



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

The following management's discussion and analysis ("MD&A") of financial results is dated May 26, 2020 and reviews the business of BacTech Environmental Corporation (the "Company" or "BacTech"), for the year ended December 31, 2019, and should be read in conjunction with the accompanying annual consolidated financial statements and related notes for the year ended December 31, 2019. This MD&A and the accompanying annual consolidated financial statements and related notes for the year ended December 31, 2019 have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors.

This MD&A contains certain forward-looking statements, such as statements regarding potential mineralization, resources and research results, and future plans and objectives of the Company, that are subject to various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise.

A. Core Business Strategy

BacTech Environmental Corporation 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, the Company was granted a perpetual, exclusive, royalty free license to use REBgold Corporation's proprietary bioleaching technology ("BACOX") in the remediation business for mining wastes and was listed on what is today the Canadian Stock Exchange under the symbol "BAC".

The BACOX 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 are eliminated. Furthermore, the capital and operating costs of a bioleach facility are significantly less when compared to other existing treatment methods.

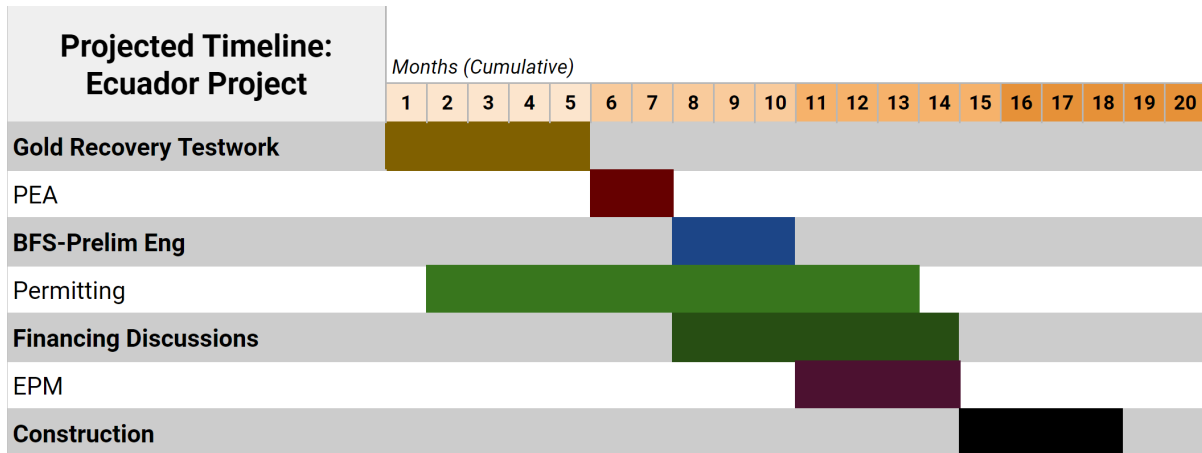
B. Mineral Reclamation Projects

Ecuador

Updated plans as of February 20, 2020

BacTech has identified the Ponce Enriquez area of southern Ecuador as an area where the Company’s bioleaching technology can be successfully deployed for environmental processing of locally produced concentrates. Given the high levels of arsenic contained in the ore from the area, miners receive significantly reduced prices for their concentrates due to penalties applied by the buyers. The buyers tend to be from Asia where concentrates are shipped for conventional smelting and/or roasting. The concentrates are subject to a 3% royalty on the gold value payable by the miner to the Government of Ecuador. BacTech believes that by implementing an in-country bioleach plant it can offer superior pricing for these concentrates to the local producers, better payment terms, provide domestic Ecuadorian employment opportunities; and, increase local and federal tax revenue for the government. It should be noted that the final arsenical product resulting from bioleaching, ferric arsenate, is a US Environmental Protection Agency approved land-fillable form of arsenic.

