

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **December 31, 2017**

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **000-54756**

PACIFIC GREEN TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

N/A

(IRS Employer
Identification No.)

5205 Prospect Road, Suite 135-226, San Jose, CA

(Address of principal executive offices)

95129

(Zip Code)

(408) 538-3373

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

39,858,415 common shares issued and outstanding as of 19th of February, 2018.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited interim condensed consolidated financial statements for the nine month period ended December 31, 2017 form part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X.

PACIFIC GREEN TECHNOLOGIES INC.
Condensed Consolidated Interim Financial Statements
December 31, 2017
(Expressed in US dollars)
(unaudited)

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PACIFIC GREEN TECHNOLOGIES INC.
Condensed Consolidated Interim Balance Sheets
(Expressed in U.S. dollars)

	December 31, 2017 \$	March 31, 2017 \$
	(unaudited)	
ASSETS		
Cash	290,115	382,167
Amounts receivable	4,792	25,780
Prepaid expenses	56,265	11,004
Due from related parties (Note 10)	25,187	24,987
Total Current Assets	376,359	443,938
	12,875	12,875
Lease receivable (Note 3)	1,995,000	–
Property and equipment (Note 4)	18,157	1,327,196
Intangible assets (Note 5)	10,841,021	11,497,880
Total Assets	13,230,537	13,269,014
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	1,213,638	860,050
Loan payable (Note 6)	–	361,931
Convertible debenture (Note 7)	30,000	90,000
Note payable, net of unamortized discount of \$nil and \$33,438, respectively (Note 9)	–	4,966,562
Due to related parties (Note 10)	178,544	4,110,693
Derivative liability (Note 8)	158,065	192,286
Total Liabilities	1,580,247	10,581,522
Nature of Operations and Continuance of Business (Note 1)		
Commitments (Note 15)		
Subsequent Event (Note 16)		
Stockholders' Equity		
Preferred stock, 10,000,000 shares authorized, \$0.001 par value Nil shares issued and outstanding	–	–
Common stock, 500,000,000 shares authorized, \$0.001 par value 39,858,415 and 26,297,430 shares issued and outstanding, respectively	39,858	26,297
Common stock issuable (Note 11)	150,000	50,000
Additional paid-in capital	78,462,495	65,907,617
Accumulated other comprehensive income	228,519	261,789
Deficit	(67,230,582)	(63,558,211)
Total Stockholders' Equity	11,650,290	2,687,492
Total Liabilities and Stockholders' Equity	13,230,537	13,269,014

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

PACIFIC GREEN TECHNOLOGIES INC.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

(Expressed in U.S. dollars)

(unaudited)

	Three Months Ended December 31, 2017 \$	Three Months Ended December 31, 2016 \$	Nine Months Ended December 31, 2017 \$	Nine Months Ended December 31, 2016 \$
Revenue	1,995,000	–	1,995,000	–
Cost of goods sold	1,856,108	–	1,856,108	–
Gross profit	138,892	–	138,892	–
Expenses				
Advertising and promotion	45,235	–	69,185	–
Amortization of intangible assets (Note 5)	218,953	218,953	656,859	656,859
Consulting fees (Note 10)	403,184	578,923	581,983	1,002,225
Depreciation	2,356	2,356	7,069	2,356
Foreign exchange loss (gain)	1,955	(135,536)	49,870	(288,594)
Office and miscellaneous	25,585	64,133	89,282	133,372
Professional fees	175,616	61,225	264,905	201,691
Research and development	581,742	4,848	1,011,706	233,702
Transfer agent and filing fees	5,284	(2,575)	31,135	15,854
Travel	89,000	56,537	215,338	110,139
Total expenses	1,548,910	848,864	2,977,332	2,067,604
Loss before other income (expense)	(1,410,018)	(848,864)	(2,838,440)	(2,067,604)
Other income (expense)				
Gain (loss) on change in fair value of derivative liabilities (Note 9)	96,634	(137,217)	(187,735)	196,091
Impairment on capitalized costs (Note 4)	7,641	–	(282,939)	–
Interest expense (Notes 6, 7, and 8)	(2,500)	(314,466)	(346,499)	(924,459)
Loss on extinguishment of debt	(114,389)	–	(16,758)	–
Total other income (expense)	(12,614)	(451,683)	(833,931)	(728,368)
Net loss for the period	(1,422,632)	(1,300,547)	(3,672,371)	(2,795,972)
Other comprehensive income (loss)				
Foreign currency translation gain (loss)	(75,374)	35,388	(33,270)	54,993
Comprehensive loss for the period	(1,498,006)	(1,265,159)	(3,705,641)	(2,740,979)
Net loss per share, basic and diluted	(0.04)	(0.05)	(0.12)	(0.12)
Weighted average number of shares outstanding	38,525,241	24,113,779	30,875,288	23,820,178

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

PACIFIC GREEN TECHNOLOGIES INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in U.S. dollars)
(unaudited)

	Nine Months Ended December 31, 2017 \$	Nine Months Ended December 31, 2016 \$
Operating Activities		
Net loss for the period	(3,672,371)	(2,795,972)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discounts on note payable and convertible debenture	33,438	249,459
Amortization of intangible assets	656,859	656,859
Depreciation	7,069	2,356
Impairment on capitalized costs	282,939	–
Imputed interest	293,478	675,000
Loss on extinguishment of debt	16,758	–
Loss (gain) on change in fair value of derivative liability	187,735	(196,091)
Stock-based compensation	9,900	–
Changes in operating assets and liabilities:		
Amounts receivable	20,988	491
Prepaid expenses	(45,261)	(16,628)
Due from related parties	(200)	(22,692)
Accounts payable and accrued liabilities	439,071	324,739
Due to related parties	175,610	(305,060)
Net Cash Used In Operating Activities	(1,593,987)	(1,427,539)
Investing Activities		
Additions of property and equipment	(460,294)	(847,468)
Net Cash Used In Investing Activities	(460,294)	(847,468)
Financing Activities		
Proceeds from issuance of common stock	2,851,600	3,430,500
Repayments to related parties	(338,450)	(451,352)
Repayment of loan payable	(30,917)	(113,280)
Net Cash Provided by Financing Activities	2,482,233	2,865,868
Effect of Foreign Exchange Rate Changes on Cash	(520,004)	(163,229)
Change in Cash	(92,052)	427,632
Cash, Beginning of Period	382,167	40,108
Cash, End of Period	290,115	467,740
Non-cash Investing and Financing Activities:		
Accrued interest settled with common stock	85,483	–
Amount due to related parties settled with common stock	3,731,681	–
Amount due to related parties settled with stock options	78,165	–
Convertible debenture settled with common stock	60,000	–
Derivative liability settled with common stock	221,956	–
Equipment sold under long-term sales-type lease	1,856,108	–
Loan payable settled with common stock	350,335	–
Note payable settled with common stock	5,000,000	–
Reallocation of amount due to a related party to amounts receivable	–	11,257
Supplemental Disclosures:		
Interest paid	–	–

Income taxes paid	—	—
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(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Interim Financial Statements

December 31, 2017

(Expressed in U.S. Dollars)

(unaudited)

1. Nature of Operations and Continuance of Business

Pacific Green Technologies Inc. (the "Company") is engaged in the commercialization and development of its proprietary emissions control and scrubber technologies. With its technical and manufacturing partners, the Company has developed applications for the marine, manufacturing, and utility sectors to reduce pollutants and contaminants from emissions. The Company's goal is to bring new emission control solutions to help address the world's need for clean and sustainable energy.

The accompanying condensed consolidated interim financial statements of the Company should be read in conjunction with the consolidated financial statements and accompanying notes filed with the U.S. Securities and Exchange Commission in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments of a recurring nature considered necessary to present fairly the Company's financial position and the results of its operations and its cash flows for the periods shown.

The preparation of these condensed consolidated interim financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from those estimates. The results of operations and cash flows for the periods shown are not necessarily indicative of the results to be expected for the full year.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders and note holders, the ability of the Company to obtain necessary equity financing to continue operations, and ultimately the attainment of profitable operations. As at December 31, 2017, the Company has a working capital deficit of \$1,203,888, and has an accumulated deficit of \$67,230,582 since inception. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Principles of Consolidation

These condensed consolidated interim financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in U.S. dollars. These condensed consolidated interim financial statements include the accounts of the Company and the following entities:

Pacific Green Technologies Marine Limited (PGTML)	Wholly-owned subsidiary
Pacific Green Technologies International Limited ("PGTIL")	Wholly-owned subsidiary
Energy Park Sutton Bridge Ltd. ("EPSB")	Wholly-owned subsidiary of PGTIL
Pacific Green Technologies Asia Limited ("PGTA")	Wholly-owned subsidiary of PGTIL
Pacific Green Technologies China Limited ("PGTC")	Wholly-owned subsidiary of PGTA

All inter-company balances and transactions have been eliminated.

(b) Financial Instruments

ASC 820, "Fair Value Measurements and Disclosures" requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Interim Financial Statements

December 31, 2017

(Expressed in U.S. Dollars)

(unaudited)

2. Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, amounts receivable, amounts due from and to related parties, accounts payable and accrued liabilities, loan payable, convertible debenture, and note payable. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

The following table represents assets and liabilities that are measured and recognized at fair value as of December 31, 2017, on a recurring basis:

	Level 1 \$	Level 2 \$	Level 3 \$
Cash	290,115	–	–
Derivative liability	–	158,065	–
Total	290,115	158,065	–

During the nine months ended December 31, 2017, the Company recognized a loss on change in fair value of derivative liability of \$187,735 (2016 - gain of \$196,091).

(c) Revenue recognition

The Company's recognizes revenues when equipment has been delivered and accepted by a customer and risk of ownership has transferred. In addition, terms and pricing has been finalized and the collectability of proceeds is reasonably assured. During the quarter, the Company completed the installation of a scrubber unit under an energy management lease arrangement. The energy management lease arrangement qualifies for sales-type lease accounting and includes an option for the transfer of title at the conclusion of the lease payments.

(d) Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its consolidated financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

3. Lease Receivable

The Company's investment in sales-type lease at December 31, 2017, consists of amounts due from a customer under a long-term lease arrangement. No amount has been allocated to residual value or other deliverables; accordingly, the amount presented in the balance sheet represents the present value of amounts due under the energy management contract. The entire amount is presented as a long-term receivable.

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Interim Financial Statements

December 31, 2017

(Expressed in U.S. Dollars)

(unaudited)

4. Property and Equipment

	Cost	Accumulated amortization	December 31, 2017 Net carrying value	March 31, 2017 Net carrying value
	\$	\$	\$	\$
Furniture and equipment	4,155	1,039	3,116	3,739
Leasehold improvements	25,784	10,743	15,041	21,487
Scrubber system	–	–	–	1,301,970
Total	29,939	11,782	18,157	1,327,196

During the nine months ended December 31, 2017, the Company completed installation and delivery of a scrubber system.

