BioteQ
ENVIRONMENTAL TECHNOLOGIES INC.

2010 ANNUAL REPORT

Corporate Profile

BioteQ Environmental Technologies creates custom water treatment solutions to recover dissolved metals and remove sulphate from water impacted by mining, energy, and industrial activities.

Working with the world's leading resource companies, utility operators and regulators, BioteQ helps customers reduce environmental liabilities while generating revenue from wastewater. The company's solutions recover saleable metal products and produce clean water that can be re-used or safely discharged to the environment.

By recovering value from waste, BioteQ has created economically and environmentally sustainable water treatment solutions that enable customers to comply with regulations, reduce the environmental impact of their operations and lower the life cycle costs of water treatment.

Wellington Oro

Caribou

Raglan

Sulf-IX™ Pilot

BioSulphide®

Dexing

SART

Sulf-IX™

Establish strategic alliances with Newalta, Lanxess and EcoMetales

Minto

Growth

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Global Operations

BioteQ is a trusted partner for the world's leading resource companies, utility operators and regulators. Headquartered in Vancouver, Canada with offices in Santiago, Chile, BioteQ has designed and commissioned 14 water treatment plants around the world.

BioteQ has a successful track record of delivering safe and reliable water treatment plants that comply with environmental regulations and consistently achieve strict water quality criteria. We have a disciplined approach to training, safety, operations and maintenance that incorporates ISO 14001 standards for environmental compliance.

Customers work with us because we can help them to:

» Comply with strict regulations.
» Improve water conservation & re-use.
» Reduce or eliminate waste sludge.
» Convert wastewater into a valuable resource.

2010 Achievements

» Treated 7.9 billion litres of contaminated water
» Removed 2.2 million pounds of metal contaminants from the environment
» Increased revenues by 37%
» Balanced the revenue mix and reduced commodity exposure by securing new fee based contracts
» Launched the first large-scale plant applying Sulf-IX™ ion exchange technologies for the removal of sulphate
» Secured new customers in the mining industry, including Barrick Gold Corporation, Cameco, Teck Corporation, and EcoMetales
» Expanded BioteQ's portfolio of projects:
  - Established permanent operations at the Minto Mine, Yukon
  - Initiated construction of a third plant at the Dexing Mine, China
  - Carried out 3 commissioning projects
  - Completed 3 engineering projects
  - Completed 3 pilot operations to introduce new technologies or secure new customers
» Established 3 strategic alliances to diversify into new industries and regions:
  - Newalta Corporation
  - Lanxess Sybron Chemicals
  - EcoMetales
» Received award recognition:
  - CIM/Syncrude Award for Excellence in Sustainable Development
  - Canada China Business Excellence Award for Outstanding SME Innovation and Best Practice

2011 Goals

1. Grow BioteQ's business
   - Increase revenues by at least 25%
   - Generate net positive operating cash flow
   - Expand BioteQ's portfolio of projects
   - Expand our presence in key markets—North America, Chile and China
   - Diversify the market base to serve new customers in mining, power generation, and oil & gas

2. Maintain reliable and consistent operations
   - Meet strict health, safety and environmental standards
   - Continue to generate recurring cash flow from operations

3. Leverage BioteQ's core competencies
   - Retain skilled and talented staff to ensure that BioteQ has the human capital needed to drive growth
   - Innovate to develop new water treatment solutions for existing and new market sectors

CEO's Message

Looking back on 2010, the year was a mix of significant advancements and unexpected set-backs. Looking to 2011 and beyond, we are confident that BioteQ will achieve significant revenue growth in the coming year, and finally turn the corner towards profitability.

We set out at the beginning of the year to execute six new water treatment projects in 2010, including two design projects, two pilot plants, and two new operations, and to further strengthen BioteQ's growth potential through diversification of markets and technology. On these counts, we were very successful. We met our project goals by the third quarter, formed three strategic alliances, made important additions to our customer base and operations, and launched our new Sulf-IX™ technology on a commercial-scale.

Strategic Alliances

Market diversification has been a component of BioteQ's growth strategy for the past several years. The energy sector—including power generation and oil & gas—is a large market that has tremendous potential for our existing technologies. It is also complex and competitive, where market entry can be difficult for new players. Similarly, from experience we know that entry into new geographic markets like Chile can be challenging without a local market presence.

We believe that carefully selected strategic alliances with existing market leaders is the most effective strategy for BioteQ to enter new markets. In 2010 we entered into three strategic alliances that are helping to expand our customer base in mining and to introduce BioteQ's technologies into new industries.

In January, we formed a strategic alliance with Newalta Corporation, Canada's largest waste management company. In March, we announced a marketing alliance with Lanxess Sybron Chemicals, one of the world's largest specialty chemical manufacturers. And in September, we established a strategic alliance with EcoMetales, a waste management firm wholly-owned by Chilean copper giant Codelco.

Strategic alliances are not easy. They require a shared vision of the future, commitment of senior management, and mutual trust. We spent 2010 developing strong relationships with our strategic alliance partners, and these efforts are now bearing fruit. We have initiated our first projects with Newalta and EcoMetales; both projects are applying our ion exchange technologies, and are now in the detailed engineering stage for expected construction in 2011.

New Customers & Operations

We expanded our customer base in 2010, carrying out design and pilot projects for Barrick Gold, Teck Corporation, Cameco, and EcoMetales. Two of these projects are advancing to engineering and construction in 2011.

We added 4 new plants to our portfolio during 2010, including a design-build-operate project for Minto Explorations in the Yukon where we also provide ongoing operating services, a design-commission project for Koza Gold in Turkey for a SART plant, and two commissioning projects for Freeport-McMoRan—including a ChemSulphide® plant, and the first large-scale Sulf-IX™ plant.

We initiated construction of a new plant for cobalt and nickel recovery at the Dexing Mine site, in joint venture with Jiangxi Copper Company. The plant uses a novel ion exchange process to treat wastewater that has very low concentrations of dissolved metals, expanding our portfolio of metal recovery technologies.

Expanding Our Clean Technology Solutions

Over the last five years, BioteQ has developed Sulf-IX™, a new technology to remove sulphate from wastewater. The process uses ion exchange to produce clean water with low residual sulphate concentrations and a solid

gypsum by-product that can be sold while recovering up to 99% of water for re-use. After comprehensive piloting, our first large-scale water treatment plant applying the Sulf-IX™ technology commenced commissioning in late 2010 for Freeport-McMoRan at a mine site in the southern US.

Beyond mining, Sulf-IX™ is a gateway for BioteQ to diversify into new sectors, such as power generation and oil & gas. The technology platform can also be expanded for application in the recovery of specialty metals such as molybdenum and rhenium.

Unexpected Events

The first three quarters of 2010 ran according to plan, and we were confident about the company's accomplishments and results. Unfortunately, the fourth quarter brought unexpected events.

First, the Bisbee operation experienced an unexpected shut-down due to contamination from a reagent in the bioreactor. As a result, copper recovery at the plant was significantly lower than expected for the year, impacting our fourth quarter results. The bioreactor has been re-inoculated, and we expect production to return to normal levels in the second quarter of 2011.

Second, NWM Mining defaulted on its lease obligations for the Lluvia SART plant. This amount was written down in the fourth quarter to reflect the lack of payments at the year end. We have initiated legal action to recover the full value of the lease payments, and are confident about the legal grounds for suit.

After careful consideration, we have elected to write down the assets at the Mt. Gordon site in Australia. We have tried, unsuccessfully, for the past 2 years to establish a new operating contract at the site with the site owner, Birla Mt. Gordon, and have now commenced legal action.

Outlook

I understand that the set-backs of 2010 are unexpected and frustrating for shareholders. As a shareholder, I share that frustration. However, I also remain optimistic about BioteQ's prospects for the coming years. We are stronger today than we have ever been.

We presently have 3 projects in engineering that we expect will lead to construction of new plants during the year, and will drive revenue growth of at least 25% in 2011. Our strategic alliances are gaining momentum, and we anticipate these relationships will continue to generate new opportunities. Our business development pipeline is the strongest in our history, indicating continued growth in the coming years. Interest in our new Sulf-IX™ technology is growing, from a wide range of industries including mining, smelting, shale gas frac'ing, steel manufacturing, and landfill leachates. We have cash in the bank to support growth. And we have a talented and committed team.

As a clean technology innovator, our long-term outlook is to continue to develop new water treatment solutions for existing and new market sectors. Water is a finite resource. Our determination and potential are unlimited.

On behalf of the Board of Directors,

P. Bradley Marchant
Chief Executive Officer

Management's Report to Shareholders

The accompanying Consolidated Financial Statements, Management's Discussion and Analysis and all information in the Annual Report have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. The Consolidated Financial Statements were prepared in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates and judgements. Management is responsible for the accuracy, integrity and objectivity of the Consolidated Financial Statements and Management's Discussion and Analysis within reasonable limits of materiality and for the consistency of financial data included in the text of the Annual Report with that contained in the consolidated financial statements.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded; that only valid and authorized transactions are executed; and that accurate, timely and comprehensive financial information is prepared. The Consolidated Financial Statements have been independently audited by PricewaterhouseCoopers LLP. Their report for 2010 outlines the nature of their audits and expresses their opinion on the Consolidated Financial Statements of the Company.

The Company's Audit Committee is appointed annually by the Board of Directors and is comprised of Directors who are neither employees nor officers of the Company. The Audit Committee meets with management as well as with external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the Consolidated Financial Statements, the independent auditors' report and the Management's Discussion and Analysis. The Audit Committee reports its findings to the Board of Directors for consideration in approving the Consolidated Financial Statements and Management Discussion and Analysis for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The Consolidated Financial Statements and Management's Discussion and Analysis have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in Note 2 of the notes to the Consolidated Financial Statements of the Company.

P. Bradley Marchant
Chief Executive Officer

Paul Kim
Vice President & Chief Financial Officer

Management's Discussion and Analysis

(All figures expressed in Canadian dollars unless otherwise noted) March 24, 2011

The following Management's Discussion and Analysis provides information that management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. Management has prepared this document in conjunction with its broader responsibilities for the accuracy and reliability of the financial statements, the development and maintenance of appropriate information systems and internal controls to ensure that the financial information is complete and reliable. The Audit Committee of the Board of Directors, consisting of independent directors, has reviewed this document and all other publicly reported financial information, for integrity, usefulness, reliability and consistency.

This discussion should be read in conjunction with the consolidated financial statements and accompanying notes for years ended December 31, 2010 and 2009, which were prepared in accordance with Generally Accepted Accounting Principles in Canada ("Canadian GAAP"). All financial information is presented in Canadian dollars unless otherwise noted. Certain statements contained in Management's Discussion and Analysis constitutes forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward-looking statements in light of the risks.

Additional information may be found on the Company's website www.bioteq.ca and also on SEDAR at www.sedar.com. The Company's Annual Information Form ("AIF") may also be found on SEDAR.

DESCRIPTION OF BUSINESS

BioteQ Environmental Technologies Inc. ("BioteQ" or "Company") is a water treatment company headquartered in Vancouver, British Columbia, Canada. BioteQ applies innovative technologies and operating expertise to solve challenging water treatment problems reducing environmental liabilities while delivering lower life cycle costs for water treatment. The Company's commercially proven technologies treat industrial wastewater contaminated with dissolved heavy metals and sulphate, producing saleable by-products and clean water that can be discharged safely to the environment.

The Company is listed on the Toronto Stock Exchange (TSX) under the symbol BQE.

Technologies

BioteQ's technologies are applied to treat industrial wastewater generated by mining, power generation, and oil & gas activities. The Company's patented sulphide process technologies, BioSulphide® and ChemSulphide®, selectively remove and recover metals from acid wastewater. Sulf-IX™ process technologies reduce sulphate and total dissolved solids in wastewater.

BioteQ has also developed technology for the conversion of some forms of waste sludge into value-added construction materials to minimize the potential long-term liability of sludge products and create a revenue source from the waste products.

These "clean" technologies extract valuable products from waste, reduce environmental liabilities, and produce clean water that complies with strict water quality regulations for re-use or safe discharge to the environment.

BioteQ's technologies can be applied to treat wastewater streams in several industries, including:

» **Mining & metallurgical applications**: treatment of groundwater and surface water drainage, acid mine drainage, metallurgical bleed streams, lime plant effluents, tailings water, and sulphidization-acidification-recycle-thickening (SART) for gold processing.

» **Power generation applications**: treatment of cooling tower water, flue-gas desulphurization (FGD) blowdown, and ash pond water;

» **Oil & gas applications**: treatment of produced water and shale gas fracing water.

BioteQ works with leading resource companies and over the past decade has designed and built 14 commercial scale water treatment plants at industrial sites in Canada, the US, Mexico, Australia, and China. The plants are operated to ISO 14001 standards for environmental compliance, and deliver consistent results and reliable water treatment operations at customer sites.

Business Models

BioteQ provides patented water treatment technology and operating expertise to treat industrial effluents. Typical business models for BioteQ's projects include:

Build, Own and Operate – where BioteQ provides the capital and operating costs for the treatment plant and charges a fee for water treatment or collects proceeds from the sale of recovered metals, and could include transfer of the plant to the site owner in the future.

Joint Venture – where BioteQ shares the capital and operating costs with the property owner, operates the plant, and shares in the process cost benefits and metals recovered.

Design, Supply, and/or Operate – Plant sales where BioteQ provides any combination of process design, technology, engineering, supply of a turnkey plant, and operations expertise on a fee basis.

Revenue Sources

Potential revenue streams are from:

- sales of value-added by-products recovered from the wastewater
- water treatment fees
- process license fees
- plant sales
- engineering fees
- sale of treated water

These revenues can be recurring (from long-term, ongoing operating or services contacts), or one-time (for short-term projects).

2010 OVERVIEW

BioteQ's water treatment operations continued to solve challenging water treatment problems for the resource sector. The company had operations in Canada, the US, Mexico, Australia and China in 2010. These plants treated 8 billion liters of contaminated water, and removed 2.2 million pounds of metal contaminants from the environment.

» Revenue increased 37% over 2009. The increase was mainly attributable to higher copper prices, new operations, and an increase in fee based projects.

» Operating margin increased from $1.4 million in 2009 to $3.8 million in 2010.

» The overall net loss increased from $4.7 million in 2009 to $16.5 million in 2010. The 2010 net loss includes impairment charges of $7.5 million related to the Mt. Gordon operation and $8.3 million related to the Lluvia de Oro project.

» BioteQ exceeded its annual target of executing six new water treatment projects, completing construction and the first year of operations for the Minto water treatment plant, initiating construction of the Dexing ion exchange plant, as well as carrying out 3 commissioning projects, 3 pilot plant projects, and 3 engineering projects.