Plans for Ecuador



The initial capacity for the proposed plant would be 40 tonnes per day of arsenopyrite and refractory pyrite concentrates. At this stage the Company will be pursuing its goals with 100% ownership but BacTech would consider a joint venture partner going forward. An Ecuadorian partner-company would be our preference. BacTech will act strictly as a purchaser and processor of third party concentrates and will not own any mineral properties in Ecuador.

In the above chart we can see that the first step in the process involves ear-marking suitable concentrates for which a detailed bioleach test program will be undertaken. In previous visits to Ponce Enriquez the Company has already identified 2 mines, each of which produce approximately 15 tons of concentrate per day. The estimated time to complete the test work is 16-20 weeks after which BacTech would establish the projected gold recovery and sulphide oxidation ratios as well as gaining a good understanding of the flow sheet for the plant. Previous test work carried out at Laurentian University on sample from Ponce Enriquez showed very high oxidation levels for the sulphide minerals with over 99% of the arsenic stabilized as ferric arsenate. The Company is waiting for the appropriate time to re-enter the country after Covid-19 restrictions are relaxed.

During this period BacTech would begin the process of obtaining permits for the plant. Applications will be made to the Ministries of Mining, Water and Environment, for approval of a water usage license, and tailings approval for the post bioleach residues. There will also be consultation with the local municipal government with respect to land acquisition and approval for building permits for the plant. It should be noted that Ponce Enriquez is a very active mining area with over 90 producing mines of various sizes, and we do not expect to face local opposition given the environmental and economic benefits associated with our project.

If the results of the bioleach test work are in line with projections, BacTech will begin a combination of a pre-feasibility followed by a bankable feasibility study. It should be noted that these studies are for a commercial operating plant and do not involve any aspects of underground resource estimation or mining engineering. For this reason, the study should be relatively straight forward and less costly than a full-scale bankable study.

Using the flow sheet developed by the bioleach test work, the final piece of this phase of the project would be detailed engineering. It is our intent to rely heavily on the designs from previous plants that BacTech has built which addressed material with very similar mineralogical structure.

We estimate that the cost to get the project to a “shovel ready” state will be approximately US\$800,000. The actual budget for construction, procurement and materiel is estimated to be \$US 7.5M with a 20% variance, based on costs from past projects. The detailed engineering will allow the company to reduce the variance in the budget. The estimated time to complete the pre-construction studies is approximately 12 months with the permitting being the longest part of the process. At the end of this process BacTech will actively pursue contractual concentrate feeds from local sources and quite possibly from neighbouring countries such as Peru. Once the Company successfully completes the initial plant, it is conceivable we will attract enough feed to exceed the plant’s capacity. This could lead to a straight-forward expansion as BacTech’s plants are modular in design.

With respect to the current financing where BacTech has filed a Form 1-A Regulation A Offering with the Securities Exchange Commission, BacTech will use a portion of the proceeds to obtain representative samples from 2 or more mines in Ponce Enriquez to begin the bioleach test phase. Results will be published at the end of the study in approximately 5-6 months.

Bolivia

On May 24, 2016, BacTech announced that its 98% owned Bolivian subsidiary, EMABSA, had signed an Association Contract with COMIBOL, the state mining company of Bolivia. On September 15, 2016, the Bolivian government by Law N degrees 831, approved and ratified the agreement.

On September 9, 2019, BacTech announced that it will not proceed with the reclamation of the Telamayu tailings project in Bolivia. After completing metallurgical test work on the project and evaluating the economics of the project it was decided that the project would be too difficult to finance. It was estimated that the project would cost approximately \$US 9M.

The inability to recover tin into a suitable concentrate severely hampered the economics of the project. Given the fact that the value of the tin made up roughly 50% of the value of the contained metal in the tailings, financing the project was deemed to be too difficult.