5. Intangible Assets

	Cost	Accumulated amortization	Impairment	December 31, 2017 Net carrying value	March 31, 2017 Net carrying value
	\$	\$	\$	\$	\$
Patents and technical information	35,852,556	(4,554,280)	(20,457,255)	10,841,021	11,497,880

On May 17, 2013, the Company entered into an Assignment of Assets agreement with EnviroTechnologies, Inc. (“Enviro”), a company with a common significant shareholder who has a significant influence on the operations of both companies. Pursuant to the agreement, the Company acquired various patents and technical information related to the manufacture of a wet scrubber for removing sulphur, other pollutants, and the particulate matter from diesel engine exhaust. In exchange for these assets, the Company waived all obligations owing to the Company as well as agreed to return a total of 88,876,443 of Enviro’s shares back to Enviro. The obligations waived consisted of \$237,156 owing to the Company as well as \$93,721 of debt owing to Pacific Green Group Limited (“PGG”), a company controlled by a shareholder and director of the Company who has a significant influence on the Company’s operations, which was assigned to the Company. This shareholder became a director of the Company on May 8, 2017. The Company entered into share exchange agreements with Enviro shareholders pursuant to which it issued shares of its common stock in exchange for shares of Enviro on a one-for-ten basis. The intangible assets acquired were recorded at cost and is being amortized using the straight-line method over the estimated useful life of 17 years.

6. Loan Payable

As at December 31, 2017, PGTIL, the Company’s wholly owned subsidiary, owes \$nil (March 31, 2017 - \$361,931 (£289,144)) to a significant shareholder of the Company, which bore interest at 6.5% per annum, was unsecured, and was due on demand.

On September 25, 2017, the Company issued 404,901 shares of common stock in full settlement of the principal and interest outstanding of \$404,901. Refer to Note 11(g).

7. Convertible Debenture

On November 10, 2015, the Company entered into a \$110,000 convertible debenture with a non-related party, in exchange for \$100,000, net of \$10,000 for legal fees which was deferred and amortized over the term of the debenture. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum, and due on November 10, 2016. The note is convertible into shares of common stock of the Company equal to the lower of: (a) \$0.40 or (b) 60% of the lowest trading price of the Company’s common stock during the 20 consecutive trading days prior to the date of conversion. As at December 31, 2017, the Company recorded accrued interest of \$29,349 (March 31, 2017 - \$17,164), which has been included in accounts payable and accrued liabilities.

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Interim Financial Statements

December 31, 2017

(Expressed in U.S. Dollars)

(unaudited)

7. Convertible Debenture (continued)

The Company analyzed the conversion option under ASC 815, and determined that the conversion feature should be classified as a liability and recorded at fair value due to there being no explicit limit to the number of shares to be delivered upon settlement of the conversion option. In accordance with ASC 815, the Company recognized the intrinsic value of the embedded beneficial conversion feature of \$110,000. During the nine months ended December 31, 2017, the Company had amortized \$nil (2016 - \$105,018) of the debt discount to interest expense. On February 22, 2017, the Company issued 50,000 shares of common stock for the conversion of \$20,000 of this debenture. On August 10, 2017, the Company issued 100,000 shares of common stock for the conversion of \$20,000 of this debenture. On October 4, 2017, the Company issued 320,000 shares of common stock for the conversion of \$40,000 of this debenture. Refer to Note 11. As at December 31, 2017, the carrying value of the debenture was \$30,000 (March 31, 2017 - \$90,000) and the fair value of the derivative liability was \$158,065 (March 31, 2017 - \$192,286).

8. Derivative Liability

The Company records the fair value of the conversion price of the convertible debenture disclosed in Note 7 in accordance with ASC 815. The fair value of the derivative liability was calculated using a binomial option pricing model. The fair value of the derivative liability is revalued on each balance sheet date with corresponding gains and losses recorded in the consolidated statement of operations. During the nine months ended December 31, 2017, the Company recorded a loss on the change in fair value of the derivative liability of \$187,735 (2016 – gain 196,091). As at December 31, 2017, the Company recorded a derivative liability of \$158,065 (March 31, 2017 - \$192,286).

The following inputs and assumptions were used to calculate the fair value of the beneficial conversion feature of the convertible debenture outstanding as at December 31, 2017, assuming no expected dividends:

	As at December 31, 2017	As at October 4, 2017	As at August 10, 2017
Estimated common stock issuable upon conversion	247,287	774,784	575,745
Estimated exercise price per common share	0.24	0.125	0.20
Risk-free interest rate	1.4%	1.1%	1.1%
Expected volatility	206%	436%	225%
Expected life (in years)	0.25	0.25	0.39

A summary of the activity of the derivative liability is shown below:

	\$
Balance, March 31, 2017	192,286
Mark to market adjustment	187,735
Adjustment for extinguishment	(221,956)
Balance, December 31, 2017	158,065

9. Note Payable

	December 31, 2017 \$
Balance, March 31, 2017	4,966,562
Accretion of unamortized discount	33,438
Repayment (Note 11(f))	(5,000,000)
Balance, December 31, 2017	–

On June 14, 2012, the Company entered into an Assignment and Share Transfer Agreement with PGG concerning the assignment of the Representation Agreement entered between PGG and Enviro and the purchase of 100% of the issued and outstanding common shares of PGTML, a subsidiary of PGG, in exchange for an aggregate of 5,000,000 shares of common stock as well as a \$5,000,000 promissory note.

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Interim Financial Statements

December 31, 2017

(Expressed in U.S. Dollars)

(unaudited)

9. Note Payable (continued)

The note had been discounted at a market rate of 18% to arrive at the net present value of \$3,127,171 as at June 12, 2012. The note is unsecured and cannot itself be used by PGG to cause the Company to become insolvent. During the nine months ended December 31, 2017, the Company recorded imputed interest of \$293,478 (2016 - \$675,000) at a rate of 18% per annum which has been included in additional paid-in capital.

On September 25, 2017, the Company issued 5,000,000 shares of common stock in settlement of the outstanding promissory note with PGG.

10. Related Party Transactions

- (a) As at December 31, 2017, the Company was owed \$25,187 (March 31, 2017 - \$24,987) from a shareholder and director of the Company who has a significant influence on the Company's operations. The amount owed is unsecured, non-interest bearing, and due on demand
- (b) As at December 31, 2017, the Company owed \$191,159 (March 31, 2017 - \$3,945,833) to PGG, of which \$27,601 (March 31, 2017 - \$25,127) was recorded in accounts payable and accrued liabilities. The amounts owing are unsecured, non-interest bearing, and due on demand. On July 20, 2016, the Company entered into a conversion agreement with this company, whereby up to \$1,000,000 in outstanding amounts may be converted at a rate of \$0.70 per share for a 12 month period between July 20, 2016 and July 20, 2017. The Company determined that the convertible debt contained no embedded beneficial conversion feature as the conversion price was the same as the fair market value of the Company's common stock on the date of issuance.
- (c) As at December 31, 2017, the Company owed \$37,986 (March 31, 2017 - \$200,017) to directors of the Company, of which \$23,000 (March 31, 2017 - \$10,030) was recorded in accounts payable and accrued liabilities. The amounts owing are unsecured, non-interest bearing, and due on demand.
- (d) During the nine months ended September 30, 2017, the Company incurred \$230,000 (2016 - \$180,000) in consulting fees to PGG.
- (e) During the nine months ended September 30, 2017, the Company incurred \$81,610 (2016 - \$186,080) in consulting fees to companies controlled by directors of the Company.

11. Common Stock

- (a) On June 1, 2017, the Company issued 33,333 shares of common stock relating to a non-brokered private placement at a price of \$1.50 per share for proceeds of \$50,000, which was recorded as common stock issuable as at March 31, 2017.
- (b) On June 1, 2017, the Company issued 500,000 shares of common stock relating to a non-brokered private placement at a price of \$0.80 per share for proceeds of \$400,000.
- (c) On September 13, 2017, the Company issued 1,337,500 shares of common stock relating to non-brokered private placements at a price of \$0.80 per share for proceeds of \$1,070,000.
- (d) On September 13, 2017, the Company issued 22,000 shares of common stock with a fair value of \$9,900 to various consultants for consulting services. The fair value of the common stock was determined based on the closing price of the Company's common stock.
- (e) On September 19, 2017, the Company issued 100,000 shares of common stock with a fair value of \$125,000 pursuant to a conversion of \$20,000 in principal and \$107,545 in derivative liability relating to the November 10, 2015 convertible debenture. The fair value of the common stock was determined based on the closing price of the Company's common stock. This transaction resulted in a gain on extinguishment of debt of \$2,545. Refer to Note 7.
- (f) On September 25, 2017, the Company issued 8,636,595 shares of common stock with a fair value of \$8,636,595 to PGG in settlement of the note payable of \$5,000,000 and \$3,636,595 in outstanding loans and other advances due on demand.
- (g) On September 25, 2017, the Company issued 404,901 shares of common stock with a fair value of \$404,901 to a significant shareholder of the Company in settlement of the loan payable of \$319,418 (£284,144) and accrued interest of \$85,483 (£65,525). Refer to Note 6.

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Interim Financial Statements

December 31, 2017

(Expressed in U.S. Dollars)

(unaudited)

11. Common Stock (continued)

- (h) On October 4, 2017, the Company issued 320,000 shares of common stock with a fair value of \$268,800 pursuant to a conversion of \$40,000 in principal and \$114,411 in derivative liability relating to the November 10, 2015 convertible debenture. The fair value of the common stock was determined based on the closing price of the Company's common stock. This transaction resulted in a loss on extinguishment of debt of \$114,389. Refer to Note 7.
- (i) On November 7, 2017, the Company issued 934,963 shares of common stock for proceeds of \$935 pursuant to the exercise of share purchase warrants a company controlled by a shareholder and director of the Company who has a significant influence on the Company's operations.
- (j) On December 1, 2017, the Company issued 50,000 shares of common stock relating to non-brokered private placement at a price of \$0.80 per share for proceeds of \$40,000.
- (k) On December 1, 2017, the Company issued 221,628 shares of common stock relating to non-brokered private placements at a price of \$0.86 per share for proceeds of \$190,600.
- (l) On December 1, 2017, the Company issued 1,000,065 shares of common stock relating to non-brokered private placements at a price of \$1.00 per share for proceeds of \$1,000,065.
- (m) As at December 31, 2017, the Company had \$150,000 of share subscription proceeds for 150,000 shares of common stock at a price of \$1.00 per share recorded as common stock issuable.

12. Share Purchase Warrants

	Number of warrants	Weighted average exercise price \$
Balance, March 31, 2017	2,268,297	0.88
Exercised	(934,963)	0.001
Expired	(666,667)	1.50
Balance, December 31, 2017	666,667	1.50

As at December 31, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
2,268,297	1.50	December 23, 2018

13. Stock Options

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Aggregate intrinsic value \$
Balance, March 31, 2017	362,500	0.01	0.7	377,000
Granted	175,000	0.01	2.0	-
Balance, December 31, 2017	537,500	0.01	0.9	451,500

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Interim Financial Statements

December 31, 2017

(Expressed in U.S. Dollars)

(unaudited)

13. Stock Options (continued)

Additional information regarding stock options outstanding as at December 31, 2017 is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.01	537,500	0.9	0.01

On September 26, 2017, the Company granted 175,000 stock options to a company controlled by a director of the Company. The options are exercisable at \$0.01 per share for a 2-year term. These options were issued in exchange for management services previously accrued at \$175,000 and have been recorded at their fair value of \$78,165 as estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following weighted average assumptions:

The fair value of stock options granted to the directors and officers have been

	2017	2016
Risk-free interest rate	1.45%	–
Expected life (in years)	2	–
Expected volatility	251%	–

14. Segmented Information

The Company is located and operates in the United States and its subsidiaries are primarily located and operating in the United Kingdom and China.