» BioteQ initiated construction of an additional water treatment plant at the Dexing mine site to recover cobalt and nickel from acid wastewater using an innovative ion exchange technology developed by BioteQ. BioteQ's share of the capital cost is anticipated to be about $1.5 million. Construction is expected to be completed in Q1 2011 and commissioning to begin shortly after. Commitments relating to the completion of the plant are $866,000 as at December 31, 2010.

» BioteQ entered into separate strategic alliances with Newalta Corporation, LANXESS Sybron Chemicals. Inc, and EcoMetales Limited. The relationships will allow BioteQ to leverage each partner's areas of expertise and market access in order to apply BioteQ's technologies to new mining customer applications and diversify into new industry markets. In connection with the strategic alliance with Newalta Corporation, Newalta invested $4 million into BioteQ through a private placement.

» BioteQ's new Sulf-IX™ technology was launched with the application of the process at a new plant for a Freeport-McMoRan mine site. Freeport provided all capital for the project; BioteQ provided commissioning services, and will continue to support the operation and monitor results.

OUTLOOK

The company has an active pipeline of new plant projects that are expected to contribute to revenue growth of at least 25% in 2011. The pipeline is expected to drive new project activity into 2012 and beyond. The scope of projects in our development pipeline has expanded to include larger plants and more diverse market sectors including steel manufacturing, power generation, oil and gas, and landfill leachate treatment, to compliment our growing mining practice. The key projects and initiatives for the upcoming year include:

- Leveraging our strategic alliance relationships to drive growth:
  - BioteQ is working with Newalta to review operations management systems at BioteQ's operations. The companies are also working together to develop opportunities to combine Newalta's onsite service offering with expanded application of BioteQ's proven technology in the mining industry, and assessing new applications for BioteQ's processes in new industries.
  - BioteQ is working with LANXESS to expand our projects in mining, with the application of ion exchange technologies to recover low concentrations of metals, as well as specialty metals such as molybdenum. The companies are also working together to market BioteQ's Sulf-IX™ technologies to the power generation industry as a water treatment solution for cooling tower make-up and blow-down water.
  - BioteQ is working with EcoMetales to expand our presence in the mining markets in Chile and South America.
- Expanding our portfolio of projects
  - Construction of the new ion exchange plant for recovery of cobalt and nickel at the Dexing site is nearing completion, with commissioning scheduled to commence in the second quarter of 2011. The plant is expected to be fully operational by the third quarter of 2011, recovering a saleable cobalt and nickel product. Revenues from the plant will be based on the quantity of metals recovered, and will be shared equally by the joint venture partners.
  - BioteQ is currently engineering a 6,500 m^3/h zinc recovery plant with capacity to recover over 100 million pounds of zinc annually, on behalf of a mining customer. Negotiation of a fee-based commercial contract for technical services and commissioning is in progress, subject to key project milestones.
  - BioteQ has initiated a fee-based design-supply-commission pilot project with Newalta, applying BioteQ's new Sulf-IX™ technology for sulphate removal. The plant is designed for mobile applications, and is expected to be operational in 2011.
  - BioteQ is working with EcoMetales Limited to recover molybdenum from waste smelter dust, which is a newly demonstrated technology for BioteQ and EcoMetales. Piloting and initial design of the plant is complete, and engineering is in progress. The companies have established a commercial framework to advance the project, subject to approvals at key milestones.
- Diversifying our technology offering
  - BioteQ's new Sulf-IX™ technology for sulphate removal is generating growing market interest, with the recent completion of the new Sulf-IX™ plant. BioteQ is working with its strategic partners to introduce the Sulf-IX™ technology into new markets.

Together, these activities are expected to drive revenue growth and generate net positive earnings in 2011, and position the company for continued expansion in the future.

OVERALL ANNUAL PERFORMANCE

Comparative Information

(in Canadian $'000 except for per share amounts)

	2010	2009	2008
	$	$	$
Revenues	8,744	6,395	7,762
less: Plant and engineering costs	4,921	5,037	8,003
	3,823	1,358	(241)
Lease fee income - Lluvia de Oro	1,001	526	-
	4,824	1,884	(241)
General and administrative expenses	3,094	2,773	2,429
Marketing and development costs	842	829	936
Other expenses (income) - net	(123)	154	(957)
	1,011	(1,872)	(2,649)
Amortization	999	1,109	844
Stock-based compensation	521	890	1,664
Loss before income taxes and extraordinary items	(509)	(3,871)	(5,157)
Income tax	225	126	88
Impairment loss and extraordinary items - Mt. Gordon	7,453	697	-
Impairment loss - Lluvia de Oro	8,283	-	-
Net loss	(16,470)	(4,694)	(5,245)
Net loss per share (basic and diluted)	$ 0.24	$ .08	$ 0.09

			at Dec 31,
	2010	2009	2008
	$	$	$
Working capital	13,802	7,689	10,106
Total assets	22,802	34,386	38,863
Total long term liabilities	47	-	-
Shareholder's equity	21,163	33,091	36,852

Revenue

During 2010, revenues totaled $8.7 million. This was a 37% increase or $2.3 million over 2009. The change in total revenue from each revenue source is shown in the table below:

$000's	2010 $	% Total	2009 $	%Total	Total Revenue %Change
Metal recovery	$4,013	46%	$2,765	43%	45%
Treatment fees	1,948	22%	1,403	22%	39%
Engineering services and plant sales	2,783	32%	2,227	35%	25%
Total revenue	$8,744	100%	$6,395	100%	37%

During the year, revenues from metal recovery operations, which include the Mt. Gordon site as well as joint ventures at Bisbee and Dexing, increased 45% over the prior year. The increase in revenue was due to higher copper recovery at the Dexing site combined with overall higher copper prices during the year. In 2010, the Dexing site recovered a total of 1.9 million pounds of copper compared to 1.7 million pounds in 2009. The Bisbee site, which had been furloughed between April 2009 to May 2010, recovered 290,000 pounds of copper in 2010 compared to 304,000 pounds in 2009. The Mt. Gordon site was inactive in 2010 but BioteQ sold 141,000 pounds of copper that had been recovered during prior operations.

Revenues from treatment fees increased 39% over 2009. BioteQ generates treatment fees from operations at the Raglan and Minto sites. In 2010, BioteQ completed its first operating season at the Minto mine site after completing construction of a new water treatment plant earlier in the year. In 2010, BioteQ treated 1.1 million cubic meters of water at the Raglan mine site compared to 915,000 cubic meters in 2009. BioteQ also operated the Spoon lime treatment plant at the site. During the first operating season at Minto, BioteQ treated a total of 530,000 cubic meters of water, significantly higher than budgeted.

Revenues from engineering services and plant sales increased 25% over 2009. Revenues for these services include design, construction, commissioning and pilot operations. Revenues from these services are generally “one-time” in nature but projects may lead to additional project work or ongoing operations. Significant projects in 2010 include the completion of the construction of the Minto plant, commissioning services at a new SART and Sulf-IX(TM) plants, and several pilot projects at customer sites.

BioteQ recognized $1 million in lease fee income compared to $526,000 in 2009. The lease agreement was entered into in June 2009 and the increase reflects the first full year of the agreement. At year end, based on the Company’s assessment of recoverability, all accrued lease fee income has been provided for (see “Impairment of loan receivable”).

Plant and engineering costs

Total plant and engineering costs were $4.9 million in 2010, slightly lower than $5 million in 2009. As a result, overall operating margins improved from $1.4 million in 2009 to $3.8 million in 2010. 2010 operating costs at Raglan and Bisbee were consistent with the prior year. 2009 costs

included $243,000 related to the shutdown of the Lluvia de Oro SART plant early in that year prior to transfer of the plant to NWM Mining. Although production increased at the Dexing site, overall costs decreased by $120,000 mainly due to lower reagent prices. The Mt Gordon site was inactive during 2010 but operating costs increased $260,000 due to the sale of concentrate inventory from previous operations.

Expenses and other income

During 2010, general and administrative expenses increased from $2.8 million in 2009 to $3.1 million. The increase was due to higher administrative costs at the Dexing operation, increased legal and accounting fees, and higher regulatory and compliance costs.

Marketing and development costs in 2010 were $843,000, comparable to 2009 when total costs were $829,000. BioteQ is continuing to invest in the development of new technologies and modifications to existing technologies for application into new markets. BioteQ is currently expanding its lab and technical resources to meet expected future demands.

Total amortization expense was $1 million in 2010, consistent with $1.1 million recorded in 2009. Amortization expense will fluctuate based on the number of plants owned by BioteQ and ongoing assessment of the carrying values of those assets.

Stock based compensation charges were $521,000 in 2010 compared to $890,000 in 2009. These non-cash charges will fluctuate based on the number of securities issued and assumptions on the valuation and useful life of those securities.

BioteQ recognized a foreign exchange loss of $56,000 in 2010 compared to a loss of $354,000 in 2009. These losses arise mainly from changes in the value of the US dollar, Australian dollar, and Chinese RMB relative to the Canadian dollar.

During the year, BioteQ recognized interest income of $79,000 from its marketable securities holdings and $100,000 in other income from interest on its loan to NWM Mining Corporation. NWM repaid the balance of this loan in September 2010.

Income tax expense was $225,000 in 2010 compared to $126,000 in 2009. The income tax charge is a result of taxable profits in China. These taxes cannot offset accumulated tax benefits in other jurisdictions.

Impairment of loan receivable

In June 2009, BioteQ entered into a Termination, Consolidation, and Reconciliation agreement (TCRA) with NWM Mining Corp. (NWM) to restructure the terms of an existing loan and to sell BioteQ's SART plant on a lease to own basis. Repayments on the loan commenced in January 2010 and lease payments were scheduled to begin in October 2010. At the time of the TCRA, the value of the loan was approximately $4.4 million and the total lease obligation was $9.6 million. BioteQ retained a security interest in NWM's mine assets against the loan. BioteQ retained ownership of the plant until all lease payments are made.

In September 2010, NWM repaid the full balance of the loan and BioteQ released its security interest. NWM has failed to make any lease payments and is in default of the TCRA. NWM has alleged that there are deficiencies with the SART plant and that it is inoperable. BioteQ strongly disagrees with this assertion. BioteQ had successfully commissioned and operated the plant in 2008 prior to turning over operating responsibility for the plant on an "as is" basis to NWM.

Subsequent to year-end, BioteQ initiated legal action against NWM seeking damages for defaulting on the lease agreement.

For financial reporting purposes only, BioteQ cannot reasonably estimate the value that could be realized from legal action or any alternative measures at this time. As a result of this uncertainty associated with estimated future cash flows, BioteQ has recorded an impairment charge of $8.3 million in the current year's results. The impairment covers the full cost of the plant plus accrued lease fee income recognized to date of $7.9 million. In addition, BioteQ has accrued estimated site removal costs related to the plant. BioteQ will continue to pursue the legal action against NWM and explore other opportunities to recover the value of its investment. Any future recoveries will be reflected at the time they can be reasonably determined.

Impairment of assets and extraordinary items

In May 2007, BioteQ finalized the full scope of an agreement with Birla Mt Gordon Pty Ltd ("Birla") for the development and operation of a water treatment plant at Birla's Mt Gordon copper mine in Queensland, Australia.

BioteQ completed construction and commissioning of the plant and began operations in April 2008.

In January 2009, significant rain events flooded the site causing evacuation of all site personnel and damaging a portion of BioteQ's plant equipment. The Company served notice to Birla that it had ceased operations and suspended the agreement under the force majeure provisions of the contract. In February 2009, BioteQ served Birla with a termination notice for breach of the agreement. BioteQ filed an insurance claim for the damaged equipment and inventory. In 2009, BioteQ recorded $697,000 as an extraordinary expense reflecting the loss of inventory and equipment that were not expected to be recovered under BioteQ's insurance policy.

Currently, the plant is subject to flooding and remains inactive. BioteQ has been unable to reach agreement with Birla on a new water treatment agreement that reflects the current conditions at the site.

Birla has commenced legal action against BioteQ alleging that BioteQ has breached and repudiated the agreement. Birla is seeking unspecified financial damages, interest and costs. BioteQ does not believe the allegations have any merit and is vigorously defending its position. BioteQ is also reviewing the condition of the plant and exploring its own legal rights, which includes pursuing a counterclaim against Birla for failing to meet certain conditions of the original agreement and for wrongful termination.

At year end, BioteQ has reviewed the carrying value of its asset related to the project. BioteQ has considered the history of the project, current status with Birla, and the probability of future operations at the site. Based on this assessment, future cash flows from the project cannot be reasonably estimated due to the uncertainty of outcomes from current actions. BioteQ has recorded an impairment charge, net of expected insurance proceeds, of $7.5 million. Any future recoveries will be reflected at the time they can be reasonably determined.

Overall performance

Overall net income for the year was a loss $16.5 million, or $0.24 per share, compared to a loss of $4.7 million in 2009, or $0.08 per share. Results for 2010 and 2009 were heavily impacted by impairment charges and extraordinary items respectively. Net income in 2010, excluding impairment charges, was a loss $734,000 compared to a loss of $4 million in 2009 adjusted for extraordinary items.

Cash flow from operating activities was $163,000 in 2010 compared to a cash use of $4.3 million in 2009.

BioteQ ended the year with total assets of $23 million compared to $34 million in 2009. The decrease in total assets was due to the impairment charges recognized during the year.

Working capital at the end of 2010 was $13.8 million which included $12.6 million in cash and short-term investments. Both balances have increased over 2009 when the year ended with $7.7 million in working capital and $5.3 million in cash and short-term investments.

COMPARISON OF QUARTERS

Financial data for the last eight quarters (unaudited)

In Canadian $'000 except per share amounts

Quarters ended	Dec-10	Sep-10	Jun-10	Mar-10	Dec-09	Sep-09	Jun-09	Mar-09
	$	$	$	$	$	$	$	$
Total revenues	1,508	2,749	1,949	2,538	1,978	2,280	1,207	930
Plant & other operating expenses	1,081	967	954	1,919	1,764	1,045	710	1,518
	427	1,782	995	619	214	1,235	497	(588)
Lease fee income	259	256	247	239	526	-	-	-
	686	2,038	1,242	858	740	1,235	497	(588)
General & administrative	745	907	722	720	779	631	745	618
Marketing & development costs	106	168	263	305	185	231	255	158
Other expenses (income)	57	(76)	(133)	29	30	141	91	(108)
	(222)	1,039	390	(196)	(254)	232	(594)	(1,256)
Amortization	251	260	245	243	243	225	323	318
Stock based compensation	113	127	131	150	219	195	183	293
Income (loss) before income taxes and extraordinary items	(586)	652	14	(589)	(716)	(188)	(1,100)	(1,867)
Income taxes	(17)	59	95	88	(81)	74	96	37
Impairment loss and								
extraordinary items	15,736	-	-	-	-	-	-	697
Net income (loss)	(16,305)	593	(81)	(677)	(635)	(262)	(1,196)	(2,601)
Income (loss) per share	(0.24)	0.01	0.00	(0.01)	(0.02)	0.00	(0.02)	(0.04)

Quarterly results can fluctuate based on the number of plants operating in the quarter, variation in the volume and grade of water treated, and variation in commodity prices. Seasonality at each operation also impacts timing of revenue. Operations at Raglan typically run from May to November of each year. Operations at Minto are expected to run from April to October of each year. Copper production at Dexing increases between April and September of each year and declines during winter months due to variation in precipitation and annual maintenance needs. Revenue from engineering, design and construction services occur based on timing of customer requirements.

