issued 6,106,780 common shares to Yamana, along with the Company issuing 1,221,356 common shares to Yamana.

6. Cash Position

Cash consists of the following:

	As at March 31 2011 \$	As at December 31 2010 \$	As at October 5, 2010 \$
Cash	34,968	239,400	-
	34,968	239,400	-

7. Other Receivables

Other receivables consist of the following:

	As at March 31 2011 \$	As at December 31 2010 \$	As at October 5 2010 \$
Subscriptions receivable	-	12,000	-
Sales tax receivable	13,130	4,582	-
Other receivables	13,130	16,582	-

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

8. Payable to REBgold Corporation

	As at March 31 2011 \$	As at December 31 2010 \$	As at October 2010 \$
Debenture receivable (note 12)	74,070	68,480	-
Accrued interest on debenture (note 12)	5,160	1,290	-
Plan of Arrangement loan (note 5)	250,000	250,000	-
Other	5,555	14,251	-
	334,785	334,021	-

The balance is unsecured, non-interest bearing, and has no set terms of repayment.

9. Deferred Exploration Costs

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	-	-	-
Recovered during period	-	-	-
Written off during period	-	-	-
Balance, March 31, 2011	-	32,553	32,553

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. 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.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

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.

Pursuant to the Plan of Arrangement, REBgold assigned its rights and commitments to the Company on December 2, 2010. The deferred exploration costs incurred by REBgold up to the date of the Plan of Arrangement were transferred to BEC as part of the Plan of Arrangement transaction as described in note 5.

In February 2011, BacTech tendered a proposal for the remediation of the arsenopyrite stockpile at Snow Lake under a request for proposals 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.

Cobalt Tailings – Ontario

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 BacTech 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. 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.

The deferred exploration costs incurred by REBgold up to the date of the Plan of Arrangement were transferred to BEC as part of the Plan of Arrangement transaction as described in note 5. The amount of the deferred exploration expenses were written down in December 31, 2010.

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2011

10. Equipment

Equipment consists of the following:

Cost	Equipment	Total
Balance, October 5, 2010	\$ -	\$ -
Additions	2,794	2,794
Disposals	-	-
Other	-	-
Balance, December 31, 2010	2,794	2,794
Additions	-	-
Disposals	-	-
Other	-	-
Balance, March 31, 2011	\$2,794	\$2,794

Accumulated Depreciation	Equipment	Total
Balance, October 5, 2010	\$ -	\$ -
Additions	279	279
Disposals	-	-
Other	-	-
Balance, December 31, 2010	279	279
Additions	275	275
Disposals	-	-
Other	-	-
Balance, March 31, 2011	\$554	\$554

Net book value at October 5, 2010	\$ -	\$ -
Net book value at December 31, 2010	\$2,515	\$2,515
Net book value at March 31, 2011	\$2,240	\$2,240

BacTech Environmental Corporation

Notes to the Unaudited Condensed Interim Financial Statements
For the three months ended March 31, 2011

11. Accounts Payable and Accruals

Accounts payable and accruals consist of the following:

	As at March 31 2011 \$	As at December 31 2010 \$	As at October 5 2010 \$
Trade payables	84,966	88,315	-
Accrued liabilities other	38,363	23,459	-
Total	123,329	111,774	-

12. Debentures Payable

Convertible Debentures - Maturing October 13, 2011

Under the Arrangement as described in note 5, the Company assumed 20% of REBgold's debenture obligation which consists of 43 \$10,000 unsecured convertible debentures, maturing on October 13, 2011, and bearing interest at 18% per year payable semi-annually. On December 1, 2010, 20% of the book value of the debenture obligation was \$66,642 and was attributed to the Company; this will accrete to \$86,000 over the remaining life of the debenture. Upon maturity, the Company will pay to REBgold 20% of the principal plus 20% of the interest accrued from December 2, 2010 to maturity and REBgold will repay the debenture obligation and accrued interest to the debenture holders.