	December 31, 2017		
	United States \$	Europe \$	Total \$
Lease receivable	–	1,995,000	1,995,000
Property and equipment	18,157	–	18,157
Intangible assets	10,841,021	–	10,841,021
Total non-current assets	10,859,178	1,995,000	12,854,178

15. Commitments

(a) On May 1, 2010, the Company entered into consulting agreements with Sichel Limited (“Sichel”), the parent company of PGG. Sichel will assist the Company in developing commercial agreements for green technology and the building of an international distribution centre. Effective December 31, 2013, this consulting agreement was assigned to Pacific Green Development Ltd., a company controlled by a shareholder and director of the Company who has a significant influence in the Company's operations. The agreement shall continue for four years with consideration as follows:

- i) Stock consideration to PGG or to any third party as directed by PGG of 5,000 ordinary shares of common stock of the Company upon signing of the agreement, which have been waived by PGG;
- ii) Monthly consultancy fees of \$20,000 are to be paid within fourteen days of each month-end. If the Company is unable to pay this fee, then PGG has the option to elect to be paid 5,000 shares of common stock of the Company in lieu of cash;
- iii) Sales commission of 10% of sales value excluding shipping and local sales taxes; and
- iv) Finance commission of 10% of net proceeds of any funds raised by way of issued of stock, debt or convertible note after any brokers commission as introduced by PGG.

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Interim Financial Statements

December 31, 2017

(Expressed in U.S. Dollars)

(unaudited)

15. Commitments (continued)

- (b) On August 4, 2016, the Company entered into a three year lease agreement commencing November 15, 2016. The minimum lease payments over the remaining term of the lease are as follows:

Fiscal year	\$
2018	14,839
2019	61,229
2020	39,339
	115,407

- (c) On September 22, 2016, PGTC entered into a one year research and development agreement with a non-related party to conduct testing on the scrubber system after it is installed and accepted by a customer of the non-related party in Yancheng, China. Pursuant to the agreement, PGTC will pay \$160,198 (RMB1,050,000) to the non-related party on each of the three and six month anniversaries from the date of acceptance of the system (July 2017).
- (d) On January 1, 2017, PGTC entered into a one year tooling development agreement with a non-related party to begin tooling for pending projects in advance of orders to facilitate shorter delivery times. Pursuant to the agreement, PGTC will pay \$160,198 (RMB1,050,000), on the one year anniversary of the acceptance of the system.
- (e) On January 1, 2017, PGTC entered into a nine month sales and marketing agreement with a non-related party to conduct sales and marketing services for the scrubber system in China. Pursuant to the agreement, PGTC will pay \$160,198 (RMB1,050,000), on the nine month anniversary of the acceptance of the system.
- (f) On July 14, 2017, the Company entered into a new memorandum of understanding to establish a new joint venture company in China with a non-related party (the "Supplier") wherein the Supplier would receive and process orders, manufacture, and install products for the Company's customers. In return, the Company agreed to design the product, provide strategic pricing, sales and marketing direction, as well as provide technology licenses and technical support (the "Technology") to the Supplier. During the term of the agreement, the Company will provide the Supplier with a non-transferrable right and license to use the Technology to manufacture and install the product within the Asia and Russia region.

The parties will fund the venture proportionately, 50.1% by the Company and 49.9% by the Supplier, and excess operating cash flows will be distributed on a quarterly basis.

16. Subsequent Event

Subsequent to December 31, 2017, the Company received \$150,000 of share subscription proceeds for 150,000 shares of common stock at \$1.00 per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "could", "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable laws, including the securities laws of the United States, we do not intend to update any of the forward-looking statements so as to conform these statements to actual results.

Our unaudited consolidated financial statements are stated in U.S. dollars and are prepared in accordance with generally accepted accounting principles in the United States. The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report.

As used in this current report and unless otherwise indicated, the terms "we", "us", "our" and "our company" mean Pacific Green Technologies Inc., a Delaware corporation, and our wholly owned subsidiaries, Pacific Green Technologies Limited, a United Kingdom corporation, Pacific Green Energy Parks Limited, a British Virgin Islands corporation, and its wholly owned subsidiary, Energy Park Sutton Bridge, a United Kingdom corporation, unless otherwise indicated.

Corporate History

Our company was incorporated in Delaware on March 10, 1994, under the name of Beta Acquisition Corp. In September 1995, we changed our name to In-Sports International, Inc. In August 2002, we changed our name from In-Sports International, Inc. to ECash, Inc. In 2007, due to limited financial resources, we discontinued our operations. Over the course of the last five years, we have sought new business opportunities.

On June 13, 2012, we changed our name to Pacific Green Technologies Inc. and effected a reverse split of our common stock following which we had 27,002 shares of common stock outstanding with \$0.001 par value.

Effective December 4, 2012, we filed with the Delaware Secretary of State a Certificate of Amendment of Certificate of Incorporation, wherein we increased our authorized share capital to 510,000,000 shares of stock as follows:

- 500,000,000 shares of common stock with a par value of \$0.001; and
- 10,000,000 shares of preferred stock with a par value of \$0.001.

The increase of authorized capital was approved by our board of directors on July 1, 2012 and by a majority of our stockholders by a resolution dated July 1, 2012.

Effective November 1, 2016, Mr. Jordan Starkman resigned as a Director and, if any, from all offices of our company. Mr. Starkman's resignation was not the result of any disagreements with our company regarding our operations, policies, practices or otherwise. Our board of directors now consists of Andrew Jolly, Alexander Shead and Neil Carmichael.

Historical Business Overview

On May 1, 2010 we entered into a consulting agreement with Sichel Limited. Sichel has investigated new opportunities for us and has subscribed for new shares of our company's common stock. The consulting agreement entitles Sichel to \$20,000 per calendar month. With an effective date of March 31, 2013, the consulting agreement, along with all amounts owed to Sichel, were assigned to Pacific Green Group Limited ("PGG"). As at December 31, 2014, we owed Sichel \$nil and we owed PGG \$5,223,110. Pursuant to the terms of the consulting agreement, if we are unable to pay the monthly consulting fee, PGG may elect to be paid in shares of stock, and if we are unable to make payments for more than six months in any 12 month period, PGG has the right to appoint an officer or director to the board, which right has not been exercised at this time.

New Strategy

Since 2012, the Company has focused on marketing, developing and acquiring technologies designed to improve the environment by reducing pollution. The Company has acquired technologies, patents and intellectual property from EnviroTechnologies Inc. through share transfer, assignment and representation agreements entered into during 2012 and 2013. Following those acquisitions, management has expanded the registration of intellectual property rights around the world and pursued opportunities globally for the development and marketing of the emission control technologies.

Working with a worldwide network of agents to market the ENVI-Systems™ emission control technologies, the Company has focused on three applications of the technology:

ENVI-Marine™

Diesel exhaust from ships, ferries and tankers includes ash and soot as particulate components and sulphur dioxide as an acid gas. Testing has been conducted on diesel shipping to confirm the application of seawater as a neutralizing agent for sulphur emissions as well as capturing particulate matter. In addition to marine applications, these tests also showed applicability of the system for large displacement engines such as stationary generators, compressors, container handling, heavy construction and mining equipment.

The Company has manufactured and installed the components for an ENVI-Marine unit in Union Maritimes' (Union) MV Westminster chemical ship. Under the terms of an Energy Management Lease dated December 16, 2016, Union will make quarterly payments to the Company determined on their savings realized by the ENVI-Marine units' operation up to an aggregate of \$1,995,000.

The Company has been actively marketing its ENVI-Marine™ units to ship brokers and ship owners through most of the year.

ENVI-Pure™

Increasing legislation relating to landfill of municipal solid waste has led to the emergence of increasing numbers of waste to energy plants ("WtE"). A WtE plant obviates the need for landfill, burning municipal waste for conversion to electricity. A WtE plant is typically 45-100MW. The ENVI-Clean™ system is particularly suited to WtE as it cleans multiple pollutants in a single system.

ENVI-Clean™

EnviroTechnologies Inc. has successfully conducted sulphur dioxide demonstration tests at the American Bituminous Coal Partners power plant in Grant Town, West Virginia. The testing achieved a three test average of 99.3% removal efficiency. The implementation of US Clean Air regulations in July 2010 has created additional demand for sulphur dioxide removal in all industries emitting sulphur pollution. Furthermore, China consumes approximately one half of the world's coal, but introduced measures designed to reduce energy and carbon intensity in its 12th Five Year Plan. Applications include regional power facilities and heating for commercial buildings and greenhouses. Typical applications range in size from 1 to 20 megawatts (MW) with power generation occupying the larger end of the range.

Following the signing of a joint venture agreement with Power China SPEM, subsequent to year end an ENVI-Clean™ was sold to a steelworks company in Yancheng to remove SO² from its 93MW gas combustion powerplant.

The ENVI-Clean™ system removes most of the sulphur dioxide, particulate matter, greenhouse gases and other hazardous air pollutants from the flue gases produced by the combustion of coal, biomass, municipal solid waste, diesel and other fuels.

The ENVI-Clean™ system is comprised of five components:

- an induced draft fan (“ID fan”);
- a gas conditioning chamber;
- the ENVI-Clean™ unit;
- a demister; and
- settling tanks.

The ID fan creates the pressure differential required to force the gas through the scrubbing fluid suspended on each head and move it through the other components in the system. The gas conditioning chamber cools the hot flue gas prior to entering the ENVI-Clean™ System. The ENVI-Clean™ System contains the heads and the demister pads at the exhaust exit. The neutralizing fluid is constantly circulated and cleaned by mechanical means with the contaminated component of the separation going to a settling tank prior to dewatering. The settled solids are disposed of with the bottom ash produced by the combustion process.

The ENVI-CES™ technology forces 100% of the polluted exhaust flue gas into the neutralizing fluid to produce a highly turbulent interaction between the target pollutants and the fluid. The aggressive mixing produces small bubbles which create a very high surface contact area between the exhaust gas and fluid to enhance the transfer of particulate and targeted gaseous and hazardous pollutants from the exhaust to the fluid.

Unique to the ENVI approach is the introduction of the gas in the lower section of the ENVI-Clean™ unit which makes the greatest portion of its cross section available for fluid–gas interaction. This permits a smaller and highly flexible footprint. Furthermore, the system design allows for multiple heads each containing different neutralizing fluids to remove various pollutants from the flue gas. The ordered removal of acid and greenhouse gases within a single unit makes the system highly desirable by industries whose fuels contain multiple contaminants. The resulting ENVI-Clean™ unit has high efficiency and is very simple to operate.

The neutralizing solution is selected to remove targeted pollutants: limestone and hydrated lime are used to neutralize the scrubbing solution for the removal of acid gases such as sulphur dioxide, hydrogen chloride and hydrogen fluoride. The unique design of the ENVI system allows for the sequential removal of pollutants by stacking heads and utilizing different neutralizing chemistry in each operating unit. This provides industry with a system that fulfills multiple applications.

The ENVI-Clean™ system has numerous new and retrofit applications:

- coal and coal waste fuelled CFBC boilers;
- pulverized coal and stoker-grate boilers;
- heavy oil fired boilers;
- biomass and waste to energy boilers;
- lime kilns, dryers, shredders and foundries;
- industrial exhaust scrubbing of particulates and acid gases;
- diesel engines, large marine and stationary engines; and
- sewage sludge, hazardous waste and MSW incinerators.

Management, assisted by PGG, has identified an opportunity to build a business focused on marketing, developing and acquiring technologies designed to improve the environment by reducing pollution. To this end we entered into and closed an assignment and share transfer agreement, on June 14, 2012, for the assignment of a representation agreement and the acquisition of a company involved in the environmental technology industry.

The assignment and share transfer agreement closed on June 14, 2012 via the issuance of 5,000,000 shares of our common stock as well as a \$5,000,000 promissory note to PGG. We have consequently undertaken the operations of Pacific Green Technologies Limited and PGG's obligations under the representation agreement.