Below is a summary of revenue for Q4 2010 and 2009:

Project Type	Q4 2010 $	% Total	Q4 2009 $	%Total	Total Revenue %Change
Metal recovery	455	30%	199	10%	129%
Treatment fees	381	25%	60	3%	535%
Engineering services and plant sales (fee-based)	672	45%	1,719	87%	(61%)
Total revenues	1,508	100%	1,978	100%	(24%)

Revenue in Q4 2010 was $1.5 million compared to $2 million in Q4 2009. Q4 2009 included revenue from the construction of the Minto plant which was completed in Q1 2010. Copper recovery at the Dexing plant was higher in 2010 and market prices were significantly higher. The Bisbee plant contributed incremental revenue prior to shutdown part way through the quarter. The plant was furloughed during the same period in 2009. Raglan treated a higher volume of water in Q4 2010 in addition to new operations at the Minto mine site.

Plant and other operating expenses are comprised of both fixed and variable costs. Variable costs include the cost of reagent consumables, power, and maintenance. Quarterly costs will vary based on the number of active operations and changes in variable costs. Total costs in Q4 2010 were $1.1 million compared to costs of $1.8 million in 2009. The decrease in costs was mainly due to the construction of the Minto plant in 2009. Overall operating margin increased to $427,000 from $214,000 in 2009. The improvement in margin was due to higher volume and improved margins at the Dexing plant.

In Q4 2010, BioteQ recorded $259,000 in accrued lease fee income from NWM Mining related to the Lluvia de Oro project. NWM defaulted on its lease obligation and an impairment against this income has been recognized.

General and administrative costs will vary from quarter to quarter based on costs required to support existing and new operations as well as BioteQ's compliance and filing requirements as a publicly traded company. Costs in Q4 2010 $745,000, consistent with costs in 2009.

Marketing and development costs include costs for business development as well as laboratory research and engineering activities to support project evaluation and new technologies. A significant portion of this investment has been directed to develop future opportunities with new strategic partners. Marketing and development costs will fluctuate quarter to quarter based on the resource requirements from revenue generating projects which are included in plant and operating costs. In Q4 2010, total costs were $106,000 compared to $185,000 in 2009. The decrease in cost was due to the allocation of engineering resources to revenue generating projects.

Amortization costs in Q4 2010 were $251,000 compared to $243,000 in 2009.

Stock-based compensation costs are non-cash costs that reflect the value of stock options issued to employees, directors, and contractors. The valuation is based on the standard Black-Scholes

model, which is affected by price volatility. In Q4 2010, total costs were $113,000 compared to $219,000 in 2009.

"Other" includes interest income and foreign exchange gains or losses. Interest income is affected by the amount of cash invested and the interest rate. Foreign exchange gains or losses are affected by changes in currency exchange rates, mainly with the US Dollar, Chinese RMB, Mexican Peso, Chilean Pesos and Australian Dollar. Net "Other" charges for Q4 2010 was $57,000 compared to $30,000 in 2009.

Income tax charges and recoveries are a result of taxable activity in China. These taxes cannot offset accumulated tax benefits in other jurisdictions. In Q4 2010, BioteQ recorded a recovery of $17,000 compared to a recovery of $81,000 in 2009.

In Q4 2010, BioteQ recorded total impairment and related charges of $15.7 million. $7.9 million relates to the write-down of the loan receivable from NWM and estimated site removal costs of the Lluvia de Oro SART plant; $7.5 million relates to the impairment of the Mt Gordon assets.

BioteQ recorded a net loss of $16.3 million for Q4 2010 compared to a net loss of $635,000 in 2009. Overall net loss for Q4 2010, adjusted for one-time impairment charges, was $569,000.

OPERATIONS BY PROJECT

Project Summary

The following chart summarizes BioteQ's major projects.

Customer	Project	Business Model	Revenue Source	Capital Cost (BQE Share)	Annual Design Capacity (m^3 treated)	Current Status
Operating Projects						
Freeport- McMoRan	Bisbee, AZ.	50% Joint Venture	Copper	$3,200,000	2,900,000	Plant to resume full operations Q2 2011
Jiangxi Copper	Dexing, China	50% Joint Venture	Copper	$1,886,000	5,800,000	Operating since April 2008.
	HDS Plant - Dexing, China	Design		Owned by customer	4,600,000	Operating since April 2009.
Xstrata	Raglan,Que.	Build, Own, Operate for Fees	Fees per m^3 of water	$2,000,000	750,000	Ongoing seasonal operation May to November.
	Spoon - Raglan, Que.	Operate	Fixed labour fees	Owned by customer	200,000	Ongoing seasonal operation June to September.
Minto Explorations	Minto, Yukon	Design, Supply, and Operate	Operating fees (labour + fees per m^3)	Owned by customer	400,000	Ongoing seasonal operation May to November.
Construction Projects						
Jiangxi Copper	Dexing Ni-Co	50% JV	Nickel, cobalt	$1,500,000	4,600,000	Construction in progress. Completion in Q2 2011.
Engineering and Pilot Projects						
Mining co.	Gold mine site	Design and commissioning	Engineering and design fees	Owned by customer	685,000	SART plant commissioning completed July 2010.
Freeport- McMoRan	Sulf-IX™ plant	Plant sale	Engineering fees	Owned by customer	n/a	Commissioning completed in 2010.
Freeport McMoRan	ChemSulphide® plant	Plant sale	Engineering fees	Owned by customer	n/a	Commissioning completed in 2010
Mining co.	Pilot plant	Engineering services	Engineering and design fees	Paid by customer	n/a	Piloting complete
Mining co.	Pilot plant	Engineering services	Engineering and design fees	Paid by customer	n/a	Piloting complete
EcoMetales	Pilot plant	Engineering services	Engineering and design fees	Paid by customer	n/a	Piloting complete
US EPA	Wellington Oro, CO	Plant sale	Engineering fees	Owned by customer	300,000	Operating since January 2009. BioteQ provides on-site support as required.
Inactive Operations						
Aditya Birla	Mt. Gordon, Australia	Build, Own, Operate	TBD	$9,169,000	2,100,000	Original operating contract terminated.
NWM Mining	Lluvia de Oro, Mexico	Plant sale	TBD	$6,443,000	4,300,000	Customer has defaulted on lease agreement. Legal proceedings in progress.

The Bisbee Project, Arizona – Joint-venture with Freeport-McMoRan Copper & Gold

The Bisbee Project, Arizona – Joint-venture with Freeport-McMoRan Copper & Gold
BioteQ operates a BioSulphide® plant to treat wastewater at an inactive mine site near Bisbee, Arizona, recovering copper from the drainage of a low-grade stockpile. The project, which was commissioned in 2004, is a 50/50 joint venture with Freeport-McMoRan Copper & Gold. The plant was designed and built by BioteQ, and is owned and operated by the joint venture company Copreco LLC. The capital cost of the plant was approximately US$3.2 million. The joint venture partners share equally in the ongoing revenues and expenses. BioteQ operates the plant on behalf of the joint venture. Using BioteQ's BioSulphide® process, the plant produces treated water that is reused at the mine site, and a high-grade copper concentrate, typically containing > 40% copper, which is shipped to a Freeport-McMoRan smelter where it is processed on commercially competitive terms; settlement is based on the average price for the month after shipment. The amount of copper recovered is dependent on the availability of water and the amount of copper and metals dissolved in the water. BioteQ earns revenue from the plant through the sale of its share of recovered copper.

Plant operating results (total for the JV)	Q4 2010	Q4 2009	Year-to-date 2010	Year-to-date 2009
Water treated (thousand cubic meters)	189	-	561	818
Mechanical availability (%)*	51%	-	59%	98%
Copper produced (pounds)	94,000	-	276,000	304,000
Copper recovery %	>99%	-	>99%	>99%

*Operations were furloughed between April 2009 and May 2010. Mechanical availability has been adjusted for this period.

In April 2009, BioteQ and Freeport-McMoRan agreed to place the Bisbee operation on furlough, to initiate technical improvements and cost reduction measures that are expected to improve the profitability of the joint venture. In May 2010, the joint venture announced that all requirements for restart of the plant were met and full operations resumed.

In October 2010, the site operations were temporarily suspended due to technical problems with the plant's reagent supply. The plant is expected to reach full operating capacity in Q2 2011.

The Dexing Project, China – Joint-venture with Jiangxi Copper Company

BioteQ commissioned a copper recovery plant on April 1, 2008 at the Dexing Mine, an active copper mine in China. The plant is a 50/50 joint venture project with Jiangxi Copper Company (JCC), China's largest copper producer, using BioteQ's ChemSulphide® process to remove dissolved copper from acid mine drainage generated by waste dumps and low grade stockpiles. The high-grade copper concentrate that is removed from the water is shipped to JCC's refinery in Guixi City; price is based on the average metal price during the month that the concentrate is shipped, less refining costs. The plant was designed by BioteQ, and is operated by the joint venture company JCC-BioteQ Environmental Technologies Ltd, which is managed jointly where BioteQ is responsible for technical operations and JCC is responsible for local administrative, procurement and government activities. The joint venture partners share equally in the revenues and costs. BioteQ generates revenue from the sale of its share of the recovered copper.

Plant operating results (total for the JV)	Q4 2010	Q4 2009	Year-to-date 2010	Year-to-date 2009
Water treated (thousand cubic meters)	804	729	5,783	5,467
Mechanical availability (%)	98%	94%	96%	96%
Copper produced (pounds)	99,000	59,000	1,923,000	1,699,000
Copper recovery %	94%	93%	94%	94%

Operations at the site had another successful year 2010. The plant treated 5.8 million cubic meters of water and recovered 1.9 million pounds of copper, an increase over 2009 when 5.5 million cubic meters of water were treated and 1.7 million pounds of copper were recovered.

During Q4 2010, the plant was closed for four weeks for scheduled annual maintenance. Typically, Q4 also had the lowest levels of water available to treat due to variations in seasonal precipitation in the region.

In connection with the ChemSulphide® plant owned by the joint venture, BioteQ also provided engineering and technical expertise to JCC to build a High Density Sludge (HDS) plant to treat water for discharge. This plant, which is owned and operated by JCC, began operations on April 1, 2009. BioteQ maintains a technical and supervisory role in the operations of the plant.

During the year, BioteQ initiated construction of an additional water treatment plant at the Dexing mine site to recover cobalt and nickel from acid wastewater using an innovative ion exchange technology developed by BioteQ. BioteQ's share of the capital cost is anticipated to be about $1.5 million. Construction is expected to be completed in Q1 2011 and commissioning to begin shortly after.

The Raglan Project, Quebec – Build-own-operate for Xstrata Nickel

BioteQ operates a seasonal water treatment plant at the Raglan Mine, an active nickel mine in the Arctic region of northern Quebec, owned by Xstrata Nickel. Because of the harsh winter conditions in the Arctic, water is not available for processing until the spring thaw; the plant runs seasonally, typically from late spring to fall. The plant was built in 2004, and uses BioteQ's ChemSulphide® process to remove dissolved nickel from wastewater to produce clean water that meets strict water quality criteria for discharge to the environment. The nickel concentrate produced by the plant is shipped to a refinery with other nickel concentrate produced at the mine. This is a build-own-operate project, where BioteQ has provided the $2 million in capital to build the plant and delivers ongoing operating services in return for a water treatment fee per cubic meter of water treated. The operating fee is negotiated with the customer prior to the start of each operating season.

Plant operating results	Q4 2010	Q4 2009	Year-to-date 2010	Year-to-date 2009
Water treated (thousand cubic meters)	371	318	1,066	915
Days operated (equivalent hours)	71	51	200	165
Nickel recovery %	98%	98%	98%	96%

BioteQ successfully completed its sixth operating season at the Raglan mine site in northern Quebec. The site treated just over one million cubic meters of water; a significant increase over the 2009 season 915,000 cubic meters and budgeted expectations of 750,000 cubic meters.

BioteQ will continue to provide an expanded scope of operating activities at the Raglan site with operating responsibility for Xstrata's Spoon water treatment plant, based on a "cost-plus" contract. This plant performs lime treatment and acidification of water that is not treated by BioteQ's ChemSulphide® plant. BioteQ has secured a contract to provide these services for the next 3 operating seasons.

The Minto Project, Yukon – Design-Supply-Operate for Minto Explorations Ltd.

In Q4 2009, BioteQ and Minto Explorations Ltd. entered into an agreement to design and construct a new, long term water treatment plant at the Minto mine site. In November 2009, BioteQ entered into a three year, fee-based operating contract to manage the plant commencing in the spring of 2010. Minto Explorations has been responsible for all capital costs for the plant, and provides all plant operating costs, including process reagents and consumables. Construction of the plant was completed in Q1 2010 and commissioning was completed in Q2 2010.

Plant operating results	Q4 2010	Year-to-date 2010
Water treated (thousand cubic meters)	137	530
Days operated (equivalent hours)	33	112
Copper removal (%)	88%	82%

The first operating season at the site began in July 2010. BioteQ's operating team was able to successfully meet the strict water quality requirements under the operating agreement and increase the capacity of the plant from its original design.

Seasonal operations were completed in early November. The typical operating season for the plant is expected to run from April to November of each year.

BioteQ's operating contract with Minto is a fee based arrangement based on volume of water treated and operating days.

Engineering and Pilot Projects

During the year, the Company was engaged in several contracts for engineering and pilot projects.

» During the year, BioteQ conducted preliminary studies and design for a large scale zinc recovery plant. The project has advanced to the preliminary feasibility and engineering stage

and BioteQ is currently negotiating a fee-based commercial contract for technical services and commissioning, subject to key project milestones.