Other Projects

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

On May 15, 2019 BacTech announced that it had signed a letter of intent with GMR Inc. ("GMR") to license BacTech's proprietary bioleach technology. BacTech joins Dundee Sustainable Technologies (CSE:DST) as a technology partner with GMR to develop a potential solution for the remediation of the Gold Residual Stockpile in Snow Lake, Manitoba. Through this agreement, BacTech received a \$20,000 cash payment as an advance for the right to utilize the BacTech proprietary bioleach technology on the Gold Residual Stockpile in Snow Lake, Manitoba. In addition, BacTech will earn 3% undivided equity interest in the net income of the project. GMR is relying on BacTech's historical research conducted in 2011 and 2012 that showed oxidation rates of 95% and gold recovery of 88.6% on material obtained from the arsenic stockpile.

C. Selected Annual Information

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

	2019	2018	2017
	\$	\$	\$
License fee	20,000	Nil	Nil
Net loss for the year	(1,084,611)	(1,273,778)	(1,408,342)
Net loss per share	(0.01)	(0.02)	(0.02)
Total assets ⁽¹⁾	34,161	139,809	156,618
Total current liabilities	4,053,596	3,323,813	2,388,331

⁽¹⁾ The Company does not capitalize any of its developmental expenditures notwithstanding that they may have enduring value in future operations.

The Company does not generate any recurring revenue at this time except for the one time advance payment for use of the Company's technology. The funding of the Company's operations since inception in December 2010 has been from the exercise of warrants and options, equity private placements, debentures, bridge loans and notes, which have been used for general working capital, advancing the projects in Bolivia and Ecuador, as well as pursuing other projects of interest.

The increase in liabilities from 2015 through to 2019 is the result of limited funds available to fund project initiatives and expenditures. A significant portion of accounts payable relate to accrued salaries and consulting fees to officers and managers of the Company.

D. Results of Operations

This analysis of the results of the Company's operations should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2019.

Fees

The Company has no sources of recurring revenues at this time, other than the non-recurring revenue in the amount of \$20,000 received as an advance on the right to utilise the BacTech proprietary bioleach technology on the Gold Residual Stockpile in Snow Lake, Manitoba. For further information, please refer to Section B – Mineral Reclamation Projects – Other Projects.

Operating and Administrative Costs

Operating and administrative expenses decreased to \$522,459 for the year ended December 31, 2019 from \$733,065 last year. Significant components of this expense include:

1. Salaries and management fees of \$288,953 for the year ended December 31, 2019 is consistent with costs incurred last year in the amount of \$289,753. These costs are for the salaries and management fees incurred directly in managing and operating the business of the Company, which includes the investigation and evaluation of potential and current projects. Given the Company's current financial situation, these amounts continue to be accrued and have not been paid;
2. Share based payments, as explained in note 13 to the annual consolidated financial statements, were \$Nil for the year ended December 31, 2019. For the year ended December 31, 2018, the expense was \$4,500. Yearly fluctuations in stock option expense are dependent on several factors including, but not limited to, number of options issued, valuation of options, vesting period and timing. For the year ended December 31, 2019, no new options were granted. For the year ended December 31, 2018, there were 150,000 options issued;
3. Professional fees decreased to \$72,884 for the year ended December 31, 2019 from \$162,729 last year. The Company had incurred significant professional fees in the prior year which includes the legal and consulting fees incurred to support and develop the projects in Bolivia and Ecuador. In the current year these expenditures have been curtailed due to the lack of working capital to finance these expenses for existing projects as well as a reduction in corporate activity in pursuing new projects;
4. Travel costs decreased to \$10,566 for the year ended December 31, 2019, from \$51,249 last year. Travel expenditures were reduced and kept to a minimum in order to reduce expenditures and to conserve cash; and
5. Shareholder information and filing fees expenses decreased to \$137,045 for the year ended December 31, 2019 from \$190,550 last year. Throughout fiscal 2017 and 2018, the Company reignited the communication process with shareholders (current and new). Due to the limited working capital of the Company, this type of expense has been reduced in the current period and contracts have not been renewed.