Full consideration contemplated by the assignment and share transfer agreement was \$25,000,000 satisfied through the issue of 5,000,000 new shares of our common stock at a price of \$4 per share with the balance of \$5,000,000 structured as a promissory note over the next five years as follows:

- June 12, 2013, \$1,000,000 (which remains outstanding and has been rolled over to the following payment date);
- June 12, 2014, \$1,000,000 (which remains outstanding and has been rolled over to the following payment date);
- June 12, 2015, \$1,000,000 (which remains outstanding and has been rolled over to the following payment date);
- June 12, 2016, \$1,000,000 (which remains outstanding and has been rolled over to the following payment date); and
- June 12, 2017, \$1,000,000.

Under the terms of the promissory note, the loan repayments specified above shall not exceed the amount we earn under the terms of the representation agreement. If we are unable to meet the repayment schedule set out above, PGG will have the option to either roll over any unpaid portion to the following payment date or to convert the outstanding amount into new shares of our common stock. However, the entire amount of the promissory note is due upon the maturity date on the fifth anniversary. The promissory note is unsecured.

The total consideration of \$25,000,000 was a purchase price not determined under U.S. GAAP, and both the \$25,000,000 total price and the deemed price of \$4 per share does not represent the fair value of the stock issued or a value used in accounting for the acquisition. The number of shares issued and the terms of the promissory note were negotiated between the parties and are intended to represent full consideration for the acquisition of Pacific Green Technologies Limited and the representation agreement.

Since 2012, the Company has focused on marketing, developing and acquiring technologies designed to improve the environment by reducing pollution. The Company has acquired technologies, patents and intellectual property from EnviroTechnologies Inc. through share transfer, assignment and representation agreements entered into during 2012 and 2013. Following those acquisitions, management has expanded the registration of intellectual property rights around the world and pursued opportunities globally for the development and marketing of the emission control technologies.

Working with a worldwide network of agents to market the ENVI-Systems™ emission control technologies, the Company has focused on three applications of the technology:

ENVI-Marine™

Diesel exhaust from ships, ferries and tankers includes ash and soot as particulate components and sulphur dioxide as an acid gas. Testing has been conducted on diesel shipping to confirm the application of seawater as a neutralizing agent for sulphur emissions as well as capturing particulate matter. In addition to marine applications, these tests also showed applicability of the system for large displacement engines such as stationary generators, compressors, container handling, heavy construction and mining equipment.

The Company has manufactured the components for an ENVI-Marine unit to be installed in Union Maritimes' (Union) MV Westminster chemical ship during the summer of 2017. Under the terms of an Energy Management Lease dated December 16, 2016, following acceptance of the unit by Union, they will make quarterly payments to the Company determined on their savings realized by the ENVI-Marine units' operation up to an aggregate of \$1,995,000.

The Company has been actively marketing its ENVI-Marine™ units to ship brokers and ship owners through most of the year.

ENVI-Pure™

Increasing legislation relating to landfill of municipal solid waste has led to the emergence of increasing numbers of waste to energy plants (“WtE”). A WtE plant obviates the need for landfill, burning municipal waste for conversion to electricity. A WtE plant is typically 45-100MW. The ENVI-Clean™ system is particularly suited to WtE as it cleans multiple pollutants in a single system.

ENVI-Clean™

EnviroTechnologies Inc. has successfully conducted sulphur dioxide demonstration tests at the American Bituminous Coal Partners power plant in Grant Town, West Virginia. The testing achieved a three test average of 99.3% removal efficiency. The implementation of US Clean Air regulations in July 2010 has created additional demand for sulphur dioxide removal in all industries emitting sulphur pollution. Furthermore, China consumes approximately one half of the world’s coal, but introduced measures designed to reduce energy and carbon intensity in its 12th Five Year Plan. Applications include regional power facilities and heating for commercial buildings and greenhouses. Typical applications range in size from 1 to 20 megawatts (MW) with power generation occupying the larger end of the range.

Following the signing of a joint venture agreement with Power China SPEM, subsequent to year end an ENVI-Clean™ was sold to a steelworks company in Yancheng to remove SO² from its 93MW gas combustion powerplant.

The ENVI-Clean™ system removes most of the sulphur dioxide, particulate matter, greenhouse gases and other hazardous air pollutants from the flue gases produced by the combustion of coal, biomass, municipal solid waste, diesel and other fuels.

The ENVI-Clean™ system is comprised of five components:

- an induced draft fan (“ID fan”);
- a gas conditioning chamber;
- the ENVI-Clean™ unit;
- a demister; and
- settling tanks.

The ID fan creates the pressure differential required to force the gas through the scrubbing fluid suspended on each head and move it through the other components in the system. The gas conditioning chamber cools the hot flue gas prior to entering the ENVI-Clean™ System. The ENVI-Clean™ System contains the heads and the demister pads at the exhaust exit. The neutralizing fluid is constantly circulated and cleaned by mechanical means with the contaminated component of the separation going to a settling tank prior to dewatering. The settled solids are disposed of with the bottom ash produced by the combustion process.

The ENVI-CES™ technology forces 100% of the polluted exhaust flue gas into the neutralizing fluid to produce a highly turbulent interaction between the target pollutants and the fluid. The aggressive mixing produces small bubbles which create a very high surface contact area between the exhaust gas and fluid to enhance the transfer of particulate and targeted gaseous and hazardous pollutants from the exhaust to the fluid.

Unique to the ENVI approach is the introduction of the gas in the lower section of the ENVI-Clean™ unit which makes the greatest portion of its cross section available for fluid–gas interaction. This permits a smaller and highly flexible footprint. Furthermore, the system design allows for multiple heads each containing different neutralizing fluids to remove various pollutants from the flue gas. The ordered removal of acid and greenhouse gases within a single unit makes the system highly desirable by industries whose fuels contain multiple contaminants. The resulting ENVI-Clean™ unit has high efficiency and is very simple to operate.

The neutralizing solution is selected to remove targeted pollutants: limestone and hydrated lime are used to neutralize the scrubbing solution for the removal of acid gases such as sulphur dioxide, hydrogen chloride and hydrogen fluoride. The unique design of the ENVI system allows for the sequential removal of pollutants by stacking heads and utilizing different neutralizing chemistry in each operating unit. This provides industry with a system that fulfills multiple applications.

The ENVI-Clean™ system has numerous new and retrofit applications:

- coal and coal waste fuelled CFBC boilers;
- pulverized coal and stoker-grate boilers;
- heavy oil fired boilers;
- biomass and waste to energy boilers;
- lime kilns, dryers, shredders and foundries;
- industrial exhaust scrubbing of particulates and acid gases;
- diesel engines, large marine and stationary engines; and
- sewage sludge, hazardous waste and MSW incinerators.

Other Business Matters

On April 3, 2013, we entered into and closed a share exchange agreement with certain shareholders of EnviroTechnologies. Pursuant to the terms of the share exchange agreement, we agreed to acquire 17,653,872 issued and outstanding common shares of EnviroTechnologies from the shareholders in exchange for the issuance of 1,765,395 shares of the common stock of our company. We issued an aggregate of 1,765,395 common shares to 47 shareholders.

On April 25, 2013, we entered into and closed share exchange agreements with certain shareholders of EnviroTechnologies. Pursuant to the terms of the share exchange agreement, we agreed to acquire 6,682,357 issued and outstanding common shares of EnviroTechnologies from the shareholders in exchange for the issuance of 668,238 shares of common stock of our company. We issued an aggregate of 668,238 common shares to 20 shareholders.

On May 15, 2013, we entered into and closed a stock purchase agreement with all five of the shareholders of Pacific Green Energy Parks Limited ("PGEP"), a company incorporated in the British Virgin Islands. PGEP is the sole shareholder of Energy Park Sutton Bridge Limited, a company incorporated in the United Kingdom. PGEP is developing a biomass power plant facility and holds an option to purchase the real property upon which the facility will be built.

Pursuant to the stock purchase agreement, we agreed to acquire all of the 1,752 issued and outstanding common shares of PGEP from the shareholders in exchange for:

1. a payment of \$100 upon execution of the stock purchase agreement, which has been paid by us;
2. \$14,000,000 paid in common shares in our capital stock at a deemed price at the lower of \$4 per share or the average closing price per share of our capital stock in the ten trading days immediately preceding the date of closing of the stock purchase agreement, which have been issued by us;
3. \$3,000,000 payable in common shares of our capital stock at a deemed price at the lower of \$4 per share or the average closing price per share of our capital stock in the ten trading days immediately preceding the date upon which PGEP either purchases the property or secures a lease permitting PGEP to operate the facility on the property, which has not yet occurred; and

4. subject to leasing or purchasing the property and PGEP securing sufficient financing for the construction of the facility, \$33,000,000 payable in common shares of our capital stock at a deemed price at the lower of \$4 per share or the average closing price per share of our capital stock in the ten trading days immediately preceding the date that PGEP secures sufficient financing for the construction of the facility, which has not yet occurred.

All consideration from our company to the shareholders has been and will be issued on a pro-rata, pari-passu basis in proportion to the respective number of shares of PGEP sold by each respective shareholder. On May 15, 2013, pursuant to the stock purchase agreement, we issued an aggregate of 3,500,000 common shares, at an agreed upon deemed price of \$4 per share, to the five shareholders.

Pacific Green Energy Parks Limited and its wholly owned subsidiary, Energy Park Sutton Bridge, are now subsidiaries of our company.

On May 17, 2013, we entered into a debt settlement agreement with EnviroTechnologies and EnviroResolutions (collectively, the “**Debtors**”). Pursuant to the terms of the debt settlement agreement, we agreed to release and waive all obligations of the Debtors to repay debts, in the aggregate of \$293,406 and CAD\$38,079, to us and agreed to return an aggregate of 88,876,443 common shares of EnviroTechnologies to EnviroResolutions. The 88,876,443 common shares of EnviroTechnologies were returned as of June 30, 2016. As consideration for this release and waiver and return of shares, the Debtors agreed to transfer all rights, interests and title to certain intellectual property, the physical embodiments of such intellectual property, and to the supplemental agreement dated March 5, 2013 among EnviroResolutions, PREL and Green Energy Parks Limited (“**GEPL**”) (collectively, the “**Debtors’ Assets**”).

The Debtors’ Assets include the intellectual property rights throughout most of the world for the ENVI-Clean™ system, the ENVI-Pure™ system and the ENVI-SEA™ scrubber. The ENVI-Clean™ system removes most of the sulphur dioxide, particulate matter, greenhouse gases and other hazardous air pollutants from the flue gases produced by the combustion of coal, biomass, municipal solid waste, diesel and other fuels. The ENVI-Pure™ emission system combines the ENVI-Clean™ highly effective patent-pending wet scrubbing technology with an innovative wet electrostatic precipitator and a granular activated carbon adsorber to remove particulate matter, acid gases, regulated metals, dioxins and VOCs from the flue gas to levels significantly below those required by strictest international regulations. The ENVI-SEA™ scrubber can be applied to diesel exhaust emissions that require sulphur and particulate matter abatement. Using seawater on a single-pass basis as the scrubbing fluid in combination with its patent pending scrubbing head will provide a highly interactive zone of turbulent mixing for absorption of SO₂, particulate matter and other pollutants from the engine’s exhaust.

