

Pacific Green Technologies Inc.
Form 10-Q/A
February 22, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

(Mark One)

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

For the quarterly period ended **September 30, 2015**

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 95129

(Address of principal executive offices) (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 Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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.

20,299,433 common shares issued and outstanding as of November 16, 2015.

Explanatory Note

Our company is filing this Amendment No. 1 on Form 10-Q/A (this “**Amendment**”) to our Quarterly Report on Form 10-Q for the period ended September 30, 2015 (the “**Form 10-Q**”), filed with the Securities and Exchange Commission on November 24, 2015 (the “**Original Filing Date**”) to restate the interim financial statements for the quarterly period ended September 30, 2015.

On February 16, 2016, our auditors, Saturna Group Chartered Professional Accountants LLP, notified us that it believed there was an error in our consolidated financial statements as at September 30, 2015 relating to a late consulting fees invoice that was not recorded.

Management further discussed the matter with Saturna Group Chartered Professional Accountants LLP and both parties agreed that the above was not appropriately accounted for and the Company determined that the effect of such misstatement was material. As a result, we decided to restate the unaudited consolidated financial statements for the quarterly period ended September 30, 2015 filed on Form 10-Q (the “**Report**”). The consolidated financial statements included within the Report noted above should no longer be relied upon.

This Amendment speaks as of the Original Filing Date, does not reflect events that may have occurred subsequent to the Original Filing Date, and does not modify or update in any way any other disclosures made in the Form 10-Q, as amended.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), the certifications required pursuant to the rules promulgated under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, which were included as exhibits to the Original Report, have been amended, restated and re-executed as of the date of this Amendment and are included as Exhibits 31.1 and 32.1 hereto.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Our consolidated unaudited interim financial statements for the three and six month periods ended September 30, 2015 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 Financial Statements

September 30, 2015

(Expressed in US dollars)

(unaudited)

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PACIFIC GREEN TECHNOLOGIES INC.

Condensed Consolidated Balance Sheets

(Expressed in U.S. dollars)

| | September 30, 2015 \$ (Restated - Note 14) (unaudited) | March 31, 2015 \$ |
|---|---|-------------------------|
| ASSETS | | |
| Cash | 61,531 | 1,270 |
| VAT receivable | 5,758 | 5,683 |
| Prepaid expenses | 9,817 | 687 |
| Advances receivable | — | 25,000 |
| Due from related party (Note 9) | 11,257 | 11,257 |
| Total Current Assets | 88,363 | 43,897 |
| Intangible assets (Note 4) | 12,797,323 | 13,235,230 |
| Total Assets | 12,885,686 | 13,279,127 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 672,693 | 638,808 |
| Loan payable (Note 5) | 657,546 | 645,975 |
| Convertible debentures, net of unamortized discount of \$nil and \$14,457, respectively (Note 6) | — | 285,543 |
| Current portion of note payable, net of unamortized discount of \$110,006 and \$33,438, respectively (Note 8) | 3,889,994 | 2,966,562 |
| Due to related parties (Note 9) | 4,919,115 | 5,066,006 |
| Derivative liabilities (Note 7) | — | 393,419 |
| Total Current Liabilities | 10,139,348 | 9,996,313 |
| Note payable, net of unamortized discount of \$245,767 and \$486,710, respectively (Note 8) | 754,233 | 1,513,290 |

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| | | |
|--|---------------|---------------|
| Total Liabilities | 10,893,581 | 11,509,603 |
| Going Concern (Note 1) | | |
| Commitments (Note 13) | | |
| Subsequent Events (Note 15) | | |
| 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 19,139,416 and 16,321,681 shares issued and outstanding, respectively | 19,139 | 16,322 |
| Common stock issuable (Notes 4 and 10) | 8,970,523 | 8,868,523 |
| Additional paid-in capital | 48,478,559 | 45,523,380 |
| Accumulated other comprehensive income | 22,121 | 45,861 |
| Deficit | (55,498,237) | (52,684,562) |
| Total Stockholders' Equity | 1,992,105 | 1,769,524 |
| Total Liabilities and Stockholders' Equity | 12,885,686 | 13,279,127 |