Project Expenditures

The majority of the project expenditures have been on the Bolivia Project, which included drilling costs, assay work, NI 43-101 mineral resource estimate, metallurgy and management and consulting fees. Expenditures in the current period for the Bolivia Project were \$273,988 (2018 -\$245,193) with remainder of the expenditures on the Ecuador Project in the amount of \$14,564. The significant cost in the current period relates to the completion of the feasibility study for the Bolivia Project.

On September 9, 2019, BacTech Environmental Corporation announced that it would not proceed with the reclamation of the Telamayu tailings project in Bolivia. After completing metallurgical test work on the project and evaluating the economics of the project it was decided that the project would be too difficult to finance. It was estimated that the project would cost approximately \$US 9M.

The inability to recover tin into a suitable concentrate severely hampered the economics of the project. Given the fact the value of the tin made up roughly 50% of the value of the contained metals in the tailings, financing the project was deemed to be too difficult.

The project costs on the Ecuador Project include costs to support the work at Laurentian University as well as the OCE funding and ongoing support costs for testing at the university.

The costs and liabilities for the Bolivia project are shown as discontinued operations for the year ended December 31, 2019. BacTech is abandoning the Bolivian subsidiary which is inactive. Management believes that there will be no impact on the business of the Company and accounts payable amounts will not be pursued by vendors. As at the balance sheet date, the financial statements reflect certain liabilities of the subsidiary which have remained on the balance sheet, but been segregated into a separate line item under discontinued operations

Finance Charges and Debentures

Finance charges are made up of interest charged by suppliers and vendors, loans payable and the new debenture payable.

The loans payable interest of \$6,725 is the accrued quarterly interest for the \$150,000 loan payable. For the year ended December 31, 2019, interest on this loan is \$69,280 which includes accumulated bonus interest that has been earned since inception but not recorded until the current period. See note 9 to the consolidated financial statements for further details.

Between April 19, 2017 and June 26, 2017, BacTech completed three tranches of a debenture financing for gross proceeds of \$445,000. This debenture included bonus interest in the form of common shares. This debenture has generated interest expense of \$53,400 and accretion expense of \$32,151 for the year ended December 31, 2019. During fiscal 2019, the Company requested that the debenture holders extend the term of the debentures for an additional 12 months. In consideration of the extension of the maturity date, the Company would issue a common share purchase warrant allowing the investors to purchase a common share of the Company at five cents for a period of three years for each \$0.05 of debenture held. Only \$145,000 of the debenture formally accepted the terms to extend the maturity date for one year. A total of 3,596,00 warrants were issued at a Black-Sholes value of \$36,803. These costs are being amortized through accretion expenses and loss of modification [??] of debenture. See note 10(a) to the annual financial statements for further details.

Between August 14, 2017 and September 22, 2017, BacTech completed two tranches of a debenture financing for gross proceeds of \$200,000. This debenture included warrants and a Net Smelter Royalty (“NSR”) on the project in Bolivia. This debenture has generated interest expense of \$24,000 and accretion expense of \$26,770 for the year ended December 31, 2019. The debenture is in arrears and interest expense continues to be accrued. See note 10(b) to the annual financial statements for further details.

On November 29, 2017, BacTech completed a debenture financing for gross proceeds of \$100,000 and accompanied it by the issuance of 400,000 common shares, which are included as a bonus equity interest and NSR of 0.50% in relation to the project in Bolivia. The debenture has a 2-year term and pays 12% interest. This debenture has generated interest expense of \$12,000 and accretion expense of \$8,250

for the year ended December 31, 2019. The debenture is in arrears and interest expense continues to be accrued. See note 10(c) to the annual financial statements for further details.

On May 14, 2018, BacTech completed a debenture financing for gross proceeds of \$85,000. The debentures were accompanied by the issuance of 340,000 common shares which are included as a bonus equity interest and NSR of 2.50% in relation to the project in Bolivia. The debenture has a 2-year term and pays 12% interest. This debenture has generated interest expense of \$10,200 and accretion expense of \$13,800 for the year ended December 31, 2019. See note 10(d) to the annual financial statements for further details.