The following is a brief description of further terms and conditions of the debt settlement agreement that are material to our company:

1. We pay 25% of all funds, if any, received under the supplemental agreement to the Debtors within 14 days upon receipt of funds, if any, pursuant to the supplemental agreement;
2. We enter into definitive agreements with the Debtors to:
 - a. license the Debtors’ Assets back to the Debtors, under arm’s length commercial terms, for use in the USA and Canada, with the exception of NRG Energy, Inc. and Edison Mission and affiliates; and
 - b. have the Debtors provide engineering services to us on terms to be agreed upon, acting reasonably;
3. The Debtors pay pro-rata any third party broker fees and legal fees, if any, that are subsequent costs associated with the Supplemental Agreement; and
4. the Debtors retain possession of, yet make a pilot-scale scrubber available for rental to our company at a nominal cost.

On June 11, 2013, we submitted 24,336,229 common shares of EnviroTechnologies to EnviroTechnologies for cancellation pursuant to our debt settlement agreement with EnviroTechnologies and EnviroResolutions dated May 17, 2013.

Pursuant to a debt settlement agreement dated May 17, 2013 among our company, EnviroTechnologies and EnviroResolutions, on November 22, 2013, our company was transferred a 40% shareholding in PREL by GEPL (who had, prior to this transfer, held all the issued and outstanding shares of PREL). PREL is a limited liability company incorporated under the laws of the United Kingdom.

PREL was incorporated by GEPL to develop a 79MWe waste to energy power station at Peterborough, United Kingdom (the “**Peterborough Plant**”). The Peterborough Plant has full planning permission at 79MWe and environmental agency permits. It is understood that the Peterborough Plant will be built in two stages at a total capital cost of approximately GBP£500 million (approximately US\$824,534,442). As of May 17, 2013, PREL owned 20% of Energy Park Investments Limited, the holding company that is currently intended to finance the development of the Peterborough Plant in turn through its wholly owned operating subsidiary Energy Park Peterborough Limited.

On June 17, 2013, we entered into and closed share exchange agreements with certain shareholders of EnviroTechnologies. Pursuant to the terms of the share exchange agreements we acquired 8,061,286 issued and outstanding common shares of EnviroTechnologies from the shareholders in exchange for the issuance of 806,132 shares of common stock of our company. We issued as aggregate of 806,132 shares of common stock to 19 shareholders

On August 6, 2013, we entered into two share exchange agreements with two shareholders of EnviroTechnologies. Pursuant to the terms of the agreements, we acquired 440,000 issued and outstanding common shares of EnviroTechnologies from one shareholder in exchange for shares of common stock of our company on a 1 for 10 basis. Pursuant to the terms of the other agreement, we acquired 600,000 issued and outstanding common shares of EnviroTechnologies from one shareholder in exchange for shares of common stock of our company on a 1 for 15 basis.

On August 27, 2013, we entered into share exchange agreements with certain shareholders of EnviroTechnologies. Pursuant to the terms of the agreements, we acquired 32,463,489 issued and outstanding common shares of EnviroTechnologies from the shareholders in exchange for shares of common stock of our company on a 1 for 10 basis.

On September 13, 2013, we submitted 41,564,775 common shares of EnviroTechnologies to EnviroTechnologies for cancellation pursuant to our debt settlement agreement with EnviroTechnologies and EnviroResolutions dated May 17, 2013.

On September 26, 2013, we entered into an agreement with Andrew Jolly, wherein Dr. Jolly agreed to serve as a director of our company. Pursuant to the agreement, our company is to compensate Dr. Jolly for serving as a director of our company at GBP£2,000 (approximately \$3,235) per calendar month. Effective October 1, 2013, we appointed Dr. Jolly as a director of our company. Effective September 1, 2014, the monthly fee for Mr. Jolly was reduced to GBP£1,000 (approximately \$1,617).

On October 11, 2013, we entered into share exchange agreements with certain shareholders of EnviroTechnologies. Pursuant to the terms of the agreements, we agreed to acquire 674,107 issued and outstanding common shares of EnviroTechnologies from the shareholders in exchange for shares of common stock of our company on a 1 for 10 basis.

On December 18, 2013, we announced that our company engaged BlueMount Capital to spearhead the development of its proprietary emission control technologies, ENVI-Clean™ and ENVI-Pure™, in the People’s Republic of China (“**PRC**”). In addition to corporate finance advisory services both within and outside China, BlueMount offers a tailored service to clients wishing to enter the PRC market with a particular emphasis on companies that own proprietary technology, intellectual property and expertise. To that end, BlueMount provides a comprehensive suite of services to enhance the effectiveness and long-term sustainability of foreign brands entering the PRC market via: Our company’s strategic objective is to establish an operating presence in China with established local partners and rapidly rollout its technologies.

On December 27, 2013, we entered into and closed share exchange agreements with certain shareholders of EnviroTechnologies. Pursuant to the terms of the share exchange agreements, we acquired 130,000 issued and outstanding common shares of EnviroTechnologies from the shareholders in exchange for shares of common stock of our company on a 1 for 10 basis. On December 27, 2013, we issued an aggregate of 13,000 common shares to the shareholders of EnviroTechnologies.

On January 27, 2014, we entered into an agreement with Pöyry Management Consulting (UK) Limited. Pursuant to the agreement, Pöyry is to provide consulting services to us. Our company has agreed to compensate Pöyry a minimum of £5,000 (approximately \$ 8,293) as consulting fees for the first year of the agreement and a variable hourly rate as set out in the agreement.

On May 27, 2014, we entered into a \$200,000 convertible debenture with Intrawest Overseas Limited. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum, and is due on May 27, 2015. Pursuant to the agreement, should any portion of loan remain outstanding past maturity the interest will increase to 15% per annum. The note is convertible into shares of common stock 180 days after the date of issuance (November 27, 2014) until maturity at a conversion rate of 75% of the average offer price of our company's common stock for the 45 days ending one trading day prior to the date the conversion notice is sent by the holder to our company.

Our company analyzed the conversion option under ASC 815, "Accounting for Derivative Instruments and Hedging Activities", and determined that the conversion feature should be classified as a liability and recorded at fair value due to there being no explicit limit to the number of shares to be delivered upon settlement of the conversion option. In accordance with ASC 815, our company recognized the intrinsic value of the embedded beneficial conversion feature of \$33,922. On November 27, 2014, the note became convertible resulting in our company recording a derivative liability of \$33,922 with a corresponding adjustment to loss on change in fair value of derivative liabilities.

On June 12, 2014, we entered into a \$100,000 convertible debenture with Gerstle Consulting Pty Limited. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum, and is due on June 12, 2015. Pursuant to the agreement, should any portion of loan remain outstanding past maturity the interest will increase to 15% per annum. The note is convertible into shares of common stock 180 days after the date of issuance (December 12, 2014) until maturity at a conversion rate of 75% of the average closing bid prices of our company's common stock for the 45 days ending one trading day prior to the date the conversion notice is sent by the holder to our company.

Our company analyzed the conversion option under ASC 815, "Accounting for Derivative Instruments and Hedging Activities", and determined that the conversion feature should be classified as a liability and recorded at fair value due to there being no explicit limit to the number of shares to be delivered upon settlement of the conversion option. In accordance with ASC 815, our company recognized the intrinsic value of the embedded beneficial conversion feature of \$9,793. On December 12, 2014, the note became convertible resulting in our company recording a derivative liability of \$9,793 with a corresponding adjustment to loss on change in fair value of derivative liabilities.

On June 30, 2015, through our wholly owned subsidiary, Pacific Green Energy Parks Limited, we purchased all of the issued and outstanding shares in Pacific Green Technologies Asia Limited for \$1.00 from Alexander Shead.

We entered into an agreement dated July 20, 2015 with Mr. Alexander Shead. Pursuant to this agreement, Mr. Shead has agreed to serve as a director of our company. As a director of our company, Mr. Shead shall be compensated \$1,000 for every calendar month of the term of the agreement. The term of the agreement is for 12 months. On July 20, 2015, we appointed Mr. Shead as a director of our company.

On September 22, 2015, our company entered into a consulting agreement (the "**Agreement**") with Midam Ventures, LLC ("**Midam**") wherein Midam will provide investor relations and business advisory services to us from September 23, 2015 to March 23, 2016. Any compensation described in the Agreement shall be deemed earned and vested by Midam even in the case of early termination of the Agreement.

Pursuant to the terms of the Agreement, we will to pay \$30,000 in cash and 200,000 common restricted shares of our company to Midam. Effective October 20, 2015, we issued all of the shares pursuant to an exemption from registration relying on the provisions of Rule 506 of Regulation D promulgated under the *Securities Act of 1933*, as amended.

On October 24, 2015, our company entered into a marketing and consulting agreement with Red Rock Marketing Media, Inc. ("**Red Rock**") wherein Red Rock will provide investor relations and business advisory services to us for a period of 40 business days starting on or before the 10 business days after Red Rock receives compensation from our company. Pursuant to the terms of the Agreement, we will to pay \$100,000 in cash by October 29, 2015.

On October 27, 2015, our company entered into a loan agreement with a significant shareholder for proceeds of approximately \$4,231. The loan is unsecured, bears an interest rate of US Prime Rate plus 4%, and is due on demand.

On November 10, 2015, we issued a convertible note (the “**Note**”) to Tangiers Investment Group, LLC (“**Tangiers**”) in exchange for an aggregate of \$100,000 from Tangiers. The Note is for the aggregate sum of \$110,000 with 10% interest as an original issue discount and convertible into our common shares of (the “**Shares**”) at a price of equal to the lower of: (a) \$.40 per common share of our company or (b) 60% of the lowest trading price of our common stock during the 20 consecutive trading days prior to the date on which the holder of the Note elects to convert all or part of the Note.

On November 17, 2015, Pacific Green Technologies China Limited, a wholly-owned subsidiary of our company, entered into a commercial joint venture agreement with PowerChina SPEM Company Limited (“**PowerChina**”) wherein PowerChina would receive and process orders from our company for customers, and manufacture and install products as an engineering procurement construction process. In return, our company agreed to design the product and provide a technology license and technical supports to PowerChina. During the Agreement, we will provide PowerChina with a non-transferrable right and license to use Technology to manufacture and install our product within the Peoples’ Republic of China.

Upon receiving each order from us, PowerChina and we shall submit to each other the respective estimated budgets. For each project, after receipt of the revenue from the relevant customer, the budgets of our company and PowerChina shall be deducted and reimbursed from the revenue proportionally. We have agreed to share the gross profit pursuant to an even split of 50% to PowerChina and 50% to our company.

Results of Operations

The following summary of our results of operations should be read in conjunction with our unaudited interim consolidated financial statements for the three and nine months ended December 31, 2017 and 2016.

Our net loss for the three and nine month periods ended December 31, 2017 and 2016 are summarized as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2017	2016	2017	2016
Revenue	\$ (1,995,000)	\$ -	\$ (1,995,000)	\$ -
Cost of goods sold	\$ 1,856,108	\$ -	\$ 1,856,108	\$ -
Advertising and promotion	\$ 45,235	\$ -	\$ 69,185	\$ -
Amortization of intangible assets	\$ 218,953	\$ 218,953	\$ 656,859	\$ 656,859
Consulting fees	\$ 403,184	\$ 578,923	\$ 581,983	\$ 1,002,225
Depreciation	\$ 2,356	\$ 2,356	\$ 7,069	\$ 2,356
Foreign exchange loss (gain)	\$ 1,955	\$ (135,536)	\$ 49,870	\$ (288,594)
Office and miscellaneous	\$ 25,585	\$ 64,133	\$ 89,282	\$ 133,372
Professional fees	\$ 175,616	\$ 61,225	\$ 264,905	\$ 201,691
Research and development	\$ 581,742	\$ 4,848	\$ 1,011,706	\$ 233,702
Transfer agent and filing fees	\$ 5,284	\$ (2,575)	\$ 31,135	\$ 15,854
Travel	\$ 89,000	\$ 56,537	\$ 215,338	\$ 110,139
Loss on extinguishment of debt	\$ 114,389	\$ -	\$ 16,758	\$ -
Loss (gain) on change in fair value of derivative liabilities	\$ (96,634)	\$ 137,217	\$ 187,735	\$ (196,091)
Impairment on capitalized costs	\$ (7,641)	\$ -	\$ 282,939	\$ -
Interest expense	\$ 2,500	\$ 314,466	\$ 346,499	\$ 924,459
Net Loss	\$ (1,422,632)	\$ (1,300,547)	\$ (3,672,371)	\$ (2,795,972)

Operating expenses for the three month period ended December 31, 2017 were \$1,548,910 as compared to \$848,864 for the three month period ended December 31, 2016. Consulting fees were comprised of fees paid to arms-length parties and Directors; professional fees were comprised of legal, audit and accounting costs. The increase in operating expenses is primarily attributed to increases in advertising and promotion, research and development, travel expenses, and professional fees, offset by a decrease in consulting fees.