- During the year, BioteQ worked with EcoMetales Limited to pilot recovery of molybdenum from waste smelter dust. The project has advanced to engineering, and is expected to enter construction in 2011, subject to customer approvals at key milestones.
- BioteQ provided commissioning and engineering services during the third and fourth quarter of 2010 for a large scale Sulf-IX™ plant at a Freeport-McMoRan mine site. The customer completed construction of the plant in 2010 using BioteQ's technology and design. The commissioning of the plant is an important milestone to demonstrate BioteQ's Sulf-IX™ technology at this scale.
- In Q3 and Q4, BioteQ provided commissioning and engineering services for a ChemSulphide® plant owned by a customer.
- In Q4 2009, BioteQ entered into an engineering services contract with a customer to provide preliminary design and cost estimates for a large scale water treatment plant at the customer's new mine site. The work for this contract was substantially completed Q1 2010. In Q4 2010, the customer requested additional services from BioteQ in the next phase of their evaluation which is expected to be completed in Q1 2011.
- In Q3 2009, BioteQ entered into a contract with a mining company to design a SART plant for a gold mine site. The design work was completed in Q1 2010. In Q2 2010, the scope of services was expanded and BioteQ provided the mining company with support during construction and commissioning services which were completed in July 2010.
- During the year, BioteQ provided engineering and construction services for two pilot plants for new mining customers to apply BioteQ's technology to recover metal and remove sulphate from their contaminated water sources. The engineering work and pilot plants were paid for by the customers.
- BioteQ continues to provide ongoing engineering support on a fee basis for the Wellington Oro project. In 2005, BioteQ won an international bid to provide a water treatment plant for Wellington Oro, a closed silver-zinc mine site located near the town of Breckenridge, Colorado. The site is administered under the U.S. Environmental Protection Agency (US EPA) Superfund program, established to address abandoned hazardous waste sites in the USA. The Wellington Oro project is a plant sale, with BioteQ responsible for design, engineering, procurement, commissioning, and operator training. The plant has been designed to process approximately 300 million litres of water annually to remove dissolved cadmium and zinc from mine drainage. Plant construction was completed during Q3 2008, and commissioning was completed in Q1 2009.

The Mt. Gordon Project, Australia – Build-own-operate for Aditya Birla

BioteQ added a new water treatment plant to its operations portfolio in 2008 at the Mt. Gordon Mine, an active copper mine in Queensland, Australia. The mine is owned by Aditya Birla Minerals (Birla), a large metals conglomerate based in India. The plant is designed to treat water from mine drainage generated by waste dumps and low grade stockpiles, removing dissolved metals using BioteQ's ChemSulphide® process. This is a build, own, operate project where BioteQ

has provided for all capital costs for the plant and earned revenue from metals recovered. BioteQ completed construction and commissioning and began operations in April 2008.

In Jan 2009, the Mt. Gordon mine site experienced heavy flooding during a severe rain storm. A portion of BioteQ's plant was damaged and BioteQ suspended its operating agreement under the force majeure provisions of the contract. In February 2009, BioteQ served Birla with a termination notice for breach of the agreement. BioteQ has been unable to come to terms on a new or modified operating agreement with Birla to restart operations.

Birla has commenced legal action against BioteQ alleging that BioteQ has breached and repudiated the agreement. Birla is seeking unspecified financial damages, interest and costs. BioteQ does not believe the allegations have any merit and is vigorously defending its position. BioteQ is also reviewing the condition of the plant and exploring its own legal rights, which includes pursuing a counterclaim against Birla for failing to meet certain conditions of the original agreement and for wrongful termination.

The Lluvia de Oro Project, Mexico – Lease-to-own for NWM Mining

BioteQ completed construction and commissioning of a SART (sulphidization-acidification-recycle-thickening) plant in 2008 at the Lluvia de Oro gold mine site in Mexico, applying this new enabling technology to reduce the metallurgical interference of copper in the gold recovery process, and increase gold yields. The plant operated successfully during 2008, reducing copper in the gold leach solution to below 50 mg/L in the discharge from the plant, and recovering dissolved copper as a high-grade copper sulphide concentrate. Over 20,000 pounds of dry copper concentrate was recovered containing 65 percent copper, which was sold to Trafigura.

In June 2009, BioteQ entered into a Termination, Consolidation, and Reconciliation agreement (TCRA) with NWM Mining Corp. (NWM) to restructure the terms of an existing loan and to sell BioteQ's SART plant on a lease to own basis. Repayments on the loan commenced in January 2010 and lease payments were scheduled to begin in October 2010. At the time of the TCRA, the value of the loan was approximately $4.4 million and the total lease obligation was $9.6 million. BioteQ would retain a security interest in NWM's mine assets against the loan. BioteQ would retain ownership of the plant until all lease payments were made.

In September 2010, NWM repaid the full balance of the loan and BioteQ released its security interest. NWM has failed to make any lease payments and is in default of the TCRA. NWM has alleged that there are deficiencies with the SART plant and that it is inoperable. BioteQ strongly disagrees with this assertion. BioteQ had successfully commissioned and operated the plant in 2008 prior to turning over operating responsibility for the plant on an "as is" basis to NWM. BioteQ does not believe that NWM has the legal authority to withhold payments under the TCRA.

Subsequent to year-end, BioteQ initiated legal action against NWM seeking damages for the total value of NWM's lease obligation. NWM has purported to terminate the TCRA on the grounds that BioteQ failed to remedy the SART Plant deficiencies. BioteQ believes that its legal position is valid and that NWM's claims are without merit.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2010, BioteQ had 69,865,006 (fully diluted-79,649,371) common shares issued and outstanding, compared to 66,190,308 (fully diluted-71,898,309) at December 31, 2009. During the year, BioteQ issued 3,636,364 common shares and the same number of warrants for total proceeds of $4,000,000 in a private placement with Newalta Corporation. Each warrant is exercisable into a common share for a period of five years, at an exercise price of $1.375 for the first year and an exercise price of $1.65 thereafter. In addition, 710,000 options were granted and total proceeds of $22,234 were received from the exercise of options.

At the current date of March 24, 2011, the number of issued shares is 69,911,672, a total of 5,943,001 options and 3,636,364 warrants are outstanding.

At December 31, 2010, the Company had cash and short-term investments, consisting of banker's acceptance notes, of $12,610,856, an increase of $7,270,310 from December 31, 2009. The increase in cash during the year was generated from $4,000,000 for the issuance of capital stock and warrants to Newalta Corporation, $4,106,461 in loan repayments from NWM Mining Corp., net of any increases in the loan and accrued interest income, $22,234 from the exercise of options, $46,884 in long-term liabilities, $707,142 from operating activities after funding capital asset purchases of $1,068,059 and $544,352 in working capital changes.

Working capital at the quarter-end was $13,801,975, an increase from December 31, 2009 of $6,112,725. The change was caused by substantially the same factors as affected cash, noted above. BioteQ has future commitments of $866,000 for the completion of the new water treatment plant at the Dexing mine site. The balance of available funds is largely uncommitted.

Management believes that the current working capital is sufficient to support the Company's operating requirements in the foreseeable future. In the longer term, the Company expects it will continue to grow through developing new projects.

GENERAL

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected.

The Company's management has evaluated the design and effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective

to provide reasonable assurance that the information required to be disclosed in reports it files is recorded, processed, summarized and reported within the appropriate time periods and forms.

The Company's management has also evaluated the design and operating effectiveness of the Company's internal control over financial reporting as of the end of the period covered by this report. The risk of a significant error is mitigated by the active involvement of senior management and the board of directors in all the affairs of the Company; open lines of communication within the Company; the present levels of activities and transactions within the Company being readily transparent; and the thorough review of the Company's financial statements by management and the board of directors. Based on the result of the assessment, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's internal controls over financial reporting have been adequately designed. During the current year, the Company's management implemented a formal testing program on the operating effectiveness of its controls and concluded that they are also effective.

There has been no change in BioteQ's internal controls over financial reporting during the year ended December 31, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

In preparing financial statements, the Company has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience and current conditions, the Company makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by the Company's application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by the Company. The Company's critical accounting estimates apply to the assessment for the impairment of property, plant and equipment and the valuation of other assets and liabilities such as loan receivable, and measurement of net insurance proceeds receivable.

Property, plant and equipment and long-lived assets

Expenditures on property, plant and equipment are stated at cost, net of grants and contractual amounts received under feasibility studies. Costs relating to property, plant and equipment in the course of construction are capitalized. Upon commissioning, these costs will be amortized over the useful life of the asset.

The Company evaluates the recoverability of long-lived assets and asset groups whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When such a situation occurs, the estimated undiscounted future cash flows anticipated to be generated during the remaining life of the asset or asset group are compared to its net carrying value. When the net carrying amount of the asset or asset group is less than the undiscounted future cash flows, an impairment loss is recognized to the extent by which the carrying amount of long-

lived assets or asset group exceeds its fair value, based on internal estimates of discounted future cash flows or estimated salvage values.

Management's estimates of mineral prices, foreign exchange rates, production levels and operating costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset groups. It is possible that material changes could occur that may adversely affect management's estimates.

Revenue

Revenue from the Company's water treatment plants varies depending on the Company's agreements with various mining and other companies and can include:

» revenue from managing and operating the plants recognized as the services are performed.

» revenue from concentrate sales are recognized when the title of the concentrate passes to the customer and collection of proceeds is reasonably assured and recorded net of refining costs and transportation fees. Sales are initially recorded at a provisional price based on prevailing market prices. Final, or settlement, metal prices are based on a predetermined and defined quotational period one to four months after the month of shipment. The terms of the contracts result in embedded derivatives because of the timing difference between the provisional price and the final settlement price. These embedded derivatives are adjusted to fair value through revenue each period until the date of final price determination.

» fees from engineering services recognized as the services are rendered.

» revenue from the sale of materials and components used in the construction of water treatment plants recognized upon delivery or installation.

Stock-based compensation

The Company accounts for stock options using the fair value method calculated using the Black-Scholes option pricing model. Under this method, stock-based awards for employees are measured at the fair value of the equity instrument issued and stock-based compensation expense is recorded over the period in which the related employee services are provided. The fair value of stock-based awards to non-employees is measured at the earliest of the date at which the services are provided, the date which a performance commitment is reached, or the option grant date if the options are fully vested and non-forfeitable. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion previously recorded in contributed surplus. The effects of forfeitures are accounted for as they occur.

CHANGES IN ACCOUNTING POLICIES

Business Combinations and Related Sections

The CICA has issued new accounting recommendations related to business combinations and minority interests effective January 1, 2011, with early adoption permitted. These new standards effectively harmonize the business combinations standard under GAAP with IFRS. These new standards revise guidance on the determination of the carrying amount of the assets acquired

and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued new accounting recommendations that provide revised guidance on the preparation of consolidated financial statements and accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. The Company has evaluated this policy and concluded that it will not have a material impact on the financial results of the Company.

Transition to International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board ("AcSB") announced that publicly accountable enterprises in Canada will be required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for fiscal periods beginning on or after January 1, 2011. IFRS requires that in the year of implementation, the comparative financial statements be restated to conform to the standards. The Company's first annual IFRS financial statements will be for the year ending December 31, 2011 and will include the comparative period of 2010.

Update on IFRS conversion plan

BioteQ has continued to work on its transition to IFRS including assessing the impact on accounting policies and implementation decisions, infrastructure, business activities and control activities. Regular progress reporting to the Audit Committee of the Board of Directors on the status of the IFRS implementation plan has taken place.

The transition plan comprised of three phases: review and assessment; design and implementation. The review and assessment phase involved a high-level diagnostic of the major differences between Canadian GAAP and IFRS. In the assessment, considerations were given to the technical accounting complexity, the choices for accounting policy selection, the need for conversion resources and the impact on systems. For those areas that were identified as significant for the Company, the design and implementation phase of the conversion plan is nearly complete.

The Company does not expect that there will be significant modifications to the existing accounting system along with its internal and disclosure control processes as a result of the conversion to IFRS.

Starting in the first quarter of 2011, BioteQ will prepare unaudited consolidated financial statements in accordance with IFRS including comparative figures for 2010. The Company's transition date is January 1, 2010 (the "Transition Date") and the preparation of the Company's opening balance sheet under IFRS as at the transition date is substantially complete. BioteQ will ultimately prepare its opening balance sheet and financial statements for 2010 and 2011 by applying all IFRS standards that are effective at December 31, 2011 or earlier. The standard setting body of IFRS has significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS. These changes, if implemented, could have a material effect on the Company's financial statements.

First-time adoption of IFRSs

IFRS 1, *First Time Adoption of International Financial Reporting Standards* (“IFRS 1”), provides guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transition date unless certain optional and mandatory exemptions in specific areas of certain standards are applied. The most significant exemptions which are expected to apply in the preparation of the Company’s first consolidated financial statements under IFRS are summarized as follows:

Accounting estimates

Accounting estimates applied in accordance with IFRS at the date of transition should be consistent with estimates in accordance with Canadian GAAP unless there is objective evidence that estimates were in error.

Business combinations

IFRS 1 allows first-time adopters to elect not to apply IFRS 3, *Business Combinations*, retrospectively to business combinations that occurred prior to the date of transition to IFRS. BioteQ expects to make this election and apply IFRS 3 to business combinations that occur on or after January 1, 2010.

Fair value as deemed cost

There is an option to record property, plant and equipment at fair value on transition to IFRS. This fair value becomes the deemed cost of the asset for reporting under IFRS. BioteQ expects to make this election and apply the fair value as deemed cost to certain property, plant and equipment that were impaired under IFRS at the transition date. The result is that the asset cost base is adjusted to fair value.

Cumulative translation differences

International Accounting Standard (“IAS”) 21, *The Effects of Changes in Foreign Exchange Rates*, requires an entity to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the transition date to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the transition date to IFRS. BioteQ expects to apply this exemption.

Share-based payment transactions

IFRS 1 provides an exemption from applying IFRS 2, *Share-based Payment*, to equity instruments that were granted on or before November 7, 2002, or to equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. BioteQ expects to elect to not apply IFRS 2 to grants that vested prior to January 1, 2010.

Expected areas of significance
In addition to the exemptions discussed above, there are a number of areas with differences in accounting policies between Canadian GAAP and IFRS. These differences could have a significant impact on the Company's consolidated financial statements. The following explains these key areas and the changes in accounting policies. The list and comments below should not be regarded as a complete list of estimated changes that will result from transition to IFRS and are intended to highlight only those areas that are considered to be most significant.

Impairment of assets
IAS 36, *Impairment of Assets*, uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). Canadian GAAP generally uses a two-step approach to impairment testing, first comparing asset carrying value with undiscounted future cash flows to determine whether impairment exists, and then measuring any impairment by comparing asset carrying values with fair values. This difference may potentially result in write-downs where carrying values of assets were previously supported under Canadian GAAP on an undiscounted future cash flow basis, but could not be supported on a discounted future cash flow basis.

Additionally, under Canadian GAAP, assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities for impairment testing purposes. IFRS requires that assets be tested for impairment at the level of cash generating units, which is the lowest level of assets that generate largely independent cash inflows. This lower-level grouping could result in identification of impairment more frequently under IFRS but for potentially smaller amounts.

The extent of any new write-downs may be partially offset by the requirement under IAS 36 to reverse any previous impairment losses where circumstances have changed such that the impairments have been reduced. Canadian GAAP prohibits reversal of impairment losses.