On May 1, 2019, the Company closed a \$150,000 Senior Bridge Debenture. The Senior Bridge Debenture is for one year and will pay 12% interest on redemption. This debenture included warrants. This debenture has generated interest expense of \$12,000 and accretion expense of \$9,866 for the year ended December 31, 2019. See note 10(e) to the annual financial statements for further details.

Extension of Debenture Maturity Date

For the current year 2020, the Company is contacting debenture holders with maturity dates that expire in the current year, to extend the maturity once again. The Company is offering to settle the outstanding interest and or principal of the debenture through the issuance of shares at a price of 5 cents per share at the holder's option.

Cash Flow Comparison

Cash flow from financing activities: For the year ended December 31, 2019, the Company completed a \$150,000 Senior Bridge Debenture and an equity private placement through the issuance of common shares for gross proceeds of \$85,000. In the prior year the Company completed an \$85,000 debenture issue, exercise of warrants for gross proceeds of \$50,000 and two private placements with gross proceeds of \$798,910 through the issue of 25,328,851 common shares.

Cash flow from operating activities: This represents the cash paid for overhead expenditures and project expenditures. These payments were financed from the sources of cash in financing activities.

E. Liquidity and Capital Resources

At December 31, 2019, the Company had cash of \$5,017 and a working capital deficit of \$4,019,435. Cash reserves, accounts receivable, \$150,000 debenture financing and \$85,000 equity private placement were used for general working capital and advancing the Bolivian Project and Ecuador Project for the year ended December 31, 2019.

On April 2, 2020, the Company announced that it had filed a Form 1-A Regulation A Offering with the Securities Exchange Commission ("SEC") in the United States to raise up to US\$1 million dollars for the Company's bioleach, mineralized material processing plant planned for the Ponce Enriquez region of Ecuador. BacTech has received a Letter of Interest from Continuation Capital, a U.S. institutional investor, to potentially fund all or part of this Tier 2 offering.

Subsequent to year end, on March 20, 2020, the Company completed a private placement for total gross proceeds of \$64,000 through the issue of 4,266,667 units at a price of \$0.015 per unit. Each unit consisted of one common share of the Company and one full common share purchase warrant exercisable at \$0.05 for 2 years.

On July 26, 2019 the Company closed an \$85,000 private placement. The private placement is a unit financing with each \$0.02 unit consisting of one common share of the company and one-half of a common share purchase warrant. One full warrant enables the holder to purchase one additional common share of the company at five cents for a period of two years from closing.

On May 1, 2019, the Company closed a \$150,000 Senior Bridge Debenture. The Senior Bridge Debenture is for one year and will pay 12% interest on redemption. In addition, the Company will issue a total of 1,500,000 common share purchase warrants with a two-year term which allow the holder to buy additional shares at \$0.05 per share (ten warrants issued per dollar of principal of Loan).

On December 4, 2018, the Company completed a private placement for total gross proceeds of \$219,000 through the issue of 8,760,000 units at a price of \$0.025 per unit. Each unit consisted of one common share of the Company and one full common share purchase warrant exercisable at \$0.05 for 2 years.

On September 21, 2018, a total of 1,000,000 warrants were exercised for 1,000,000 common shares of the Company for gross proceeds of \$50,000.

On May 14, 2018 the Company closed the final tranche of its debenture financing. The final tranche raised under the Series III Debenture was \$85,000, bringing the total raised to \$185,000. The debenture pays 12% annually, includes a 20% common share equity bonus and a proportional share of a Net Smelter Royalty on the Company's Telamayu Tailings project. There were also 340,000 common shares issued as Bonus Equity Interest.

On April 5 and April 19, 2018, the Company announced that it had closed in two tranches for total gross proceeds of \$579,910 through the issue of 16,658,851 units at a price of \$0.035 per unit. Each unit consisted of one common share of the Company, one full common share purchase warrant exercisable at \$0.05 for 2 years and a proportionate share of a NSR of 0.5% on the Telamayu project.