Operating expenses for the nine month period ended December 31, 2017 were \$2,977,332 as compared to \$2,067,604 for the nine month period ended December 31, 2016. The increase in operating expenses is primarily attributed to increases in advertising and promotion, professional fees, research and development, and travel expenses, offset by a decrease in consulting fees.

For the three month period ended December 31, 2017, our company had a net loss of \$1,422,632 (\$0.04 per share) compared to a net loss of \$1,300,547 (\$0.05 per share) for the three month period ended December 31, 2016. In addition to the operating expenses noted above, for the three month period ended December 31, 2017, our company incurred interest expense of \$2,500, a loss on extinguishment of debt of \$114,389 as compared to interest expense of \$314,466 and a loss on extinguishment of debt of \$nil for the three month period ended December 31, 2016. This is offset by a gain on change in fair value of derivative liabilities of \$96,634 for the three month period ended December 31, 2017 as compared to a loss of \$137,217 for the three month period ended December 31, 2016.

For the nine month period ended December 31, 2017, our company had a net loss of \$3,672,371 (\$0.12 per share) compared to a net loss of \$2,795,972 (\$0.12 per share) for the nine month period ended December 31, 2016. For the nine month period ended December 31, 2017, our company incurred interest expense of \$346,499 as compared to interest expense of \$924,459 for the nine month period ended December 31, 2016. For the nine month period ended December 31, 2017, we also had a loss on change in fair value of derivative liabilities of \$187,735 compared to a gain of \$196,091 in the comparative period. For the nine month period ended December 31, 2017, the

Company also incurred an impairment on capitalized costs of \$282,939 and loss on extinguishment of debt of \$16,758.

Liquidity and Capital Resources

Working Capital

	As at December 31, 2017	As at March 31, 2017
Current Assets	\$ 376,359	\$ 443,938
Current Liabilities	\$ 1,580,247	\$ 10,581,522
Working Capital (Deficit)	<u>\$ (1,203,888)</u>	<u>\$ (10,137,584)</u>

Cash Flows

	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2016
Net cash used in operating activities	\$ (1,593,987)	\$ (1,427,539)
Net cash used in investing activities	\$ (460,294)	\$ (847,468)
Net cash provided by financing activities	\$ 2,482,233	\$ 2,865,868
Effect of foreign exchange rate changes on cash	\$ (520,004)	\$ (163,229)
Increase (decrease) in cash	<u>\$ (92,052)</u>	<u>\$ 427,632</u>

As of December 31, 2017, we had \$290,115 in cash, \$376,359 in total current assets, \$1,580,247 in total current liabilities and a working capital deficit of \$1,203,888. As of March 31, 2017, we had a working capital deficit of \$10,137,584.

We are dependent on funds raised through debt/equity financing and proceeds from shareholder loans.

During the nine months ended December 31, 2017, we spent \$1,593,987 on operating activities, whereas \$1,427,539 was spent on operating activities for the nine month period ended December 31, 2016.

During the nine months ended December 31, 2017, we used \$460,294 on investing activities for the purchase of property and equipment, whereas we used \$847,468 in investing activities for the nine month period ended December 31, 2016.

During the nine months ended December 31, 2017, we received \$2,482,233 from financing activities, which consisted of proceeds from share subscriptions received of \$2,851,600 offset by \$338,450, in repayments to related parties and \$30,917 of loan payable, whereas we received \$2,865,868 from financing activities during the nine months ended December 31, 2016 which consisted of \$3,430,500 in proceeds from share subscriptions received offset by \$451,352 in repayments to related parties and \$113,280 of loan payable.

Anticipated Cash Requirements

We will require additional funds to fund our budgeted expenses over the next 12 months. These funds may be raised through, equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our shares.

We anticipate that our cash expenses over the next 12 months (beginning January 2018) will be approximately \$1,225,000 as described in the table below. These estimates may change significantly depending on the nature of our business activities and our ability to raise capital from our shareholders or other sources.

Description	Estimated Expenses (\$)
Legal and accounting fees	200,000
Marketing and advertising	225,000
Investor relations and capital raising	50,000
Management and operating costs	125,000
Patent and intellectual property registration	200,000
Salaries and consulting fees	350,000
General and administrative expenses	75,000
Total	\$ 1,225,000

Our general and administrative expenses for the year will consist primarily of transfer agent fees, bank and interest charges and general office expenses. The professional fees are related to our regulatory filings throughout the year and include legal, accounting and auditing fees.

Based on our planned expenditures and rolling out the Company's business development plan, we will require a minimum of \$1,225,000 to proceed with our business plan over the next 12 months. As of December 31, 2017, we had \$290,115 cash on hand. If we secure less than the full amount of financing that we require, we will not be able to carry out our complete business plan and we will be forced to proceed with a scaled back business plan based on our available financial resources.

We intend to raise the balance of our cash requirements for the next 12 months from private placements, shareholder loans or possibly a registered public offering (either self-underwritten or through a broker-dealer). If we are unsuccessful in raising enough money through such efforts, we may review other financing possibilities such as bank loans. At this time we do not have a commitment from any broker-dealer to provide us with financing. There is no assurance that any financing will be available to us or if available, on terms that will be acceptable to us.

Even though we plan to raise capital through equity or debt financing, we believe that the latter may not be a viable alternative for funding our operations as we do not have sufficient tangible assets to secure any such financing. We anticipate that any additional funding will be in the form of equity financing from the sale of our common stock. However, we do not have any financing arranged and we cannot provide any assurance that we will be able to raise sufficient funds from the sale of our common stock to finance our operations. In the absence of such financing, we may be forced to abandon our business plan.

Going Concern

Our condensed consolidated interim financial statements for the nine month period ended December 31, 2017 have been prepared on a going concern basis and contain an additional explanatory paragraph which identifies issues that raise substantial doubt about our ability to continue as a going concern.

The continuation of our company as a going concern is dependent upon the continued financial support from its shareholders and note holders, the ability of our company to obtain necessary equity financing to continue operations, and ultimately the attainment of profitable operations. As at December 31, 2017, our company has a working capital deficit of \$1,203,888 and has an accumulated deficit of \$67,230,582 since inception. These factors raise substantial doubt regarding our company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should our company be unable to continue as a going concern.

If our operations and cash flow improve, management believes that we can continue to operate. However, no assurance can be given that management's actions will result in profitable operations or an improvement in our liquidity situation. The threat of our ability to continue as a going concern will cease to exist only when our revenues have reached a level able to sustain our business operations.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Critical Accounting Policies

Use of Estimates

The preparation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Our company regularly evaluates estimates and assumptions related to the useful lives and recoverability of property and equipment and intangible assets, valuation of note payable, fair value of convertible debentures, fair value of derivative liabilities, fair value of stock-based compensation, and deferred income tax asset valuation allowances. Our company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by our company may differ materially and adversely from our company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and are comprised of patents. The patents are amortized straight-line over the estimated useful life of 17 years.

Impairment of Long-lived Assets

Our company reviews long-lived assets such as property and equipment and intangible assets with finite useful lives for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying amount over the fair value of the asset.

Revenue recognition

The Company recognizes revenues when equipment has been delivered and accepted by a customer and risk of ownership has transferred. In addition, terms and pricing has been finalized and the collectability of proceeds is reasonably assured. The energy management lease arrangement qualifies for sales-type lease accounting and includes an option for the transfer of title at the conclusion of the lease payments.

Stock-based compensation

Our company records stock-based compensation in accordance with ASC 718, "Compensation – Stock Compensation", using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Our company uses the Black-Scholes option pricing model to calculate the fair value of stock-based awards. This model is affected by our company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to our company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the consolidated statement of operations over the requisite service period.

Recent Accounting Pronouncements

Our company has implemented all new accounting pronouncements that are in effect and that may impact its consolidated financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president (our principal executive officer, principal financial officer and principal accounting officer) to allow for timely decisions regarding required disclosure.

As of the end of our quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president (our principal executive officer, principal financial officer and principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president (our principal executive officer, principal financial officer and principal accounting officer) concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this quarterly report.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

Item 1A. Risk Factors

As a “smaller reporting company” we are not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities

On June 1, 2017, the Company issued 33,333 shares of common stock relating to a non-brokered private placement at a price of \$1.50 per share for proceeds of \$50,000, which was recorded as common stock issuable as at March 31, 2017.

On June 1, 2017, the Company issued 500,000 shares of common stock relating to a non-brokered private placement at a price of \$0.80 per share for proceeds of \$400,000.

On September 13, 2017, the Company issued 1,337,500 shares of common stock relating to non-brokered private placements at a price of \$0.80 per share for proceeds of \$1,070,000.

On September 13, 2017, the Company issued 22,000 shares of common stock with a fair value of \$9,900 to various consultants for consulting services. The fair value of the common stock was determined based on the closing price of the Company's common stock.

On September 19, 2017, the Company issued 100,000 shares of common stock with a fair value of \$125,000 pursuant to a conversion of \$20,000 in principal and \$107,545 in derivative liability relating to the November 10, 2015 convertible debenture. The fair value of the common stock was determined based on the closing price of the Company's common stock. This transaction resulted in a gain on extinguishment of debt of \$2,545.

On September 25, 2017, the Company issued 8,636,595 shares of common stock with a fair value of \$8,636,595 to PGG in settlement of the note payable of \$5,000,000 and \$3,636,595 in outstanding loans and other advances due on demand.

On September 25, 2017, the Company issued 404,901 shares of common stock with a fair value of \$404,901 to a significant shareholder of the Company in settlement of the loan payable of \$319,418 (£284,144) and accrued interest of \$85,483 (£65,525).

On October 4, 2017, the Company issued 320,000 shares of common stock with a fair value of \$268,800 pursuant to a conversion of \$40,000 in principal and \$114,411 in derivative liability relating to the November 10, 2015 convertible debenture. The fair value of the common stock was determined based on the closing price of the Company's common stock. This transaction resulted in a gain on extinguishment of debt of \$114,389.

On November 7, 2017, the Company issued 934,963 shares of common stock upon the exercise of 934,963 warrants issued and outstanding for exercise proceeds of \$935.

On December 1, 2017, the Company issued 50,000 shares of common stock relating to non-brokered private placement at a price of \$0.80 per share for proceeds of \$40,000.

On December 1, 2017, the Company issued 221,628 shares of common stock relating to non-brokered private placements at a price of \$0.86 per share for proceeds of \$190,600.

On December 1, 2017, the Company issued 1,000,065 shares of common stock relating to non-brokered private placements at a price of \$1.00 per share for proceeds of \$1,000,065.