The convertible debentures may be converted by the holders at any time at a price of \$0.10 per common share (the "Conversion Price") or in the event that the closing price of REBgold's common shares on the TSX-V is at or greater than \$0.15, REBgold shall have the right, in its sole discretion, to redeem the convertible debentures through the issuance of common shares at the Conversion Price. For every share of REBgold issued in the event of a conversion, one-fifth of a common share of the Company will be issued.

The proportionate share of the debenture has been attributed to the Company as follows:

Balance, October 5, 2010	-
Book value attributed to the Company pursuant to the Plan of Arrangement	66,642
Accretion Expense	1,838
Book Value, December 31, 2010	68,480
Accretion Expense	5,590
Book Value, March 31, 2011	74,070

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13. Share Capital

Authorized:

Unlimited common shares without par value

Issued and outstanding:

	Number of shares	Amount \$
Balance, October 5, 2010	-	-
Shares issued upon incorporation (i)	100	10
Shares cancelled pursuant to Plan of Arrangement (ii)	(100)	(10)
Shares issued pursuant to Plan of Arrangement (ii)	26,720,007	97,396
Private placement (iii)	2,526,666	277,049
Share issue costs (iii)	-	(17,255)
Balance, December 31, 2010	29,246,673	357,190
Common shares issued - Property Termination Payment (note 5)	1,221,356	65,400
Shares issued pursuant to exercise of warrants (iv)	100,000	8,500
Balance, March 31, 2011	30,568,029	431,090

- (i) On October 5, 2010, the Company issued 100 common shares of the Company upon incorporation to its parent company, REBgold Corporation, for a nominal value of \$10.
- (ii) Pursuant to the Arrangement as described in note 2, on December 2, 2010, the Company cancelled the initial 100 shares issued upon incorporation and issued 26,720,007 common shares of the Company to REBgold shareholders on the basis of one (1) share of the Company for each five (5) common shares of REBgold held as of the close of business on December 1, 2010.
- (iii) 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. The fair value of common share purchase warrants issued in this placement was estimated at \$26,151. The Company incurred finder's commissions of \$9,940 (of which \$1,750 were included in December 31, 2010 accounts payable), legal costs of \$5,600 (all of which were included in December 31, 2010 accounts payable), and issued 82,833 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.17 until December 22, 2011. The fair value of the finder's warrants issued was estimated at \$1,715.
- (iv) For the three month period ended March 31, 2011, 500,000 REBgold share purchase warrants were exercised for gross proceeds of \$50,000. According to the terms of the Plan of Arrangement (note 5), the Company was obligated to issue 1/5 of the number of shares issued by REBgold and is entitled to 17% of the proceeds received by REBgold. AS a result, the Company issued 100,000 common shares and received \$8,500 from REBgold.

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For the three months ended March 31, 2011

14. Warrants

The movements in the number and estimated fair value of outstanding broker warrants and share purchase warrants are as follows:

	March 31, 2011		December 31, 2010	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Balance, beginning of period	1,346,167	\$ 0.17	-	-
Issued	-	-	1,346,167	\$ 0.17
Exercised	-	-	-	-
Expired	-	-	-	-
Balance, end of period	1,346,167	\$ 0.17	1,346,167	\$ 0.17

The exercise price, expiry date, and the fair value assigned to warrants issued and outstanding as at March 31, 2011 are as follows:

Expiry Date	Weighted Average Exercise Price \$	Fair Value \$	Warrants Outstanding	Contractual Life (years)
December 22, 2011	0.170	26,151	1,263,334	0.75
December 22, 2011	0.170	1,715	82,833	0.75
	0.170	27,866	1,346,167	0.75

The fair values of the warrants issued during the year ended December 31, 2010 were estimated using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2010
Risk free interest rate	1.66%
Expected dividend yield	Nil
Expected volatility	100%
Expected life	1 years

Option pricing models require the input of subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of Black-Scholes option pricing model may not provide a realistic measure of the fair value of the Company's warrants at the date of issue.

REBgold Warrants

Pursuant to the Arrangement as described in note 5, REBgold has certain obligations pursuant to the REBgold warrants in existence at the time of the Arrangement, which upon being exercised, shall be satisfied by the

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issuance of one common share from REBgold and one-fifth of one common share of the Company in accordance with the terms of the Arrangement.