Share Capital	December 31, 2019		December 31, 2018	
	Number of shares	\$ Amount	Number of shares	\$ Amount
Balance, beginning of period	96,903,756	5,411,894	67,970,430	4,820,489
Shares issued for private placements	4,250,000	85,000	25,328,851	798,910
Shares issued for exercised warrants	-	-	1,000,000	65,000
Shares pursuant to debenture financing	-	-	340,000	11,900
Shares issued for debt	-	-	2,264,475	79,257
Less share issue costs				
Fair value of warrants	-	(24,200)	-	(338,900)
Share issue costs	-	(2,035)	-	(24,762)
Balance, end of period	101,153,756	5,470,659	96,903,756	5,411,894

For a description of the outstanding warrants and stock options that are available to purchase common shares of the Company, please refer to Note 11 - Share Capital, Note 12 – Warrants, and Note 13 – Stock Options of the annual financial statements.

F. Quarterly Information

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

	2019				2018			
	Q4 \$000's	Q3 \$000's	Q2 \$000's	Q1 \$000's	Q4 \$000's	Q3 \$000's	Q2 \$000's	Q1 \$000's
License fees	-	-	20	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-
Net Loss for the period	(193)	(266)	(276)	(349)	(323)	(324)	(355)	(271)
Loss per share	(0.00)	(0.005)	(0.00)	(0.005)	(0.005)	(0.005)	(0.01)	(0.00)

G. Fourth Quarter

There were no substantive changes in administrative expenses, other than the decrease in project expenditures for the Bolivian Project. With the contract for Bolivian Project being terminated in September 2019, project spending has decreased significantly, along with Corporate expenditures.

H. Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of December 31, 2019.

I. Financial Instruments

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

J. Outlook

While the volatility in the capital markets and markets for metals has subsided, the resource sector has relatively fallen from favour with investors making capital raising in the sector more difficult than it has traditionally been for junior companies in the resource sector and in the remediation and reclamation of mine waste and tailings. There can be no assurance that the Company will be successful in attracting either new financing or new opportunities to apply its technology.

K. Risks

The Company's strategy emphasizes developing projects to leverage its intellectual property to create shareholder value. This strategy has required, and continues to require, significant financings, and is subject to risks associated with mineral prices, mineral resources and operations. Due to the nature of the Company's business, the present stage of development of its projects, and the constraints placed upon the Company's ability to move forward by its current liquidity situation, readers should carefully review and consider the financial, environmental and operational risk factors affecting the Company.

COVID-19 Pandemic

The Company is subject to various market, political and regulatory trends as a result of the COVID-19 situation and additional business and financial risks that may result therefrom. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and disruptions, can all have an impact on the Issuer's operations and access to capital. There can be no assurance that the Issuer will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets, share prices and financial liquidity and that may severely limit the financing capital available to the Company.

Need for Additional Financing

The Company currently has no source of operating cash flow, and there is no assurance that additional funding will be available to the Company as and when needed for further assessment and evaluation, as well as development of its projects, or to fulfill its obligations to its existing creditors. Volatile markets may make it difficult or impossible for the Company to obtain adequate debt or equity financing in the future, or on terms acceptable to the Company. The failure to obtain additional financing could force the Company to liquidate its assets to satisfy creditor claims.

Dependence on Management

The Company's business and operations are dependent on recruiting and retaining the services of a small number of key members of management and qualified personnel. The success of the operations and activities of the Company are dependent, to a significant extent, on the efforts and abilities of the management of the Company. Investors must be willing to rely, to a significant extent, on the discretion and judgment of the management of the Company. Furthermore, while the Company believes that it will be successful in attracting qualified personnel and retaining its current management team, there can be no assurance of such success. The Company does not maintain key employee insurance on any of its employees.

Competition

The Company competes with other engineering companies for the acquisition of mineral rich mine tailings and mine waste that can be developed economically. The Company competes with other engineering companies that have greater financial and technical resources and experience. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees, or to acquire the capital necessary to fund its operations and develop its properties. The inability of the Company to compete with other engineering companies for these resources would have a material adverse effect on the Company's results of operations and business.