At December 31, 2017, the Company had \$150,000 of share subscription proceeds for 150,000 shares of common stock at a price of \$1.00 per share recorded as common stock issuable.

We completed the above described issuances of common shares in reliance on Rule 506 under Regulation D and/or Section 4(2) of the Securities Act of 1933.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Item 6. Exhibits

Exhibit Number	Description
(2)	Plan of Acquisition, Reorganization, Arrangement Liquidation or Succession
2.1	Assignment and Share Transfer Agreement dated June 14, 2012 between our company, Pacific Green Technologies Limited and Pacific Green Group Limited (incorporated by reference to our Registration Statement on Form 10 filed on July 3, 2012)
(3)	Articles of Incorporation and Bylaws
3.1	Articles of Incorporation filed on July 3, 2012 (incorporated by reference to our Registration Statement on Form 10 filed on July 3, 2012)
3.2	Certificate of Amendment filed on August 15, 1995 (incorporated by reference to our Registration Statement on Form 10 filed on July 3, 2012)
3.3	Certificate of Amendment filed on August 5, 1998 (incorporated by reference to our Registration Statement on Form 10 filed on July 3, 2012)
3.4	Certificate of Amendment filed on October 15, 2002 (incorporated by reference to our Registration Statement on Form 10 filed on July 3, 2012)
3.5	Certificate of Amendment filed on May 8, 2006 (incorporated by reference to our Registration Statement on Form 10 filed on July 3, 2012)
3.6	Certificate of Amendment filed on May 29, 2012 (incorporated by reference to our Registration Statement on Form 10 filed on July 3, 2012)

3.7*	Bylaws
3.8	Certificate of Amendment filed on November 30, 2012 (incorporated by reference to our Current Report on Form 8-K filed on December 11, 2012)
(4)	Instruments Defining the Rights of Security Holders, Including Indentures
4.1	Share Certificate relating to shares held by our company in the Ordinary Share Capital of Peterborough Renewable Energy Limited (incorporated by reference to our Current Report on Form 8-K filed on December 12, 2013)
(10)	Material Contracts
10.1	Consulting Agreement dated May 1, 2010 between our company and Sichel Limited (incorporated by reference to our Registration Statement on Form 10, filed on July 3, 2012)
10.2	Representation Agreement dated June 7, 2010 between Pacific Green Group Limited and EnviroTechnologies, Inc. (incorporated by reference to our Registration Statement on Form 10, filed on July 3, 2012)
10.3	Peterborough Agreement dated October 5, 2011 between EnviroResolutions, Inc., Peterborough Renewable Energy Limited and Green Energy Parks Limited (incorporated by reference to our Registration Statement on Form 10, filed on July 3, 2012)
10.4	Promissory Note dated June 2012 between our company and Pacific Green Group Limited (incorporated by reference to our Registration Statement on Form 10, filed on July 3, 2012)
10.5	Assignment and Share Transfer Agreement dated June 14, 2012 between our company, Pacific Green Technologies Limited and Pacific Green Group Limited (incorporated by reference to our Registration Statement on Form 10, filed on July 3, 2012)
10.6	Non-Executive Director Agreement dated December 18, 2012 between our company and Neil Carmichael (incorporated by reference to our Current Report on Form 8-K filed on December 19, 2012)
10.7	Supplemental Agreement dated March 5, 2013 between EnviroResolutions, Inc., Peterborough Renewable Energy Limited and Green Energy Parks Limited (incorporated by reference to our Annual Report on Form 10-K filed on July 1, 2013)
10.8	Supplemental Agreement dated March 5, 2013 between our company, EnviroTechnologies Inc. and EnviroResolutions Inc. (incorporated by reference to our Current Report on Form 8-K filed on March 13, 2013)
10.9	Form of Share Exchange Agreement dated April 3, 2013 between our company and Shareholders of EnviroTechnologies Inc. (incorporated by reference to our Current Report on Form 8-K filed on April 8, 2013)
10.10	Form of Share Exchange Agreement dated April 25, 2013 between our company and Shareholders of EnviroTechnologies Inc. (incorporated by reference to our Current Report on Form 8-K filed on April 30, 2013)
10.11	Stock Purchase Agreement dated May 16, 2013 between our company and Shareholders of Pacific Green Energy Parks (incorporated by reference to our Current Report on Form 8-K/A filed on June 3, 2013)
10.12	Debt Settlement Agreement dated May 17, 2013 between our company, EnviroResolutions, Inc. and EnviroTechnologies, Inc. (incorporated by reference to our Current Report on Form 8-K/A filed on June 3, 2013)
10.13	Form of Share Exchange Agreement between our company and Shareholders of EnviroTechnologies, Inc. (incorporated by reference to our Current Report on Form 8-K filed on August 9, 2013)
10.14	Form of Share Exchange Agreement between our company and Shareholders of EnviroTechnologies, Inc. (incorporated by reference to our Current Report on Form 8-K filed on August 30, 2013)
10.15	Agreement dated September 26, 2013 between our company and Andrew Jolly (incorporated by reference to our Current Report on Form 8-K filed on October 3, 2013)
10.16	Form of Share Exchange Agreement between our company and Shareholders of EnviroTechnologies, Inc. (incorporated by reference to our Current Report on Form 8-K filed on October 22, 2013)
10.17	Agreement dated October 22, 2013 between our company and Chris Williams (incorporated by reference to our Current Report on Form 8-K filed on December 5, 2013)
10.18	Form of Subscription Agreement between our company and the subscribers (incorporated by reference to our Current Report on Form 8-K filed on December 24, 2013)
10.19	Form of Share Exchange Agreement between our company and certain shareholders of EnviroTechnologies, Inc. (incorporated by reference to our Current Report on Form 8-K filed on December 27, 2013)
10.20	Agreement dated January 27, 2014 between our company and Pöyry Management Consulting (UK) Limited (incorporated by reference to our Quarterly Report on Form 10-Q filed on February 19, 2014)

10.21	Form of Subscription Agreement between our company and the subscribers (incorporated by reference to our Current Report on Form 8-K filed on March 11, 2014)
10.22	Loan Agreement between our company and Intrawest Overseas Limited dated May 27, 2014 (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 19, 2014)
10.23	Put Option Agreement between our company and Intrawest Overseas Limited dated May 27, 2014 (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 19, 2014)
10.24	Investor Relations Agreement dated September 22, 2015 between Pacific Green Technologies Inc. and Midam Ventures, LLC (incorporated by reference to our Current Report on Form 8-K filed on December 8, 2015).
10.25	Investor Relations Agreement dated October 24, 2015 between Pacific Green Technologies Inc. and Red Rock Marketing Media, Inc. (incorporated by reference to our Current Report on Form 8-K filed on December 21, 2015)
10.26	Convertible Note dated November 10, 2015 issued to Tangiers Investment Group, LLC (incorporated by reference to our Current Report on Form 8-K filed on November 24, 2015).
10.27	Commercial Joint Venture Agreement between PowerChina SPEM Company Limited and Pacific Green Technologies China Limited dated November 17, 2015 (incorporated by reference to our Current Report on Form 8-K filed on December 21, 2015).
10.28	Lease Agreement dated August 4, 2016
10.29	Marketing Agreement dated August 31, 2016
10.30	Heads of Agreement dated August 31, 2016 with Union Maritime Limited and UML Westminster Limited
10.31	Research and Development Agreement dated September 22, 2016 with Powerchina Spem Company Limited
10.32	Products and Services Purchase Agreement dated October 20, 2016 with Powerchina Spem Company Limited
10.33	Consulting Agreement dated November 19, 2016 with Powerchina Spem Company Limited
10.34	Subscription Agreement dated November 23, 2016 with Twynam Agricultural Group Pty Limited
10.35	Consulting Agreement dated December 5, 2016 with Trilogy Media Partners, Inc.
10.36	Energy Management Lease dated December 16, 2016 with UML Westminster Limited and Union Maritime Limited
10.37	Tooling Development Agreement dated January 1, 2017 with Powerchina Spem Company Limited
10.38	Marketing and Sales Agreement dated January 1, 2017 with Powerchina Spem Company Limited
10.39	Consulting Agreement dated February 1, 2017 with Trilogy Media Partners, Inc.
(14)	Code of Ethics
14.1	Code of Ethics and Business Conduct (incorporated by reference to our Annual Report on Form 10-K filed on July 15, 2014)
(21)	Subsidiaries of the Registrant
21.1	Pacific Green Technologies Limited, a United Kingdom corporation (wholly owned); Pacific Green Energy Parks Limited, a British Virgin Islands corporation (wholly owned); Energy Park Sutton Bridge, a United Kingdom corporation (wholly owned by Pacific Green Energy Parks Limited).
(31)	Rule 13a-14 (d)/15d-14d) Certifications
31.1*	Section 302 Certification by the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer
(32)	Section 1350 Certifications
32.1*	Section 906 Certification by the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer
(99)	Additional Exhibits
99.1	Peterborough Renewable Energy Limited Directors' Report and Financial Statements for the period ended December 31, 2012 (incorporated by reference to our Current Report on Form 8-K filed on December 12, 2013)
101*	Interactive Data Files
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PACIFIC GREEN TECHNOLOGIES INC.
(Registrant)

Dated: February 19, 2018

By: /s/ Neil Carmichael
Neil Carmichael
President, Secretary, Treasurer and Director
(Principal Executive Officer,
Principal Financial Officer and
Principal Accounting Officer)

BYLAWS
OF
IN-SPORTS INTERNATIONAL, INC.
(a Delaware corporation)

ARTICLE I
STOCKHOLDERS

1. **CERTIFICATES REPRESENTING STOCK.** Certificates representing stock in the corporation shall be signed by, or in the name of, the corporation by the Chairman or Vice-Chairman of the Board of Directors, if any, or by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the corporation. Any or all the signatures on any such certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Whenever the corporation shall be authorized to issue more than one class of stock or more than one series of any class of stock, and whenever the corporation shall issue any shares of its stock as partly paid stock, the certificates representing shares of any such class or series or of any such partly paid stock shall set forth thereon the statements prescribed by the General Corporation Law. Any restrictions on the transfer or registration of transfer of any shares of stock of any class or series shall be noted conspicuously on the certificate representing such shares.

The corporation may issue a new certificate of stock or uncertificated shares in place of any certificate theretofore issued by it, alleged to have been lost, stolen, or destroyed, and the Board of Directors may require the owner of the lost, stolen, or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss, theft, or destruction of any such certificate or the issuance of any such new certificate or uncertificated shares.

2. **UNCERTIFICATED SHARES.** Subject to any conditions imposed by the General Corporation Law, the Board of Directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of the stock of the corporation shall be uncertificated shares. Within a reasonable time after the issuance or transfer of any uncertificated shares, the corporation shall send to the registered owner thereof any written notice prescribed by the General Corporation Law.

3. FRACTIONAL SHARE INTERESTS. The corporation may, but shall not be required to, issue fractions of a share. If the corporation does not issue fractions of a share, it shall (1) arrange for the disposition of fractional interests by those entitled thereto, (2) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (3) issue scrip or warrants in registered form (either represented by a certificate or uncertificated) or bearer form (represented by a certificate) which shall entitle the holder to receive a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share or an uncertificated fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any of the assets of the corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing the full shares or uncertificated full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions which the Board of Directors may impose.