BioteQ's impairment testing for the January 1, 2010 opening balance sheet under IFRS resulted in an impairment charge for the property, plant and equipment at the Mt. Gordon Mine site and at the Bisbee site.

Property, plant and equipment
IAS 16, *Property, Plant and Equipment*, requires an entity to identify the significant component parts of its items of property, plant and equipment and depreciate those parts over their respective useful lives. Canadian GAAP only requires componentization to the extent practicable.

BioteQ has identified significant component parts within its property, plant and equipment that were not depreciated separately under Canadian GAAP. The identification of these component parts resulted in a higher depreciation than that determined under Canadian GAAP. This adjustment will be recorded in opening retained earnings upon transition to IFRS.

Foreign exchange translation
IAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires an entity to assess its foreign operation using a functional currency and presentation currency approach. There is no distinction between self-sustaining and integrated foreign operation as there is under Canadian GAAP. Where the functional currency of an entity is different from the presentation currency, an approach similar to the current rate method under Canadian GAAP is applied. The key elements are:

» Assets and liabilities are translated at the balance sheet date exchange rate.

» Income and expenses are translated at the exchange rate at the date of the transaction although the average rate may be applied as a proxy in many circumstances.

» All resulting currency exchange differences are recognized in the Foreign Currency Translation Reserve (FCTR) within other comprehensive income.

The most significant differences to BioteQ are in relation to the Australian, Chilean, China and US operations which are currently treated as integrated foreign operations under Canadian GAAP. The assessment of functional currency for these operations resulted in a change in the method of foreign currency translation under IFRS. There will be no change in the method used for the foreign currency translation of the Mexico operations based upon the assessment of the functional currency for the operation.

Joint ventures
IAS 31, *Interests in Joint Ventures*, currently provides a policy choice to account for joint ventures using either proportionate consolidation or the equity method. The International Accounting Standards Board ("IASB") is currently considering Exposure Draft 9, *Joint Arrangements*, ("ED 9"), that is intended to modify IAS 31. The IASB has indicated that it expects to issue a new standard to replace IAS 31 in early 2011. ED 9 proposes to eliminate the option to proportionately consolidate such interests that exist in IAS 31, and require an entity to recognize its interest in a joint venture using the equity method. The proposed change is not yet a requirement under IFRS and it is unclear as to when this change will be applicable.

BioteQ is currently using the proportionate consolidation method for accounting for its interests in joint ventures. The proposed change in ED 9 will impact the current accounting treatment of proportionate consolidation of the Bisbee project and the Dexing project, if and when the new IAS 31 requirements become effective for our consolidated financial statements. Until the new IAS 31 is issued and its effective date is known, BioteQ expects to continue to apply the current accounting policy to proportionately consolidate its jointly controlled entities on transition to IFRS.

Provisions
Under IFRS, an entity is required to recognize a provision when a contract becomes onerous, that is when it has a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it. Canadian GAAP only requires the recognition of such a liability in contractual situations. As well, the threshold for recognition of provisions under IFRS is lower than that under Canadian GAAP. Under IFRS, a provision must be recorded where required payment is "probable", which is a lower threshold

than “likely” under Canadian GAAP. As a result, there could be recognition of a provision under IFRS that was not previously recognized under Canadian GAAP.

RISKS AND UNCERTAINTIES

Companies operating in the process technology sector face many and varied risks. While the company strives to manage such risks to the extent possible and practical, risk management cannot eliminate risk totally. Following are the risk factors which the Company’s management believes are most important in the context of the Company’s business. It should be noted that this list may not be exhaustive and other risks may apply. An investment in the Company may not be suitable for all investors.

Dependence on Key Personnel

The Company is substantially dependent upon a number of key employees and consultants. The loss of any one or more of the Company’s key employees or consultants could have a material adverse effect on its business. Additionally, the Company’s ability to develop, manufacture and market its products and compete with current and future competitors depends, in large part, on its ability to attract and retain qualified personnel. Competition for qualified personnel in the Company’s industry may prove to be intense, and it may have to compete for personnel with companies that have substantially greater financial and other resources than it does. Failure to attract and retain qualified personnel could have a material adverse effect on the Company’s business operating results and financial condition.

Securities of the Company and Dilution

The Company anticipates generating cash flow from all plants built, but not sufficient cash flow to provide for all future financing requirements. It is anticipated that each project built will be financed largely by presently available resources, but some equity may be required. There can be no assurance that such financings will be available if needed or, if available, on terms satisfactory to the Company. The issuance of common shares in the capital of the Company in the future could result in further dilution to the Company’s shareholders.

Competition

Although the Company is not currently aware of any competitors for its metal removal process, there is a possibility that other companies will compete with the Company and such competitors may possess greater financial resources and technical facilities. Increased competition could result in significant price competition, reduced profit margins or loss of market share. The Company may not be able to compete successfully with existing or future competitors and cannot ensure that competitive pressures will not materially and adversely affect its business, operating results and financial condition.

Uncertain Profitability of Commercial Application

The Company believes there are many sites which can benefit from the Company’s processes. The Company has built eight significant commercial plants, one is awaiting installation and commissioning and several more are in the engineering stage. Until the Company has completed these revenue generating plants the Company’s success cannot be assured. The Company currently derives its revenue from a limited number of sources (contracts). The loss of any one contract could result in a materially adverse effect on the Company’s financial condition.

Technology Risk

The Company has completed the construction and commissioning of a number of plants. The operating and engineering data from these plants is used in estimates for new projects under evaluation and/or in the design engineering stage. Notwithstanding the foregoing, each new commercial venture undertaken by the Company has the inherent technical risk of any continuous biological and/or chemical process, which could include the loss of the biological feedstock.

Intellectual Property Protection

The Company cannot provide any assurance that any further intellectual property applications will be approved. Even if they are approved, such patents, trademarks or other intellectual property registrations may be successfully challenged by others or invalidated. The success of the Company and its ability to compete are substantially dependent on its internally developed technologies and processes which the Company will need to protect through a combination of patent, copyright, trade secret and trademark law.

The trademark, copyright and trade secret positions of the Company's business are uncertain and involve complex and evolving legal and factual questions. In addition, there can be no assurance that competitors will not seek to apply for and obtain trademarks and trade names that will prevent, limit or interfere with the Company's BioSulphide®, ChemSulphide®, or Sulf-IX™ processes. Litigation or regulatory proceedings, which could result in substantial cost and uncertainty to the Company, may also be necessary to enforce the intellectual property rights of the Company or to determine the scope and validity of other parties' proprietary rights. There can be no assurance that the Company will have the financial resources to defend its patents, trademarks and copyrights from infringement or claims of invalidity.

The patent positions of emerging companies can be highly uncertain and involve complex legal and factual questions. Thus, there can be no assurance that any patent applications made by or on behalf of the Company will result in the issuance of patents, that the Company will develop additional proprietary products that are patentable, that any patents issued or licensed to the Company will provide the Company with any competitive advantages or will not be challenged by any third parties, that the patents of others will not impede the ability of the Company to do business or that third parties will not be able to circumvent the patents assigned or licensed to the Company. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Company's products or, if patents are issued and licensed to the Company, design around the patented product developed for the benefit of the Company.

Since patent applications are maintained in secrecy for a period of time after filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, the Company cannot be certain that the investors of the patents were the first creators of inventions covered by pending applications, or that it was the first to file patent applications for such inventions. There can be no assurance that the Company's patents, if issued, would be valid or enforceable by a court or that a competitor's technology or product would be found to infringe such patents.

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, a third party may assert a claim that the Company infringes on their intellectual property. If the Company is forced to defend against these claims, which may be with or without any merit or whether they are resolved in favour or against the Company, the Company may face costly litigation and diversion of management's attention and resources. As a result of such a dispute, the Company may have to develop costly non-infringement technology or enter into license agreements which may not be available at favourable terms.

Access to Proprietary Information

The Company generally controls access to and distribution of its technologies, documentation and other proprietary information. Despite efforts by the Company to protect its proprietary rights from unauthorized use or disclosure, parties may attempt to disclose, obtain or use its solutions or technologies. There can be no assurance that the steps the Company has taken or will be taking will prevent misappropriation of its solutions or technologies, particularly in foreign countries where laws or law enforcement practices may not protect proprietary rights as fully as in the United States or Canada.

Commodity Prices

For some of the Company's operations, the Company will be selling recovered metals obtained from treated water to generate revenue. These recovered metals face commodity pricing risks and thus their prices may vary based on world supply and demand. There can be no assurance that the price of metals will maintain at current buying rates.

Currency Risk

Commodities are priced in United States dollars. Therefore, any devaluation of the United States dollar would adversely affect the Company's future revenues. Further, since a significant portion of the Company's expenses are in Canadian and other currencies, a significant increase in the value of such currencies relative to the United States dollar coupled with unstable or declining base metal prices could have an adverse affect on the Company's results of operations to the extent that sales of base metals are not hedged.

Environmental Regulation

The Company's business and operations are subject to environmental regulation in various jurisdictions in which it operates. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's business and operations.

Management of Growth

The Company could experience growth that could put a significant strain on each of the Company's managerial, operational and financial resources. The Company must implement and constantly improve its operational and financial systems and expand, train and manage its employee base to manage growth. The Company might also establish additional water treatment facilities which would create additional operational and management complexities. In addition, the Company expects that it's operational and management systems will face increased strain as a result of the expansion of the Company's technologies and services. The Company might not be

able to effectively manage the expansion of its operations and systems, and its procedures and controls might not be adequate to support its operations. In addition, management might not be able to make and execute decisions rapidly enough to exploit market opportunities for the expansion of the Company's technologies and services. If the Company is unable to manage its growth effectively, its business, results of operations and financial condition will suffer.

Conflicts of Interest

Certain of the directors, officers and other members of management of the Company and its subsidiaries serve (and may in the future serve) as directors, officers, promoters and members of management of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or member of management of the Company or its subsidiaries and their duties as a director, officer, promoter or member of management of such other companies. The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the Business Corporations Act (British Columbia) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Possible Volatility of Share Price

The market price of the Company's common shares could be subject to wide fluctuations in response to, and may be adversely affected by, quarterly variations in operating results, announcements of technological innovations or new products by the Company or its competitors, changes in financial estimates by securities analysts, or other events or factors. In addition, the financial markets have experienced significant price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to their operating performance. Broad market fluctuations or any failure of the Company's operating results in a particular quarter to meet market expectations may adversely affect the market price of the Company's common shares.

Lack of Dividends

No dividends have been paid to date on the Company's common shares. The Company anticipates that for the foreseeable future the Company's earnings, if any, will be retained for use in its business and that no cash dividends will be paid on the common shares.

Possible Loss of Investment

There can be no assurance of the Company's success and, therefore, any investors in securities of the Company could potentially lose their entire investment.

Dilution

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future which will result in dilution to the Company's shareholders.

Independent Auditor's Report

To the Shareholders of BioteQ Environmental Technologies Inc.

We have audited the accompanying consolidated financial statements of, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BioteQ Environmental Technologies Inc. as at December 31, 2010 and December 31, 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"*PricewaterhouseCoopers LLP*"
Chartered Accountants
March 24, 2011
Vancouver, British Columbia

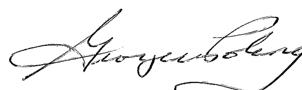
BioteQ Environmental Technologies Inc.

Consolidated Balance Sheets
As at December 31, 2010 and 2009

	2010 $	2009 $
Assets		
Current assets		
Cash and cash equivalents	4,653,465	2,491,302
Short-term investments	7,957,391	2,849,244
Trade receivables	1,676,963	2,169,978
Receivable from joint venture partners	180,204	47,288
Current portion of loan receivable (note 7)	-	468,424
Net insurance proceeds receivable (note 12)	618,248	-
Taxes recoverable	15,469	76,597
Inventory (note 5)	54,723	658,874
Prepaid expenses	237,775	223,302
	15,394,238	8,985,009
Loan receivable (note 7)	-	10,339,235
Property, plant and equipment (note 8)	7,307,136	14,930,511
Intangible asset (note 9)	100,654	131,626
	22,802,028	34,386,381
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,544,901	1,295,759
Deferred lease inducement	47,362	-
	1,592,263	1,295,759
Long-term liabilities (note 13)	46,884	-
	1,639,147	1,295,759
Shareholders' Equity		
Capital stock, warrants and contributed surplus (note 14)	63,232,605	58,689,871
Deficit	(42,069,724)	(25,599,249)
	21,162,881	33,090,622
	22,802,028	34,386,381

Commitments (note 20)
Contingencies (note 4)
Subsequent event (note 4)

Approved by the Board of Directors



P.B. Marchant, Director

G.W. Poling, Director

The accompanying notes are an integral part of these consolidated financial statements

BioteQ Environmental Technologies Inc.

Consolidated Statements of Operations, Comprehensive Loss and Deficit
For the years ended December 31, 2010 and 2009

	2010 $	2009 $
Revenue	8,744,237	6,394,615
Operating expenses		
Plant and other operating costs	4,920,893	5,036,999
General and administrative expenses	3,094,422	2,772,584
Marketing and development costs	842,572	828,843
Operating expenses before amortization , impairment and stock-based compensation	8,857,887	8,638,426
Amortization of property, plant and equipment (note 8)	967,978	1,078,159
Amortization of intangible asset (note 9)	30,972	30,972
Impairment of Mt. Gordon operations (notes 11 and 12)	7,453,439	-
Impairment of Lluvia de Oro operations (note 7)	8,282,650	-
Stock-based compensation charge (note 14)	520,500	890,000
Loss before the under-noted	(17,369,189)	(4,242,942)
Interest income	79,133	76,930
Other income	99,713	122,666
Lease fee income	1,000,710	526,231
Foreign exchange loss	(56,114)	(353,562)
Loss before income taxes	(16,245,747)	(3,870,677)
Income tax expense (note 15)	224,728	126,236
Loss before extraordinary items	(16,470,475)	(3,996,913)
Extraordinary items (note 12)	-	(697,038)
Net loss and comprehensive loss for the year	(16,470,475)	(4,693,951)
Deficit - Beginning of year	(25,599,249)	(20,905,298)
Deficit - End of year	(42,069,724)	(25,599,249)
Loss per share - basic and diluted (note 2)	(0.24)	(0.08)
Weighted average number of basic and diluted shares outstanding	67,782,512	62,087,137

The accompanying notes are an integral part of these consolidated financial statements

BioteQ Environmental Technologies Inc.