Upon the exercise of any REBgold warrants following the Arrangement, REBgold shall pay to the Company 17% of the exercise proceeds as consideration for the issuance of the Company's common shares. REBgold shall retain the balance of the aggregate exercise price as consideration for the issuance of its common shares from the exercise of the warrant.

As of March 31, 2011, REBgold had 71,313,000 common share purchase warrants outstanding which are subject to the Arrangement. The Company's obligation, if these warrants were exercised prior to expiry, would be to issue 14,262,600 common shares in return for its portion of the aggregate exercise price of \$1,239,904.

15. Stock Options

The Company has a stock option plan (the "Plan"), under which the Company may grant options to directors, officers, employees, and third party service providers. Under the terms of the Plan that was approved by the shareholders on November 10, 2010, the Company is authorized to issue a maximum of 10% of the issued and outstanding shares.

The purpose of the Plan is to attract, retain and motivate directors, officers, and certain third party service providers by providing them with the opportunity to acquire a proprietary interest in the Company and benefit from its growth. The options granted under the Plan are non-assignable, have a term of 5 years and vest over periods of up to two years from the date of issue.

	March 31, 2011		December 31, 2010	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Balance, beginning of period	2,100,000	\$ 0.15	-	-
Granted	250,000	0.20	2,100,000	\$ 0.15
Expired	-	-	-	-
Balance, end of period	2,350,000	\$ 0.16	2,100,000	\$ 0.15

Options to purchase common shares outstanding at March 31, 2011 carry exercise prices and remaining terms to maturity as follows:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Contractual Life (years)
December 6, 2015	0.15	2,100,000	2,100,000	4.69
January 31, 2016	0.20	200,000	50,000	4.84
March 10, 2016	0.20	50,000	50,000	4.95
	0.16	2,350,000	2,200,000	4.71

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During the period ended March 31, 2011, the Company granted 250,000 (December 31, 2010 – 2,100,000) new options with a weighted-average exercise price of \$0.20 per share (December 31, 2010 - \$0.15). The Company recognized a total expense of \$13,025 (December 31, 2010 - \$25,971) in respect of the options vesting during the year. Stock based compensation expense was included in general and administrative costs.

	2011 - 2010
Risk free interest rate	1.60-2.40%
Expected dividend yield	Nil
Expected volatility	100%
Expected life	5 years

Option pricing models require the input of subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the estimate of fair value, and therefore, use of Black-Scholes option pricing model, may not provide a realistic measure of the fair value of the Company's options at the date of issue.

16. (Loss) Earnings per Share

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of \$305,370 and the weighted average number of common shares outstanding of 30,474,696. Diluted loss per share did not include the effect of share purchase options and warrants as they are anti-dilutive.

17. General and Administrative

General and administrative expense consists of the following:

	Three months ended
	March 31
	2011
	\$
Salaries and benefits	112,819
Stock based compensation	13,025
Professional fees	14,526
Shareholder filing fees	22,956
Travel	22,986
General office expenses	43,585
Amortization	275
Total	230,172

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18. Interest Expense

Interest expense consists of the following:

	Three months ended
	March 31
	2011
	\$
Interest income/(expense)charges	338
Debenture interest	3,870
Accretion on debenture	5,590
Total	9,798

19. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to subscriptions receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet current liabilities when due. As at March 31, 2011, the Company had a cash balance of \$34,968 (December 31, 2010 - \$239,400) to settle current liabilities of \$458,114 (December 31, 2010 - \$445,795). The Company does not have sufficient cash reserves to fund its administrative costs and fully fund all project development initiatives for the coming twelve month period, and to repay its liabilities to trade creditors and debt holders. Management is actively involved in identifying reclamation ventures amenable to the application of the Company's technology and in seeking new equity financing to enable it to service the Company's existing liabilities and its ongoing administrative costs. There can be no assurance that the Company will be successful in these initiatives.