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

PACIFIC GREEN TECHNOLOGIES INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. dollars)

(unaudited)

| | Three Months Ended September 30, 2015 \$ (Restated - Note 14) | Three Months Ended September 30, 2014 \$ | Six Months Ended September 30, 2015 \$ (Restated - Note 14) | Six Months Ended September 30, 2014 \$ |
|--|---|--|--|---|
| Expenses | | | | |
| Amortization of intangible assets | 218,953 | 199,922 | 437,907 | 731,527 |
| Consulting and management fees (Notes 9 and 11) | 579,919 | 253,781 | 726,169 | 480,322 |
| Foreign exchange gain | (247,921) | (171,766) | (178,772) | (27,573) |
| Office and miscellaneous | 20,887 | 8,864 | 37,153 | 21,348 |
| Professional fees | 44,586 | 93,936 | 85,490 | 150,679 |
| Transfer agent and filing fees | 9,379 | 15,850 | 20,666 | 17,632 |
| Travel | 37,077 | 18,757 | 38,808 | 38,256 |
| Total expenses | 662,880 | 419,344 | 1,167,421 | 1,412,191 |
| Loss before other expenses | (662,880) | (419,344) | (1,167,421) | (1,412,191) |
| Other income (expense) | | | | |
| Gain on extinguishment of debt (Note 10) | — | — | 171,501 | — |
| Impairment of goodwill (Note 3) | — | — | (126,782) | — |
| Interest expense (Notes 6 and 8) | (293,438) | (325,337) | (633,155) | (674,229) |
| Loss on change in fair value of derivative liabilities (Note 7) | — | — | (1,057,818) | — |
| Total other income (expense) | (293,438) | (325,337) | (1,646,254) | (674,229) |
| Net loss for the period | (956,318) | (744,681) | (2,813,675) | (2,086,420) |
| Other comprehensive income (loss) | | | | |
| Foreign currency translation gain (loss) | 56,256 | 80,967 | (23,740) | 42,486 |

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| | | | | |
|---|------------|------------|--------------|--------------|
| Comprehensive loss for the period | (900,062) | (663,714) | (2,837,415) | (2,043,934) |
| Net loss per share, basic and diluted | (0.05) | (0.05) | (0.16) | (0.13) |
| Weighted average number of shares outstanding | 18,560,068 | 16,321,681 | 17,897,133 | 16,321,681 |

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

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PACIFIC GREEN TECHNOLOGIES INC.

Condensed Consolidated Statements of Cash Flows

(Expressed in U.S. dollars)

(unaudited)

| | Six Months Ended September 30, 2015 \$ (Restated - Note 14) | Six Months Ended September 30, 2014 \$ |
|---|---|--|
| Operating Activities | | |
| Net loss for the period | (2,813,675) | (2,086,420) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Accretion of discount on note payable and convertible debentures | 178,832 | 215,276 |
| Amortization of intangible assets | 437,907 | 731,527 |
| Common stock issuable for consulting services | 102,000 | - |
| Gain on extinguishment of debt | (171,501) | - |
| Impairment of goodwill | 126,782 | - |
| Imputed interest | 450,000 | 450,000 |
| Loss on change in fair value of derivative liabilities | 1,057,818 | - |
| Stock-based compensation | 251,577 | - |
| Changes in operating assets and liabilities: | | |
| VAT receivable | (75) | (4,061) |
| Prepaid expenses | (9,130) | - |
| Advances receivable | 25,000 | - |
| Accounts payable and accrued liabilities | 36,702 | 137,984 |
| Due to related parties | (6,424) | 199,846 |
| Net Cash Used In Operating Activities | (334,187) | (355,848) |
| Investing Activities | | |
| Cash acquired on acquisition of subsidiary | 50,064 | - |
| Net Cash Provided by Investing Activities | 50,064 | - |
| Financing Activities | | |
| Proceeds from related parties | 15,573 | - |
| Repayments to related parties | (140,144) | (76,638) |
| Proceeds from convertible debentures | - | 300,000 |