Consolidated Statements of Cash Flows
For the years ended December 31, 2010 and 2009

	2010 $	2009 $
Cash flows from (used in) operating activities		
Net loss for the year	(16,470,475)	(4,693,951)
Items not affecting cash:		
Amortization of property, plant and equipment	967,978	1,078,159
Amortization of intangible asset	30,972	30,972
Amortization of deferred lease inducement	(14,208)	-
Impairment of Mt. Gordon operations	7,389,725	-
Impairment of Lluvia de Oro operations	8,282,650	-
Stock-based compensation charge (note 14)	520,500	890,000
	707,142	(2,694,820)
Change in non-cash working capital items (note 16)	(544,352)	(1,593,595)
	162,790	(4,288,415)
Cash flows from financing activities		
Proceeds from exercise of warrants and options	22,234	42,234
Proceeds from issuance of capital stock and warrants	4,000,000	-
Increase in long-term liabilities	46,884	-
	4,069,118	42,234
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(1,068,059)	(140,746)
Purchase of short-term investments	(23,022,738)	(12,861,204)
Proceeds from sale of short-term investments	17,914,591	15,714,656
Repayment of loan receivable	4,106,461	500,000
	(2,069,745)	3,212,706
Increase (decrease) in cash and cash equivalents	2,162,163	(1,033,475)
Cash and cash equivalents		
Beginning of year	2,491,302	3,524,777
End of year	4,653,465	2,491,302

Supplemental cash flow information (note 16)

The accompanying notes are an integral part of these consolidated financial statements

1. COMPANY OPERATIONS

BioteQ Environmental Technologies Inc. ("BioteQ" or the "Company") has acquired and developed processes to treat metal-laden, sulphate-rich wastewater streams for acid neutralization and metal recovery. Fourteen commercial scale plants have been built using its patented BioSulphide® or ChemSulphide® technology.

The principal operations of the Company are to build process plants and earn revenues from recovered metals, treatment fees, plant sales, engineering fees and process licenses.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company has curtailed operations as a result of current business conditions at certain sites (notes 4, 7 and 11). For the year ended December 31, 2010, the Company incurred a net loss of $16,470,475 (2009 – $4,693,951), had a net increase in cash and short-term investments of $7,270,310 (2009 – a decrease of $3,886,927) and generated net cash from operating activities of $162,790 (2009 – used net cash of $4,288,415). The Company has not yet realized annual profitable operations and has relied on non-operational sources of financing to fund its operations. The Company's success and recoverability of long-lived assets are dependent upon its ability to achieve and sustain profitable operations at existing sites, secure projects with new customers, and may require obtaining additional funding to accelerate future growth.

2. SIGNIFICANT ACCOUNTING POLICIES

Generally accepted accounting principles

These consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada ("GAAP") and are presented in Canadian dollars.

Principles of consolidation

The consolidated financial statements include the accounts of BioteQ and its wholly owned subsidiaries, Biomet Mining Corporation, BioteQ Arizona, Inc., BioteQ Water (Australia) Pty Ltd., BioteQ Water (Chile) SpA and BioteQ Water Mexico S.A. de C.V. (the "Company"). The accounts of the joint ventures in which the Company holds an interest are proportionately consolidated. All intercompany transactions and balances have been eliminated.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Assessment of the valuation of stock-based compensation, recoverability of long-lived assets and recoverability of the loan receivable are significant areas requiring the use of estimates. Actual results could differ from those estimates.

Cash and cash equivalents

Cash consists of unrestricted bank deposits, some of which are interest bearing and all of which are classified as loans and receivables. Cash equivalents consist of banker's acceptances that are readily convertible to known amounts of cash and are held to their original maturities within 90 days from their date of purchase.

Short-term investments

The Company's short-term investments consist of banker's acceptances and are classified as held-to-maturity for accounting purposes and carried on the balance sheets at amortized cost using the effective interest method, plus accrued interest. Investments with maturities of greater than 90 days and less than one year are classified as short-term investments.

Inventory

Inventories of concentrate are valued at the lower of average production cost and net realizable value. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labour, other direct costs (including external services) and related production overheads, but exclude administrative and finance costs.

Supplies inventories are valued at the lower of cost and net replacement cost, which approximates net realizable value.

Property, plant and equipment and long-lived assets

Expenditures on property, plant and equipment are stated at cost, net of grants and contractual amounts received under feasibility studies. Amortization has been provided for in the financial statements using the following rates and methods:

Office equipment	5 years straight-line
Vehicles	5 years straight-line
Pilot plants	5 years straight-line
Water treatment plants	10 - 20 years straight-line

Costs relating to property, plant and equipment in the course of construction are capitalized. Upon commissioning, these costs will be amortized over the useful life of the asset.

The Company evaluates the recoverability of long-lived assets and asset groups by plant location whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When such a situation occurs, the estimated undiscounted future cash flows anticipated to be generated during the remaining life of the asset or asset group are compared to its net carrying value. When the net carrying amount of the asset or asset group is less than the undiscounted future cash flows, an impairment loss is recognized to the extent by which the carrying amount of the long-lived asset or asset group exceeds its fair value, based on internal estimates of discounted future cash flows or estimated salvage values. Management's estimates of mineral prices, foreign exchange rates, production levels and operating costs are subject to

risk and uncertainties that may affect the determination of the recoverability of the long-lived asset groups. It is possible that material changes could occur that may adversely affect management's estimates.

Revenue

Revenue from the Company's water treatment plants varies depending on the Company's agreements with its customers and can include:

» revenue from managing and operating the plants recognized as the services are performed;

» revenue from concentrate sales recognized when the title of the concentrate passes to the customer and collection of proceeds is reasonably assured and recorded net of refining costs and transportation fees. Revenue is initially recorded at a provisional price based on prevailing market prices. Final, or settlement, metal prices are based on a predetermined and defined quotational period one to four months after the month of shipment. The terms of the contracts result in embedded derivatives because of the timing difference between the provisional price and the final settlement price. These embedded derivatives are adjusted to fair value through revenue each period until the date of final price determination;

» fees from engineering services recognized as the services are rendered, and;

» revenue from the sale of materials and components used in the construction of water treatment plants recognized upon delivery or installation.

Government assistance

Government assistance is recorded when reasonable assurance exists that the Company has complied with the terms and conditions of the approved grant program. Government assistance is either recorded as a reduction of the cost of the applicable property, plant and equipment or credited in the statements of operations as determined by the nature of the assistance. Where assistance is contingently repayable, the repayment of these funds is treated as either an increase in the cost of the asset or an expense, in the year it is incurred, as determined by the original accounting treatment of the assistance.

Foreign currency translation

The Company's foreign subsidiaries and joint ventures are considered to be integrated foreign operations. Foreign denominated monetary assets and liabilities of the Canadian and foreign operations are translated into Canadian dollars at the rates of exchange prevailing at the balance sheet dates. Non-monetary assets and liabilities are translated at the exchange rates prevailing when the assets were acquired or the liabilities incurred. Revenues and expenses are translated at the average exchange rate prevailing during the year, except for depreciation and amortization which are translated at the same rates as those used in the translation of the corresponding assets. Foreign exchange gains and losses are included in the determination of net earnings or net loss.

Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the period, excluding performance based escrow shares. Diluted loss per share is calculated to reflect the dilutive effect of exercising outstanding stock options, warrants or equivalents by application of the treasury stock method except when the effect would be anti-dilutive. For the years ended December 31, 2010 and 2009, the Company excluded potential common share equivalents from the loss per share calculation as they were considered anti-dilutive.

Future income taxes

The Company accounts for income taxes using the liability method of tax allocation. Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases (temporary differences) and for the benefits of loss carry-forwards. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the substantive enactment date. Future income tax assets are evaluated, and if realization is not considered to be more likely than not, a valuation allowance is provided.

Stock-based compensation

The Company accounts for stock options using the fair value method calculated using the Black-Scholes option pricing model. Under this method, stock-based awards for employees are measured at the fair value of the equity instrument issued and stock-based compensation expense is recorded over the period in which the related employee services are provided. The fair value of stock-based awards to non-employees is measured at the earliest of the date at which the services are provided, the date at which a performance commitment is reached, or the option grant date if the options are fully vested and non-forfeitable. A corresponding increase in contributed surplus is recorded when stock options are exercised. When stock options are exercised, capital stock is credited by the sum of the consideration paid and the related portion previously recorded in contributed surplus. The effects of forfeitures are accounted for as they occur.

Financial instruments

The Company classifies all financial assets and liabilities as either: held-to-maturity, held-for-trading, loans and receivables, available-for-sale, or other financial liabilities. The subsequent recognition of the financial instrument depends on its initial classification.

The Company has classified its financial instruments as follows:

a) Short-term investments: the Company classified its short-term investments as held-to-maturity, which is measured at amortized cost using the effective interest method. The carrying value of short-term investments approximates fair value due to their short-term nature.

b) Cash and cash equivalents, accounts receivable, loan receivable and net insurance proceeds receivable: the Company classified its cash and cash equivalents, trade receivables, receivable from joint venture partners, loan receivable and net insurance proceeds receivable as loans and receivables, which are initially measured at fair value and subsequently at amortized cost using the effective interest method.

c) Accounts payable and accrued liabilities and long-term liabilities: the Company classified accounts payable and accrued liabilities and long-term liabilities as other financial liabilities, which are initially measured at fair value and subsequently at amortized cost using the effective interest method.

The Company expenses transaction costs in the period incurred.

3. FUTURE ACCOUNTING CHANGES

Business combinations and related sections

The Canadian Institute of Chartered Accountants ("CICA") has issued new accounting recommendations related to business combinations and minority interests effective January 1, 2011, with early adoption permitted. These new standards effectively harmonize the business combinations standard under GAAP with International Financial Reporting Standards ("IFRS"). These new standards revise guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

The CICA concurrently issued new accounting recommendations that provide revised guidance on the preparation of consolidated financial statements and accounting for non-controlling interests in consolidated financial statements subsequent to a business combination.

The Company has evaluated this policy and concluded that it will not have a material impact on the financial results of the Company.

4. AGREEMENTS

The Company has a number of revenue generating agreements. The most significant are as follows:

Raglan agreement

On April 15, 2003, the Company entered into a 10-year agreement to construct and operate a water treatment plant to remove nickel from mine water at the Raglan mine owned by Xstrata Nickel in northern Quebec.

Construction of the plant was largely completed in November 2003 and it began operations in June 2004. Under the contract, the Company charged a fixed monthly fee and charges a variable treatment fee based on the total volume of water discharged by the plant. The final fixed monthly payment was made in January 2009. The operating fee is negotiated with the customer prior to the start of each operating season. The fees are subject to certain conditions and

performance criteria that must be met by either Xstrata Nickel or by the Company. After 63 months from the plant installation date of November 2003, Xstrata Nickel has the option to purchase the plant at BioteQ's cost, less straight-line depreciation at 5% per annum, in which case the contract would cease and BioteQ would be entitled to an ongoing technology fee. At December 31, 2010, the cost of the plant, including commissioning costs, amounted to $1,987,400 (2009 - $1,987,400) and the net book value after accumulated depreciation amounted to $1,298,970 (2009 - $1,398,340).

Mt. Gordon agreement

In May 2007, BioteQ finalized the full scope of an agreement with Birla Mt. Gordon Pty Ltd. ("Birla") for the development and operation of a water treatment plant at Birla's Mt. Gordon copper mine in Queensland, Australia.

The contract provided for a plant to recover copper, cobalt and nickel from contaminated water. In addition, BioteQ was to provide an evaporation system to treat water inventory in Birla's open pit at the site subject to permitting, infrastructure and site access to be obtained and provided by the site owner.

The copper circuit, evaporation system and the separate cobalt recovery circuit completed commissioning and commenced operations on April 1, 2008.

In January 2009, heavy rainfall flooded the site causing evacuation of all site personnel and damaging a portion of the Company's plant equipment. The Company served notice to Birla to cease operations and suspended the agreement under the force majeure provisions of the contract. In February 2009, BioteQ served Birla with a termination notice for breach of the agreement. In November 2009, the Company restarted plant operations on a modified and temporary basis to demonstrate the functionality of the plant to Birla. In December 2009, operations were shut down while an amended operating agreement was negotiated.

Currently, the plant is subject to flooding and remains inactive. The Company has been unable to reach agreement with Birla on a new water treatment agreement.

Birla has commenced legal action against the Company alleging that the Company has breached and repudiated the agreement. Birla is seeking unspecified financial damages. The Company does not believe the allegations have any merit and is vigorously defending its position. The Company is also reviewing the condition of the plant and exploring its legal rights, including a counterclaim against Birla (see notes 11 and 12).

Lluvia de Oro agreement

In February 2007, BioteQ signed an agreement with NWM Mining Corporation ("NWM") (formerly Columbia Metals Corporation) for the construction of a copper recovery and cyanide regeneration plant at NWM's mine site in Sonora, Mexico.

The contract provides for BioteQ to construct a plant to treat the solution from NWM's gold heap leach operation to regenerate cyanide and recover copper, prior to gold recovery by NWM. Commissioning of the plant was completed in December 2008.

In June 2009, BioteQ, NWM and a third party, Renvest Mercantile Bancorp ("Renvest") through its Global Resource Fund, entered into an agreement that superseded all previous agreements. The agreement restructured the terms of the existing loan and included the sale of the plant to NWM under a sales type lease arrangement. The balance of the loan was secured by NWM's project assets. Ownership of the plant remained the property of BioteQ until all lease payments were made.

In September 2010, NWM repaid the balance of the loan. BioteQ's security interests in the site's assets were removed.

In August 2010, NWM gave notice to the Company that there were alleged deficiencies with the plant. The Company does not agree with this assessment and has tried to address these concerns with NWM. NWM has failed to make any lease payments and the Company has given notice to NWM that it is in default of the agreement. The Company has been unable to resolve the alleged deficiencies or agree on terms of the lease payments.

Subsequent to the year ended December 31, 2010, the Company commenced legal action against NWM seeking damages for NWM's default on the lease agreement (see note 7).

Minto agreement

In October 2009, BioteQ signed an agreement with Minto Explorations Ltd. ("Minto") for the construction of a water treatment facility at the Minto mine site. In November 2009, the companies entered into an operating contract for BioteQ to provide operating services at the plant for three seasons.

BioteQ designed and constructed the plant, which was sold to Minto upon completion. The plant was commissioned in April 2010 and the first operating season commenced.

Seasonal operations typically run from April to October of each year. BioteQ's operating contract provides for a treatment fee combining a fixed labour amount and a variable component based on the total cubic meters of water treated. Minimum standby fees and water volumes available for treatment are in place.

5. INVENTORY

	2010	2009
	$	$
Inventory of chemicals and spare parts	26,923	396,160
Inventory of metal concentrate	27,800	1,237,382
	54,723	1,633,542
Provision for metal concentrate and chemicals	-	(974,668)
	54,723	658,874

Inventory is valued at the lower of cost and net realizable value. During the year ended December 31, 2010, the inventory of metal concentrate and chemicals for the Mt. Gordon operations in the amount of $83,714 was written off as it was determined not to be recoverable by the Company (see notes 11 and 12). During the year ended December 31, 2009, a provision for the inventory of metal concentrate and chemicals was recorded for the Mt. Gordon operations to reflect the inventory at net realizable value.