Market risk

(a) Interest rate risk

The Company has cash earning interest at a variable interest rate and a portion of a debentures payable bearing interest at a fixed rate of 18% per year. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar. Major purchases are transacted in Canadian dollars. The Company funds certain operations and administrative expenses using United States dollars. Management

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believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is not exposed to price risk with respect to commodity prices because the Company is not a producing entity.

20. Capital Management

The Company defines capital as share capital, warrants, and contributed surplus. The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support the acquisition, exploration, and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is currently in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties, if it feels there is sufficient geologic or economic potential, and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company does not have externally imposed capital requirements.

21. Segmented Information

The Company has one global operating segment, being the development of projects where the Company can use its bacterial technologies and related intellectual property. All revenues have been derived from those technologies and property.

22. Conversion to IFRS

Overview

These are the Company's first unaudited condensed interim financial statements prepared in accordance with IAS 34, using accounting policies consistent with IFRS.

The accounting policies set out in note 2 have been applied in preparing the unaudited condensed interim financial statements for the period ended March 31, 2011, the comparative information presented in these unaudited condensed interim financial statements for the year ended December 31, 2010. The Company was incorporated on October 5, 2010 and therefore the opening IFRS statement of financial position will be at October 5, 2010, and not at January 1, 2010, which is the Company's date of transition.

There is no transition disclosure for the following statements because they are prior to the date of Incorporation of October 5, 2010: (i) the statement of financial position for January 1, 2010 or March 31, 2010, (ii) statement of income (loss) for the period ended March 31, 2010, or (iii) statement of cash flows for the period ended March 31, 2010.

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For the three months ended March 31, 2011

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at October 5, 2010, the Company's "Transition Date".

- To apply IFRS 2 Share based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IAS 16 Property Plant and Equipments on a prospective basis. The Company will use an IFRS 1 exemption in order to report the opening balance sheet at transition date at its deemed cost value which is equal to the previously established historical cost less accumulated depreciation as reported under previous GAAP.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

Changes to accounting policies

In preparing its IFRS statement of financial position and statement of income (loss), the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position and determination of net loss is set out in the following tables and accompanying notes. The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS:

(a) Impairment of (Non-Financial) Assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There is no impact on the unaudited condensed interim financial statements.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. In addition, the measurement, of such liabilities differs between IFRS and Canadian GAAP. The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed interim financial statements.

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For the three months ended March 31, 2011

(c) Exploration and Evaluation

On transition to IFRS, the Company elected to remain with the policy to capitalize exploration and evaluation expenditures as incurred. All capitalization of expenditures occurred subsequent to obtaining a right to the property to explore and evaluate. There is no impact on the unaudited condensed interim financial statements

(d) Property, Plant and Equipment (PP&E)

Under IFRS, componentization is required for PP&E. Asset componentization involves breaking down an asset into significant individual components that have different useful lives. Significant parts or components of the PP&E that have useful lives that are significantly different from the asset as a whole, are amortized over their useful lives. There is no impact on the unaudited condensed interim financial statements.

(e) Share Based Payments

The Company applied IFRS 2, Share Based Payments, to its share based payment arrangements at January 1, 2010, and adjusted the values it previously calculated under Canadian GAAP for its unvested awards. There is no impact on the unaudited condensed interim financial statements.

Presentation

Certain amounts in the unaudited condensed interim statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS, which are as follows:

Contributed surplus has been reclassified to reserves in the statement of financial position and statement of changes in equity.

Warrants have been reclassified to reserves in the statement of financial position and statement of changes in equity.

The presentation of expenses in the statements of income (loss) and comprehensive income (loss) has been amended to use an analysis based consistently on their function.

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Notes to the Unaudited Condensed Interim Financial Statements

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Reconciliation between IFRS and Canadian GAAP

The October 5, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	October 5, 2010		
	Canadian GAAP	Effect of Transition to IFRS	IFRS
	\$	\$	\$
Assets			
Current assets			
Cash	-	-	-
Accounts receivable and prepaid expenses	-	-	-
	-	-	-
Deferred exploration costs	-	-	-
Equipment	-	-	-
	-	-	-
Equity and Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	-	-	-
Other payable	-	-	-
	-	-	-
Capital and reserves			
Share capital	-	-	-
Reserves	-	-	-
Deficit	-	-	-
	-	-	-
	-	-	-

Note: The Company was incorporated on October 5, 2010 and therefore the opening IFRS statement of financial position will be on October 5, 2010, which is the Company's date of transition.