Currently, the Company's bioleaching technology does not operate in an overly competitive marketplace; however, the Company anticipates that it may face increased competition in the future, as advanced technologies become available. While management believes that the Company's technology is more advanced, commercially proven and better situated than its competitors, there can be no assurance that the Company will be able to effectively compete with companies who have or may develop similar technologies and may possess greater financial resources and technical facilities. Competitive pressures, or the inability of the Company to successfully license its technology on terms that are acceptable, may have a material adverse effect on the Company's business, operating results and financial condition.

Protection of Intellectual Property Rights

The Company is dependent not only on its ability to protect its intellectual property rights, but also upon the protection of rights of third parties from which it may license intellectual property rights. The Company currently holds patent rights and has pending patent applications. In addition, the Company relies upon certain other technologies, ideas; know how, secrets or other information, which it may not be able to protect. Notwithstanding precautions the Company may take to protect its rights, third parties may copy or

obtain and use the Company's proprietary and licensed or optioned technologies, ideas, know how, secrets and other proprietary information without authorization or independently develop technologies similar or superior to the Company's proprietary and licensed or optioned technologies. The Company enters confidentiality and restriction on use agreements with its employees, strategic partners and others; however, these agreements may not provide meaningful protection of the Company's proprietary and licensed or optioned technologies or other intellectual property in the event of unauthorized use or disclosure. Policing unauthorized use of such technologies and intellectual property is extremely difficult, and the cost of enforcing the Company's rights through litigation may be prohibitive. Further, the laws of jurisdictions other than Canada and the United States may not provide meaningful protection of the intellectual property rights of the Company and such third parties.

Obtaining and Enforcing Patents

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

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

Claims of Infringement of Proprietary Rights of Others

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

Conflicts of Interest

Certain of the Company's directors and officers may serve as directors or officers of other reporting companies, companies providing services to the Company, or companies in which they may have significant shareholdings. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

From time to time, several companies may participate in the acquisition, assessment and evaluation, and development of mineral reclamation properties, thereby allowing for the participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether the Company will participate in a program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

L. Related Party Transactions

Please refer to Note 8 of the consolidated financial statements for the year ended December 31, 2019.

M. Other MD&A Requirements

Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

N. Management Discussion of Events since December 31, 2019

Bolivia

The costs and liabilities for the Bolivia project are shown as discontinued operations for the year ended December 31, 2019. BacTech is abandoning the Bolivian subsidiary which is inactive. Management believes that there will be no impact on the business of the Company and accounts payable amounts will not be pursued by vendors. As at the balance sheet date, the financial statements reflect certain liabilities of the subsidiary which has remained on the balance sheet but been segregated into a separate line item under discontinued operations.

Debentures

Subsequent to December 31, 2019, the Company commenced contacting debenture holders of the Company to extend the maturity of the debentures. The Company is offering to settle the outstanding interest and or principal, or a combination thereof, through the issuance of common shares at a price of 5 cents per common share at the holder's option. Management has started the process for the debentures maturing in the first half of the year and to date those that have responded have elected to take their interest in common shares.

Private Placement

On March 20, 2020, the Company completed a private placement for total gross proceeds of \$64,000 through the issue of 4,266,667 units at a price of \$0.015 per unit. Each unit consisted of one common share of the Company and one full common share purchase warrant exercisable at \$0.05 for 2 years.

Form 1-A Regulation A Offering

On April 2, 2020, the Company announced that it had filed a Form 1-A Regulation A Offering with the Securities Exchange Commission ("SEC") in the United States to raise up to US\$1 million dollars for the Company's bioleach, mineralized material processing plant planned for the Ponce Enriquez region of Ecuador. BacTech has received a Letter of Interest from Continuation Capital, a U.S. institutional investor, to potentially fund all or part of this Tier 2 offering.