The cost of inventories recognized as expense and included in plant and other operating costs for the year ended December 31, 2010 amounted to $2,440,166 (2009 - $2,958,089). Non-inventory items recorded in plant and other operating costs include items such as labour, supplies and travel.

6. INTEREST IN JOINT VENTURES

Bisbee agreement

During 2003, the Company signed agreements with Freeport-McMoRan Copper & Gold Inc. (“FMI”) (formerly Phelps Dodge Corporation) for the construction and operation of a 50:50 joint venture water processing project at FMI’s Bisbee property in southern Arizona. The plant recovers copper from a low-grade waste water stream. The plant was constructed by BioteQ and commissioning was completed in August 2004; the plant has been operational from that date.

On April 1, 2009, BioteQ and FMI agreed to place the Bisbee operation on furlough, to initiate technical improvements and cost reduction measures that are expected to improve the profitability of the joint venture. In May 2010, the joint venture announced that all requirements for restart of the plant were met and full operations resumed.

BioteQ's 50% interest in the joint venture in the consolidated financial statements is as follows:

	2010 $	2009 $
Consolidated balance sheets		
Current assets	47,000	6,800
Long-term assets	1,368,000	1,498,000
Consolidated statements of operations		
Revenue	460,200	477,200
Operating loss	(36,100)	(45,000)
Net loss	(179,400)	(185,000)
Consolidated statements of cash flows		
Operating activities	(77,000)	(24,900)
Financing activities	90,400	24,900
Investing activities	(13,400)	-

Dexing agreement

During 2006, BioteQ signed a definitive joint venture agreement with Jiangxi Copper Corporation ("JCC") for the operation of a water treatment facility located at JCC's Dexing mine in Jiangxi Province, China. The joint venture agreement, which forms an equal share joint venture company between BioteQ and JCC, is called JCC-BioteQ Environmental Technologies Co. Ltd. The joint venture builds and operates water treatment plants using BioteQ's technology. The agreement includes a license contract whereby BioteQ will provide its patented technology on a royalty-free basis to the joint venture company for use at the Dexing project as well as five additional sites owned and operated by JCC. The plant commenced operations on April 1, 2008.

BioteQ's 50% interest in the joint venture in the consolidated financial statements is as follows:

	2010 $	2009 $
Consolidated balance sheets		
Current assets	2,760,200	2,085,000
Long-term assets	2,165,700	1,302,000
Current liabilities	(680,200)	(544,000)
Consolidated statements of operations		
Revenue	3,228,100	2,172,000
Expenses	(1,679,600)	(1,741,000)
Net income	1,324,900	305,000
Consolidated statements of cash flows		
Operating activities	1,229,100	288,000
Financing activities	(833,800)	(153,000)
Investing activities	(66,100)	(74,000)

During the year, the joint venture partners agreed to construct a new plant facility at the site. The new water treatment plant is designed to recover cobalt and nickel from acid wastewater using an innovative ion exchange technology developed by the Company. BioteQ's share of the capital cost is anticipated to be approximately $1.5 million and construction is expected to be completed in Q1 2011. At year end, BioteQ has recognized a total of $773,000 as construction in progress costs and has future commitments of $866,000 towards the completion of the plant.

7. LOAN RECEIVABLE

In April 2008, BioteQ agreed to provide $4 million in debt financing to NWM to bring the Lluvia-Jojoba gold and copper mine into production to coincide with the completion of BioteQ's water treatment plant.

In June 2009, the Company, NWM, and a third party, Renvest, entered into an agreement to refinance the original terms of the loan and enter into a new lease arrangement for BioteQ's plant at the site. The key terms of the agreement were as follows:

- NWM made a payment of $500,000 on June 12, 2009 to the Company against the existing loan.
- The repayment terms of the remaining loan were restructured. BioteQ would charge NWM an annualized interest rate of LIBOR + 2% on the outstanding balance, and a revised schedule of minimum repayments began in January 2010.
- The Company sold its plant to NWM under a sales type lease arrangement. The net book value of the plant at the time the agreement was entered into was $6,302,661. The Company would receive total lease payments of $9,621,710 under the agreement. Payments would be due each month beginning in October 2010.
- Renvest provided NWM with additional capital to resume and expand mining operations at the site. The Company agreed to share its first charge over the project assets with Renvest on a pro-rata basis to secure its loan. The Company would retain legal title to the plant until all lease payments were received.

In September 2010, NWM elected to repay the balance of the loan. The Company received $3,606,461 in cash as full repayment of all outstanding principal and interest. The Company released its share of the first charge over the project assets that were held as security on the loan. The terms of the lease agreement for the plant remained in place.

At December 31, 2010, the Company has determined significant indicators of impairment related to the carrying value of the lease. The Company has been unable to resolve the current situation with NWM, in relation to alleged deficiencies with the plant and missed lease payments under the agreement (see note 4).

Subsequent to the year ended December 31, 2010, the Company is pursuing legal action against NWM but it is unknown if any amounts will be realized. At year end, the lease balance of $7,907,650 was fully impaired due to the uncertainty associated with estimated future cash

flows. The Company retains ownership of the plant and will continue to pursue alternative remedies to recover the value of the assets. In addition, the Company accrued $375,000 of site removal costs related to the plant.

Below is a summary of the total loan and lease balance:

	Loan $	Lease $	Total $
Balance - December 31, 2009	3,978,767	6,828,892	10,807,659
Total interest	99,713	-	99,713
Total additions	27,981	78,048	106,029
Total lease fee income	-	1,000,710	1,000,710
Total repayments	(4,106,461)	-	(4,106,461)
Balance - December 31, 2010	-	7,907,650	7,907,650
Less: impairment charge	-	7,907,650	7,907,650
Long-term portion	-	-	-

8. PROPERTY, PLANT AND EQUIPMENT

			2010
	Cost $	Accumulated Amortization $	Net $
Pilot plants	372,113	365,815	6,298
Office equipment	381,870	231,675	150,195
Vehicles	175,844	109,302	66,542
Water treatment plants	7,690,247	2,414,821	5,275,426
Construction in progress	1,808,675	-	1,808,675
	10,428,749	3,121,613	7,307,136

			2009
	Cost $	Accumulated Amortization $	Net $
Pilot plants	372,113	361,631	10,482
Office equipment	279,590	190,709	88,881
Vehicles	162,464	77,574	84,890
Water treatment plants	16,517,026	2,777,400	13,739,626
Construction in progress	1,006,632	-	1,006,632
	18,337,825	3,407,314	14,930,511

Amortization expense for the year ended December 31, 2010 amounted to $967,978 (2009 - $1,078,159). An impairment charge of $6,913,725 related to water treatment plants was recorded.

9. INTANGIBLE ASSET

	Cost	Accumulated Amortization	Net
	$	$	$
Intellectual property			
December 31, 2010	247,770	147,116	100,654
December 31, 2009	247,770	116,144	131,626

BioteQ had a continuing obligation to pay royalties under a cooperative development agreement which expired on June 2, 2004. The agreement was replaced in March 2006 with a new marketing and royalty agreement under which BioteQ has paid a one-time lump sum of $247,770 for the use of certain technology. The one-time payment allows BioteQ to build one plant each year until 2014 using this technology. The payment has been capitalized as an intangible asset, and will be amortized over 8 years.

10. LONG-LIVED ASSETS AND MEASUREMENT UNCERTAINTY

The Company regularly reviews the carrying values of its long-lived assets. In light of current business and site-specific conditions, including inactive operations, as well as the Company's operating performance to date, a review was conducted for each of the Company's operating plants experiencing possible impairment conditions. The Company tests for recoverability using a two-step process. The first step involves the assessment of the undiscounted estimated future cash flows on a project by project basis compared to the current carrying value of each project. When impairment is indicated by the first step, a second step is carried out to measure the impairment using discounted cash flows to estimate the fair value.

Based on the current review of business conditions as well as estimated future cash flows, management believes that there are sufficient opportunities at each project to recover the current carrying value of long-lived assets with the exception of the Mt. Gordon site (see note 11). Changes in market conditions, reserve estimates and other assumptions used in these estimates may result in future write-downs.

11. IMPAIRMENT OF MT. GORDON OPERATIONS

BioteQ served a further termination notice in July 2010 (see note 4). The Company is currently reviewing the condition of the plant and exploring its legal rights, obligations and alternatives.

The Company is doubtful that a new agreement with Birla will be reached. On this basis, the Company has determined that the assets at the Mt. Gordon mine site are impaired as at December 31, 2010 due to the uncertainty associated with estimated future cash flows. The Company has recorded an impairment charge of $6,997,439 for the full carrying amount of the plant and inventory, of which $6,913,725 relates to property, plant and equipment and $83,714 relates to inventory. See note 12 for additional impairment relating to the Mt. Gordon operations.

12. NET INSURANCE PROCEEDS RECEIVABLE

In January 2009, the Mt. Gordon mine site experienced heavy rainfall that flooded the site and led to suspension of all mining and water treatment activities. The Company suffered damages to equipment and inventory and has reviewed the extent of the damages with its insurance provider.

At the time of the initial insurance claim, the Company expected to replace the damaged equipment and inventory under the terms of its insurance policy. Any items that were not expected to be recovered under the policy were expensed during the year ended December 31, 2009. BioteQ has determined that the Mt. Gordon mine site is unlikely to resume operations (see note 11). As a result, under the terms of its insurance policy, the Company has elected to receive payment for the indemnity value of the equipment and inventory, which is a lower amount than the originally estimated replacement cost. At year end, the Company has estimated insurance proceeds receivable of $618,248, net of the deductible. The Company has recognized an impairment of approximately $456,000 from the original estimated claim.

13. LONG-TERM INCENTIVE PLAN

Deferred share unit plan

The Company implemented a Deferred Share Unit Plan, effective July 1, 2010, pursuant to which deferred share units (“DSU”) may be granted to non-employee members of the Board of Directors on an annual basis. The number of DSUs granted to a participant is calculated by dividing (i) a specified dollar amount of the participant’s annual retainer, by (ii) the five-day volume weighted average trading price of the shares of the Company traded through the facilities of the Toronto Stock Exchange on the trading days immediately preceding the date of grant. Dividends paid on the shares of the Company are credited as additional DSUs. Each DSU entitles the holder to receive a cash payment equal to the five-day volume weighted average trading price of the shares preceding the date of redemption. The DSUs vest immediately and may only be redeemed within the period beginning on the date a holder ceases to be a participant under the plan and ending on December 31 of the following calendar year.

During the year, an aggregate of 57,780 DSUs were granted to non-employee members of the Board of Directors, representing the 2010 grant.

14. CAPITAL STOCK, WARRANTS AND CONTRIBUTED SURPLUS

Authorized

Unlimited common shares without par value

Issued and outstanding

	Common Shares		Warrants	Contributed Surplus	
	Number of Shares	Amount $	Amount $	Amount $	Total $
Balance - December 31, 2008	66,126,974	51,089,406	-	6,668,231	57,757,637
Stock-based compensation	-	-	-	890,000	890,000
Exercise of options	63,334	58,974	-	(16,740)	42,234
Balance - December 31, 2009	66,190,308	51,148,380	-	7,541,491	58,689,871
Stock-based compensation	-	-	-	520,500	520,500
Issuance of capital stock and warrants	3,636,364	2,486,583	1,513,417	-	4,000,000
Exercise of options	38,334	33,849	-	(11,615)	22,234
Balance - December 31, 2010	69,865,006	53,668,812	1,513,417	8,050,376	63,232,605

On January 22, 2010, the Company entered into an agreement with Newalta Corporation ("Newalta") to pursue joint projects that apply the technologies of both companies. In connection with this agreement, Newalta purchased 3,636,364 common shares of the Company, at an issue price of $1.10 per share, for total cash consideration of $4 million. Each share purchased includes an additional warrant to purchase one common share of the Company at $1.375 per share for one year and $1.65 per share thereafter. The warrants expire after five years. The proceeds of the investment were allocated on a relative fair value basis with $2,486,583 allocated to common shares and $1,513,417 allocated to the warrants. The fair value of the warrants was estimated at the date of the offering using the following Black-Scholes estimates:

Expected dividend yield	-
Expected volatility	103%
Risk-free interest rate	1.63%
Expected average warrant term	3 years

a) Stock options

The Company has a stock option plan available to directors, employees and consultants. Under the plan, the Company may grant stock options to purchase shares up to 10% of the Company's issued and outstanding share capital from time to time. At December 31, 2010, 6,986,501 options are available for issue, of which 6,148,001 have been issued. Options vest at the rate of 33% every six months from award and have a maximum term of five years from the date of the grant. A summary of the change in the Company's stock option plan for the period is as follows:

		2010		2009
	Number	Weighted average exercise price $	Number	Weighted average exercise price $
Outstanding - January 1	5,708,001	2.26	4,820,368	2.59
Options exercised	(38,334)	0.58	(63,334)	0.67
Options granted	710,000	0.94	1,125,000	0.56
Options forfeited	(231,666)	1.84	(174,033)	2.46
Outstanding - December 31	6,148,001	2.13	5,708,001	2.26
Exercisable at December 31	5,499,668	2.28	4,433,557	2.54
Available for future grant pursuant to Company's stock option plan at December 31	838,500		911,030	

The following table summarizes information about common share options outstanding at December 31:

	Range of exercise prices $	Number of outstanding at December 31	Weighted average remaining contractual life (years)	Weighted average exercise price $
2010	0.51 - 1.00	1,421,666	3.8	0.62
	1.01 - 1.50	976,667	1.5	1.30
	1.51 - 2.00	1,322,668	0.5	1.68
	2.01 - 2.50	74,934	1.0	2.32
	3.01 - 3.50	1,095,000	2.6	3.00
	4.01 - 4.50	1,257,066	1.6	4.20
		6,148,001	1.8	2.13
2009	0.51 - 1.00	1,211,666	4.2	0.59
	1.01 - 1.50	666,667	1.3	1.34
	1.51 - 2.00	1,322,668	1.5	1.68
	2.01 - 2.50	74,934	2.0	2.32
	3.01 - 3.50	1,125,000	3.6	3.00
	4.01 - 4.50	1,307,066	2.6	4.20
		5,708,001	2.5	2.26

The fair value of stock options granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2010	2009
Expected dividend yield	-	-
Expected stock price volatility	90% - 104%	80% - 85%
Risk-free interest rates	1.83% - 2.13%	1.75% - 2.00%
Expected life of options (years)	3	3

The weighted average fair value and weighted average exercise price of options granted in the periods indicated were as follows:

	Weighted average fair value $	Weighted average exercise price $
Year ended December 31, 2010	0.59	0.94
Year ended December 31, 2009	0.30	0.56

b) Escrow shares

At December 31, 2010, the common shares issued include nil (2009 – 2,100,000) performance shares which were to be released from escrow based upon the cash flow performance of the Company determined annually in accordance with the policies of the Toronto Venture Exchange. Any performance shares not released within 10 years from issuance on December 20, 2000 would be cancelled and returned to the Company's treasury. At the Company's annual general meeting on April 23, 2007, the shareholders approved a change in the escrow arrangement to a time release method. The time release formula would allow release of the escrow shares over a period of 36 months, on the basis of 10% of the shares on the date specified in the news release announcing the conversion, and 30% of the original number of the escrow shares every 12 months thereafter. The three time releases of 30% are also subject to the Company building and operating a total of three new water treatment plants in each period of 12 months. The new plants are cumulative in qualifying for each release of 30%.