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The December 31, 2010 Canadian GAAP statement of financial position has been reconciled to IFRS as follows:

	December 31, 2010		
	Canadian GAAP	Effect of Transition to IFRS	IFRS
	\$	\$	\$
Assets			
Current assets			
Cash and cash equivalents	239,400	-	239,400
Other receivables	16,582	-	16,582
Prepaid expenses	8,203	-	8,203
	264,185	-	264,185
Deferred exploration costs	32,553	-	32,553
Equipment	2,515	-	2,515
	299,253	-	299,253
Equity and Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	111,774	-	111,774
Debentures payable	334,021	-	344,021
	445,795	-	445,795
Capital and reserves			
Share capital	357,190	-	357,190
Reserves	53,837	-	53,837
Deficit	(557,569)	-	(557,569)
	(146,542)	-	(146,542)
	299,253	-	299,253

Note: The March 31, 2010 Canadian GAAP statement of financial position has not been reconciled to IFRS since the Company was incorporated subsequent to March 31, 2010 on October 5, 2010. Therefore the opening IFRS statement of financial position will be on October 5, 2010, which is the Company's date of transition.

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The Canadian GAAP statement of loss and comprehensive loss for the period ended December 31, 2010 has been reconciled to IFRS as follows:

	Period ended December 31, 2010		
	Canadian	Effect of	
	GAAP	Transition to	IFRS
	\$	\$	\$
Revenue	-	-	-
Expenses			
General and administrative costs	121,026	-	121,026
Finance charges	3,619	-	3,619
Write down of deferred exploration costs	432,924	-	432,924
	557,569	-	557,569
Net income (loss) for the period	(557,569)	-	(557,569)
Statement of Comprehensive Income (loss)			
Net income (loss) for the period	(557,569)	-	(557,569)
Other comprehensive income	-	-	-
Comprehensive income (loss) for the period	(557,569)	-	(557,569)

Note: The Canadian GAAP interim statement of income (loss) and comprehensive income (loss) for the three month period ended March 31, 2010 has not been reconciled to IFRS since the Company was incorporated subsequent to March 31, 2010 on October 5, 2010.

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The Canadian GAAP statement of cash flows for the period ended December 31, 2010 has been reconciled to IFRS as follows:

	Year ended December 31, 2010		
	Canadian GAAP	Effect of Transition to IFRS	IFRS
	\$	\$	\$
Cash flow from operating activities			
Cash receipts from customers	(38,832)	-	(38,832)
Cash paid to suppliers, employees and contractors	(491)	-	(491)
	(39,323)	-	(39,323)
Cash flow from financing activities			
Proceeds from private placements	291,200	-	291,200
Share issue costs	(8,190)	-	(8,190)
	283,010	-	283,010
Cash flow from investing activities			
Expenditures on deferred exploration costs	(1,493)	-	(1,493)
Expenditure on equipment	(2,794)	-	(2,794)
	(4,287)	-	(4,287)
Increase (decrease) in cash and cash equivalents	239,400	-	239,400
Cash, beginning of period	-	-	-
Cash, end of period	239,400	-	239,400

Note: The Canadian GAAP interim statement of cash flows for the three month period ended March 31, 2010 has not been reconciled to IFRS since the Company was incorporated subsequent March 31, 2010 on October 5, 2010.

23. Subsequent Events

REBgold Warrants

Between January 1, 2011 and May 3, 2011, REBgold warrant holders exercised a total of 22,051,667 warrants to purchase 22,051,667 common shares of the Company for gross proceeds of \$2,198,100. As of March 31, 2011, only 500,000 warrants to purchase 500,000 common shares were exercised. As per the terms of the Arrangement, the Company is obligated to issue 2,835,332 common shares and is entitled to 17% of the proceeds which has been paid to REBgold.