4. STOCK TRANSFERS. Upon compliance with provisions restricting the transfer or registration of transfer of shares of stock, if any, transfers or registration of transfers of shares of stock of the corporation shall be made only on the stock ledger of the corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation or with a transfer agent or a registrar, if any, and, in the case of shares represented by certificates, on surrender of the certificate or certificates for such shares of stock properly endorsed and the payment of all taxes due thereon.

5. RECORD DATE FOR STOCKHOLDERS. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining the stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by the General Corporation Law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by the General Corporation Law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action. In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion, or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed by the Board of Directors, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

6. MEANING OF CERTAIN TERMS. As used herein in respect of the right to notice of a meeting of stockholders or a waiver thereof or to participate or vote thereat or to consent or dissent in writing in lieu of a meeting, as the case may be, the term “share” or “shares” or “share of stock” or “shares of stock” or “stockholder” or “stockholders” refers to an outstanding share or shares of stock and to a holder or holders of record of outstanding shares of stock when the corporation is authorized to issue only one class of shares of stock, and said reference is also intended to include any outstanding share or shares of stock and any holder or holders of record of outstanding shares of stock of any class upon which or upon whom the certificate of incorporation confers such rights where there are two or more classes or series of shares of stock or upon which or upon whom the General Corporation Law confers such rights notwithstanding that the certificate of incorporation may provide for more than one class or series of shares of stock, one or more of which are limited or denied such rights thereunder; provided, however, that no such right shall vest in the event of an increase or a decrease in the authorized number of shares of stock of any class or series which is otherwise denied voting rights under the provisions of the certificate of incorporation, except as any provision of law may otherwise require.

7. STOCKHOLDER MEETINGS.

- **TIME.** The annual meeting shall be held on the date and at the time fixed, from time to time, by the directors, provided, that the first annual meeting shall be held on a date within thirteen months after the organization of the corporation and each successive annual meeting shall be held on a date within thirteen months after the date of the preceding annual meeting. A special meeting shall be held on the date and at the time fixed by the directors.

- **PLACE.** Annual meetings and special meetings shall be held at such place, within or without the State of Delaware, as the directors may, from time to time, fix. Whenever the directors shall fail to fix such place, the meeting shall be held at the registered office of the corporation in the State of Delaware.

- **CALL.** Annual meetings and special meetings may be called by the directors or by any officer instructed by the directors to call the meeting.

- **NOTICE OR WAIVER OF NOTICE.** Written notice of all meetings shall be given, stating the place, date, and hour of the meeting and stating the place within the city or other municipality or community at which the list of stockholders of the corporation may be examined. The notice of an annual meeting shall state that the meeting is called for the election of directors and for the transaction of other business which may properly come before the meeting, and shall (if any other action which could be taken at a special meeting is to be taken at such annual meeting) state the purpose or purposes. The notice of a special meeting shall in all instances state the purpose or purposes for which the meeting is called. The notice of any meeting shall also include, or be accompanied by, any additional statements, information, or documents prescribed by the General Corporation Law. Except as otherwise provided by the General Corporation Law, a copy of the notice of any meeting shall be given, personally or by mail, not less than ten days nor more than sixty days before the date of the meeting, unless the lapse of the prescribed period of time shall have been waived, and directed to each stockholder at his record address or at such other address which he may have furnished by request in writing to the Secretary of the corporation. Notice by mail shall be deemed to be given when deposited, with postage thereon prepaid, in the United States Mail. If a meeting is adjourned to another time, not more than thirty days hence, and/or to another place, and if an announcement of the adjourned time and/or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the directors, after adjournment, fix a new record date for the adjourned meeting. Notice need not be given to any stockholder who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of a stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

- **STOCKHOLDER LIST.** The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city or other municipality or community where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the corporation, or to vote at any meeting of stockholders.

- **CONDUCT OF MEETING.** Meetings of the stockholders shall be presided over by one of the following officers in the order of seniority and if present and acting - the Chairman of the Board, if any, the Vice-Chairman of the Board, if any, the President, a Vice President, or, if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary of the corporation, or in his absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present the Chairman of the meeting shall appoint a secretary of the meeting.

- **PROXY REPRESENTATION.** Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the stockholder or by his attorney-in-fact. No proxy shall be voted or acted upon after three years from its date unless such proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally.

- **INSPECTORS.** The directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspectors at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots, or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots, or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspector or inspectors, if any, shall make a report in writing of any challenge, question, or matter determined by him or them and execute a certificate of any fact found by him or them. Except as otherwise required by subsection (e) of Section 231 of the General Corporation Law, the provisions of that Section shall not apply to the corporation.

- **QUORUM.** The holders of a majority of the outstanding shares of stock shall constitute a quorum at a meeting of stockholders for the transaction of any business. The stockholders present may adjourn the meeting despite the absence of a quorum.

- **VOTING.** Each share of stock shall entitle the holders thereof to one vote. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Any other action shall be authorized by a majority of the votes cast except where the General Corporation Law prescribes a different percentage of votes and/or a different exercise of voting power, and except as may be otherwise prescribed by the provisions of the certificate of incorporation and these Bylaws. In the election of directors, and for any other action, voting need not be by ballot.

8. STOCKHOLDER ACTION WITHOUT MEETINGS. Any action required by the General Corporation Law to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Action taken pursuant to this paragraph shall be subject to the provisions of Section 228 of the General Corporation Law.

ARTICLE II

DIRECTORS

1. FUNCTIONS AND DEFINITION. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors of the corporation. The Board of Directors shall have the authority to fix the compensation of the members thereof. The use of the phrase “whole board” herein refers to the total number of directors which the corporation would have if there were no vacancies.

2. QUALIFICATIONS AND NUMBER. A director need not be a stockholder, a citizen of the United States, or a resident of the State of Delaware. The initial Board of Directors shall consist of 2 persons. Thereafter the number of directors constituting the whole board shall be at least one. Subject to the foregoing limitation and except for the first Board of Directors, such number may be fixed from time to time by action of the stockholders or of the directors, or, if the number is not fixed, the number shall be one. The number of directors may be increased or decreased by action of the stockholders or of the directors.

3. ELECTION AND TERM. The first Board of Directors, unless the members thereof shall have been named in the certificate of incorporation, shall be elected by the incorporator or incorporators and shall hold office until the first annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal.

Any director may resign at any time upon written notice to the corporation. Thereafter, directors who are elected at an annual meeting of stockholders, and directors who are elected in the interim to fill vacancies and newly created directorships, shall hold office until the next annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal. Except as the General Corporation Law may otherwise require, in the interim between annual meetings of stockholders or of special meetings of stockholders called for the election of directors and/or for the removal of one or more directors and for the filing of any vacancy in that connection, newly created directorships and any vacancies in the Board of Directors, including unfilled vacancies resulting from the removal of directors for cause or without cause, may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director.

4. MEETINGS.

- **TIME.** Meetings shall be held at such time as the Board shall fix, except that the first meeting of a newly elected Board shall be held as soon after its election as the directors may conveniently assemble.

- **PLACE.** Meetings shall be held at such place within or without the State of Delaware as shall be fixed by the Board.

- **CALL.** No call shall be required for regular meetings for which the time and place have been fixed. Special meetings may be called by or at the direction of the Chairman of the Board, if any, the Vice-Chairman of the Board, if any, of the President, or of a majority of the directors in office.

- **NOTICE OF ACTUAL OR CONSTRUCTIVE WAIVER.** No notice shall be required for regular meetings for which the time and place have been fixed. Written, oral, or any other mode of notice of the time and place shall be given for special meetings in sufficient time for the convenient assembly of the directors thereat. Notice need not be given to any director or to any member of a committee of directors who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of any such person at a meeting shall constitute a waiver of notice of such meeting, except when he attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor, the purpose of, any regular or special meeting of the directors need be specified in any written waiver of notice.

- **QUORUM AND ACTION.** A majority of the whole Board shall constitute a quorum except when a vacancy or vacancies prevents such majority, whereupon a majority of the directors in office shall constitute a quorum, provided, that such majority shall constitute at least one-third of the whole Board. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except as herein otherwise provided, and except as otherwise provided by the General Corporation Law, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. The quorum and voting provisions herein stated shall not be construed as conflicting with any provisions of the General Corporation Law and these Bylaws which govern a meeting of directors held to fill vacancies and newly created directorships in the Board or action of disinterested directors.

Any member or members of the Board of Directors or of any committee designated by the Board, may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

- **CHAIRMAN OF THE MEETING.** The Chairman of the Board, if any and if present and acting, shall preside at all meetings. Otherwise, the Vice-Chairman of the Board, if any and if present and acting, or the President, if present and acting, or any other director chosen by the Board, shall preside.

5. REMOVAL OF DIRECTORS. Except as may otherwise be provided by the General Corporation Law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

6. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the corporation with the exception of any authority the delegation of which is prohibited by Section 141 of the General Corporation Law, and may authorize the seal of the corporation to be affixed to all papers which may require it.

7. WRITTEN ACTION. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

ARTICLE III

OFFICERS

The officers of the corporation shall consist of a President, a Secretary, a Treasurer, and, if deemed necessary, expedient, or desirable by the Board of Directors, a Chairman of the Board, a Vice-Chairman of the Board, an Executive Vice-President, one or more other Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers with such titles as the resolution of the Board of Directors choosing them shall designate. Except as may otherwise be provided in the resolution of the Board of Directors choosing him, no officer other than the Chairman or Vice-Chairman of the Board, if any, need be a director. Any number of offices may be held by the same person, as the directors may determine.

Unless otherwise provided in the resolution choosing him, each officer shall be chosen for a term which shall continue until the meeting of the Board of Directors following the next annual meeting of stockholders and until his successor shall have been chosen and qualified.

All officers of the corporation shall have such authority and perform such duties in the management and operation of the corporation as shall be prescribed in the resolutions of the Board of Directors designating and choosing such officers and prescribing their authority and duties, and shall have such additional authority and duties as are incident to their office except to the extent that such resolutions may be inconsistent therewith. The Secretary or an Assistant Secretary of the corporation shall record all of the proceedings of all meetings and actions in writing of stockholders, directors, and committees of directors, and shall exercise such additional authority and perform such additional duties as the Board shall assign to him. Any officer may be removed, with or without cause, by the Board of Directors. Any vacancy in any office may be filled by the Board of Directors.

ARTICLE IV

CORPORATE SEAL

The corporate seal shall be in such form as the Board of Directors shall prescribe.

ARTICLE V

FISCAL YEAR

The fiscal year of the corporation shall be fixed, and shall be subject to change, by the Board of Directors.

ARTICLE VI

CONTROL OVER BYLAWS

Subject to the provisions of the certificate of incorporation and the provisions of the General Corporation Law, the power to amend, alter, or repeal these Bylaws and to adopt new Bylaws may be exercised by the Board of Directors or by the stockholders.

**CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Neil Carmichael, certify that:

1. I have reviewed this quarterly report on Form 10-Q for December 31, 2017 of Pacific Green Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2018

/s/ Neil Carmichael

Neil Carmichael

President, Secretary, Treasurer and Director

(Principal Executive Officer, Principal Financial Officer
and Principal Accounting Officer)

Pacific Green Technologies Inc.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Neil Carmichael, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of Pacific Green Technologies Inc. for the period ended December 31, 2017 (the "**Report**") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Pacific Green Technologies Inc.

Dated: February 19, 2018

/s/ Neil Carmichael

Neil Carmichael

President, Secretary, Treasurer and Director
(Principal Executive Officer, Principal Financial
Officer and Principal Accounting Officer)
Pacific Green Technologies Inc.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Pacific Green Technologies Inc. and will be retained by Pacific Green Technologies Inc. and furnished to the Securities and Exchange Commission or its staff upon request.