The change in the escrow arrangement was approved by all parties to the original escrow contract and represents a modification of the escrowed shares, which resulted in additional stock-based compensation expense of $2,100,000 during 2007. The first release of 10% (700,000 performance shares) took place in October 2007. For each of the years ended December 31, 2008 and 2009, the Board of Directors approved the release of 2,100,000 escrowed shares.

During the year ended December 31, 2010, the Board of Directors approved the release of the final 2,100,000 of escrowed shares.

Loss per share, basic and diluted, and weighted average number of basic and diluted shares outstanding exclude these performance based escrow shares.

	2010	2009
Total number of escrow shares outstanding	nil	2,100,000

c) Warrants

On January 22, 2010, the Company issued 3,636,364 warrants to Newalta in connection with the above share capital issuance. Each warrant provides the holder with the right to purchase one common share of the Company at $1.375 per share for one year and $1.65 per share thereafter. The warrants expire after five years.

As at December 31, 2010, no warrants were exercised.

15. INCOME TAXES

As at December 31, 2010, the Company has approximately $919,000 of research and development expenditures available for unlimited carry-forward, and $86,000 of investment tax credits, expiring 2019 to 2020, all of which may be used to reduce future Canadian income taxes otherwise payable.

The Company has accumulated losses of approximately $13,114,000 for Canadian income tax purposes which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

	$
2014	1,439,000
2015	2,284,000
2026	2,416,000
2027	1,629,000
2028	1,952,000
2029	2,373,000
2030	1,021,000
	13,114,000

In addition, BioteQ has available tax losses in other jurisdictions that total $5,691,000 (2009 - $4,600,000). These losses can be carried forward to offset against future taxable income in those jurisdictions with expiry periods that range from 10 years to indefinitely.

As at December 31, 2010, the Company's future tax assets and liabilities were as follows:

	2010 $	2009 $
Property, plant and equipment	2,939,000	664,000
Loan receivable	2,214,000	-
Reserves	105,000	-
Financing costs	-	79,000
Research and development expense carry-forwards	286,000	286,000
Non-capital losses carry-forwards	5,089,000	4,826,000
	10,633,000	5,855,000
Valuation allowance	(10,633,000)	(5,855,000)
Total future income tax assets	-	-

No income tax benefits related to the future tax assets have been recognized in the accounts as their realization does not meet the requirement of "more likely than not" under the liability method of tax allocation.

The reconciliation of income tax attributable to operations computed at the statutory tax rates to income tax expense (recovery), using a 28.5% (2009 - 30%) statutory tax rate, for the year ended December 31 is as follows:

	2010 $	2009 $
Income tax recovery at statutory rates	(4,630,000)	(1,370,000)
Change in valuation allowance	4,778,000	692,000
Non-deductible expenses	152,000	269,000
Tax rate differences	(147,000)	213,000
Other	72,000	322,000
Total income tax expense	225,000	126,000

16. CONSOLIDATED STATEMENTS OF CASH FLOWS – SUPPLEMENTAL INFORMATION

Change in non-cash working capital items

	2010 $	2009 $
Decrease (increase) in trade receivables	493,015	(608,338)
Increase in receivable from joint venture partners	(132,916)	(46,269)
Decrease (increase) in taxes recoverable	61,128	(19,840)
Increase in interest income on loan receivable	(99,713)	(65,576)
Increase in loan receivable	(106,029)	-
Increase in accrued lease fee income	(1,000,710)	(526,231)
Decrease in inventory	485,903	237,035
Decrease (increase) in prepaid expenses	(14,473)	150,556
Decrease in account payable and accrued liabilities	(230,557)	(714,932)
Change in non-cash working capital items	(544,352)	(1,593,595)

Supplemental cash flow information

	2010 $	2009 $
Supplemental cash flow information		
Withholding taxes paid	-	41,923
Income taxes paid	162,868	204,654
Non-cash operating, financing and investing activities		
Increase in loan receivable on disposal of property, plant and equipment	-	6,302,661
Increase in accounts payable for demobilization costs related to property, plant and equipment	479,699	-
Increase in deferred lease inducement related to leasehold improvements	61,570	-
Increase in insurance proceeds receivable for damages to inventory and property, plant and equipment	618,248	-

17. SEGMENTED INFORMATION

The Company currently has one operating segment. Geographic disclosures are as follows:

	2010 $	2009 $
Revenue		
Canada	3,622,213	2,770,847
U.S.	1,105,675	624,501
Australia	324,574	115,861
China	3,283,945	2,265,422
Other	407,830	617,984
	8,744,237	6,394,615

	2010 $	2009 $
Property, plant and equipment		
Canada	1,975,853	2,037,183
U.S.	2,556,443	2,743,390
Australia	32,673	8,287,457
China	2,720,842	1,862,481
Other	21,325	-
	7,307,136	14,930,511

Revenues are attributed to countries based on the location of customers.

Revenues were derived from customers that individually accounted for greater than 10% of total revenue, as follows:

	2010 $	2009 $
Customer A	1,488,064	1,402,953
Customer B	3,283,945	2,171,892
Customer C	2,016,149	1,330,538
	6,788,158	4,905,383

18. FINANCIAL INSTRUMENTS

Under GAAP, financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity, available-for-sale, loans and receivables, and other financial liabilities. The following table summarizes information regarding the carrying values of the Company's financial instruments:

	2010 $	2009 $
Held-to-maturity (short-term investments)	7,957,391	2,849,244
Loans and receivables	7,128,880	15,516,227
Other financial liabilities	1,591,785	1,295,759

Interest income and other gains and losses from held-to-maturity financial assets are recognized in interest income. Interest income, expense and gains and losses from loans, receivables and other financial liabilities are recognized in other income (expense). The following table summarizes interest income and expense under the effective interest method for the years ended December 31, 2010 and 2009:

	2010 $	2009 $
Interest income from:		
Held-to-maturity (short-term investments)	35,225	31,613
Loans and receivables	1,144,331	694,214

Fair value

Cash and cash equivalents, short-term investments, trade receivables, receivable from joint venture partners, loan receivable, net insurance proceeds receivable and accounts payable and accrued liabilities are short-term financial instruments whose fair value approximates the carrying amount given that they will mature shortly.

Measurement uncertainty

The Company recognizes revenues on sales of recovered metals at a provisional price for the metals at the time of shipment. All sales that have not been settled at the reporting period have been recognized at market prices at the balance sheet dates. Actual settlement prices are based on market prices of metals one to four months after shipment. Future changes in market prices could require a material change in recognized amounts in future periods.

Risks

The Company's activities expose it to various risks, including credit risk, market risks such as foreign currency risk, commodity price risk and interest rate risk, and liquidity risk. The Company's risk management activities are designed to mitigate possible adverse effects on the Company's performance, having regard for the size and scope of the Company's operations, with a primary focus on preservation of capital. Risk management activities are managed by the

finance and accounting department. The Company's risk management policies and procedures have not changed from 2009.

a) Interest rate risk

Short-term investments are invested in separate investments with varying maturities exposing the Company to interest rate risk on these financial instruments. All short-term investments have remaining maturities of less than one year. The recognized interest income of the Company's short-term investments for the year ended December 31, 2010 was $35,225 (2009 - $31,613). It is estimated that net income (loss) would fluctuate by $79,500 (2009 - $7,200) per annum for every 1% change in the prevailing rates of interest.

b) Credit risk

The Company is exposed to credit risk on its cash and cash equivalents, short-term investments, trade receivables, loans receivable and net insurance proceeds receivable. As the Company does not utilize credit derivatives or similar instruments, the maximum exposure to credit risk is the full carrying value of the financial instrument. The Company minimizes the credit risk on cash and cash equivalents and short-term investments by depositing only with reputable financial institutions and limiting the term to maturity to less than one year.

Credit risk on trade receivables, loan receivable and net insurance proceeds receivable is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All of the Company's receivables have been reviewed for indicators of impairment. At December 31, 2010, the allowance for doubtful accounts balance was $nil (2009 - $nil). In addition, BioteQ recorded a bad debt expense of $nil during the year ended December 31, 2010 (2009 - $nil). Of the Company's receivables, there are no overdue balances and collection is reasonably assured. The definition of items that are past due is determined by reference to terms agreed with individual customers. No trade receivables have been challenged by the respective customers and the Company continues to conduct business with them on an ongoing basis. The net insurance proceeds receivable is an estimate of the recovery on settlement of the outstanding insurance claim. The Company expects that upon settlement, collection of the amount is reasonably assured. Accordingly, management has no reason to believe that the balances are not fully collectible.

As of December 31, 2010, there were tax related recoverables of $560,595 (2009 - $663,692) which accounted for 33% (2009 - 31%) of all trade receivables. Of this balance, $545,126 (2009 - $652,091) related to Mexican IVA tax (GST), which had been paid on construction work on the water treatment plant in Mexico. The Company has no reason to believe that these balances will not be collected.

c) Foreign currency risk

There is a risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company's financial results are reported in Canadian dollars. The Company does not hedge foreign exchange risks.

The Company's exposure to foreign currency risk is primarily related to fluctuations in the value of the Canadian dollar relative to that of the United States dollar, because the Company's revenues are largely derived from the sale of commodities which are priced in U.S. dollars. In addition, and to a lesser extent, the Company is exposed to currency fluctuations related to operating costs and any construction costs in the local currencies where its plants are being built. Presently, currencies affected would be the Australian dollar, Chinese Renminbi, Mexican Pesos and Chilean Pesos. If the Canadian dollar depreciated by 1% against the currencies mentioned above, with all other variables held constant, the impact of the foreign currency change on the other foreign financial instruments would lead to additional after tax net income of $31,600. For the year ended December 31, 2010, the Company reported a foreign exchange loss of $56,114 (2009 - $353,562).

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents and short-term investments. The ability to do this relies on the Company collecting its trade receivables in a timely manner and maintaining sufficient cash and cash equivalents in excess of anticipated needs. At December 31, 2010, the Company's accounts payable and accrued liabilities were $1,544,901 (2009 - $1,295,759), which fall due for payment within twelve months of the balance sheet date. See note 20 for additional commitments.

e) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken. The Company does not have any hedging or other commodity based risks respecting its operations. At December 31, 2010, the Company has copper sales of $19,272 (2009 - $nil) that are subject to commodity price risk. If the copper price changes by 1% against the value recorded, the impact would result in either an increase or decrease in revenues of $193 (2009 - $nil).

19. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders' equity, excluding accumulated other comprehensive income. The Company manages its capital to ensure that financial flexibility is present to increase shareholder value through organic growth and selective acquisitions as well as allow the Company to respond to changes in economic and/or marketplace conditions.

Considering the early stage of development of the Company, it has not utilized debt financing to any significant degree and currently has no outstanding debt or facilities, and there are no externally imposed capital requirements. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to a normal course issuer bid, raise debt financing or refinance existing debt with different characteristics. There were no changes in the Company's approach to capital management during the year.

20. COMMITMENTS

The Company has commitments of $357,099 under operating leases for office and laboratory premises and for office equipment, as follows:

	$
2011	205,810
2012	140,323
2013	5,244
2014	4,990
2015	732
	357,099

BioteQ has future commitments of $866,000 for the completion of the new water treatment plant at the Dexing mine site, which is expected to be completed in Q1 2011 (see note 6).

21. GOVERNMENT ASSISTANCE

In June 2009, the Company entered into an agreement with the National Research Council Canada ("NRC") under its Industrial Research Assistance Program ("IRAP") to provide funds to assist in testing new applications of wastewater treatment technologies in the energy sector. The NRC agrees to reimburse BioteQ for wage costs incurred on account of the research work performed to a maximum of $295,000. The agreement ends March 31, 2011.

During the year, the company received $138,315 (2009 - $17,335) of government assistance and has a receivable of $16,556 (2009 - $16,456) at December 31, 2010. The total amount of government assistance of $154,871 (2009 - $33,791) has been recorded as a reduction to development expenses.

22. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform to the current year presentation.

Board of Directors

George W. Poling[1,4], PhD
Chairman of the Board of Directors
Independent Consultant and Professor Emeritus
University of British Columbia
Vancouver, British Columbia

C. Bruce Burton[1,3], BBA, MBA, CA, ICD.D
Independent Businessman
Toronto, Ontario

Kelvin P.M. Dushnisky[2,3], BSc (Hon), MSc, LLB
Executive Vice-President, Corporate Affairs
Barrick Gold Corporation
Toronto, Ontario

Christopher A. Fleming[3,4], PhD
Senior Metallurgical Consultant
SGS Minerals Service
Lakefield, Ontario

P. Bradley Marchant, MASc
CEO of the Company
Vancouver, British Columbia

Clement A. Pelletier[2,4], BSc
Chief Executive Officer
Rescan Environmental Services Ltd.
Vancouver, British Columbia

Ronald Sifton[1,2], CA, ICD.D
Independent Businessman
Calgary, Alberta

[1]Member, Audit Committee
[2]Member, Compensation Committee
[3]Member, Corporate Governance Committee
[4]Member, Safety and Environment Committee

Management Team

P. Bradley Marchant, MASc
Chief Executive Officer

David Kratochvil, PhD, PEng
President & Chief Operating Officer

Paul Kim, CA
Vice-President, Chief Financial Officer & Corporate Secretary

Tanja McQueen, MBA
Vice-President, Corporate Development

Corporate Information

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Vancouver, British Columbia

Auditors
PricewaterhouseCoopers
Vancouver, British Columbia

Banker
HSBC Bank Canada
Vancouver, British Columbia

Transfer Agent
Computershare
Vancouver, British Columbia

Stock Exchange
Toronto Stock Exchange (TSX)
Symbol: BQE

Annual Meeting
9:00 am Thursday, May 26, 2011
Vancouver Marriott Pinnacle Downtown Hotel
Point Grey Room
1128 West Hastings Street
Vancouver, British Columbia V6E 4R5

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