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| | | |
|--|------------|------------|
| Proceeds from share subscriptions received | 650,000 | – |
| Net Cash Provided by Financing Activities | 525,429 | 223,362 |
| Effect of Foreign Exchange Rate Changes on Cash | (181,045) | (44,514) |
| Change in Cash | 60,261 | (177,000) |
| Cash, Beginning of Period | 1,270 | 205,571 |
| Cash, End of Period | 61,531 | 28,571 |
| Non-cash Investing and Financing Activities: | | |
| Convertible debentures settled with common stock | 1,606,419 | – |
| Supplemental Disclosures: | | |
| Interest paid | – | – |
| Income taxes paid | – | – |

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

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

1. Basis of Presentation

The accompanying interim consolidated financial statements of Pacific Green Technologies Inc. (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, 2015. In the opinion of management, the accompanying 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 consolidated 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 consolidated 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 September 30, 2015, the Company has not generated any revenues, has a working capital deficit of \$10,050,985, and has an accumulated deficit of \$55,498,237 since inception. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These consolidated 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 consolidated 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 consolidated financial statements include the accounts of the Company and the following entities:

| | |
|---|---------------------------------|
| Pacific Green Technologies Limited (PGT Limited) | Wholly-owned subsidiary |
| Pacific Green Energy Parks Limited ("PGEP") | Wholly-owned subsidiary |
| Energy Park Sutton Bridge Ltd. ("EPSB") | Wholly-owned subsidiary of PGEP |
| Pacific Green Technologies Asia Limited ("PGTA") | Wholly-owned subsidiary of PGEP |
| 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.

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.

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PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

2. Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

The Company's financial instruments consist principally of cash, VAT receivable, loan receivable, amounts due from and to related parties, accounts payable and accrued liabilities, loan payable, convertible debentures, and note payable. With the exception of long-term 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 September 30, 2015, on a recurring basis:

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total gain (loss) \$ |
|------------------------|---------------|------------------|------------------|----------------------------|
| Cash | 61,531 | – | – | – |
| Derivative liabilities | – | – | – | (1,057,818) |
| Total | 61,531 | – | – | (1,057,818) |

During the six months ended September 30, 2015, the Company recognized a loss on change in fair value of derivative liabilities of \$1,057,818.

(c) 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. Acquisition of Pacific Green Technologies Asia Limited and Pacific Green Technologies China Limited

On June 30, 2015, the Company entered into a share purchase agreement whereby the Company acquired 100 common shares of PGTA, representing 100% of the issued and outstanding shares, for consideration of \$1. This formalized the Company's structure of corporate entities for conducting business in Asian markets. PGTA is the sole shareholder of PGTC.

In accordance with ASC 805, "Business Combinations", the purchase agreement was deemed a business combination for accounting purposes. At the date of acquisition, the fair values of the assets and liabilities of PGTA and its wholly owned subsidiary PGTC consisted of the following:

| | |
|--|------------|
| | \$ |
| Cash | 50,064 |
| Goodwill | 126,782 |
| Accounts payable and accrued liabilities | (23,865) |
| Due to related parties | (152,980) |
| Total purchase price | 1 |

As PGTA and PGTC were dependent on the Company for funding prior to acquisition and were at non-arms' length with the Company, the Company recorded an impairment of goodwill of \$126,782 as a cost of acquisition.

4. Intangible Assets

| | Cost \$ | Accumulated amortization \$ | Impairment \$ | September 30, 2015 Net carrying value \$ | March 31, 2015 Net carrying value \$ |
|-----------------------------------|------------|-----------------------------------|------------------|--|--|
| Patents and technical information | 35,852,556 | (2,597,978) | (20,457,255) | 12,797,323 | 13,235,230 |

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

4. Intangible Assets (continued)

On May 17, 2013, the Company entered into an Assignment of Assets agreement with EnviroTechnologies, Inc. (“Enviro”), whereby 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 PGT Inc. as well as \$93,721 of debt owing to Pacific Green Group Limited (“PGG”), which was assigned to PGT Inc. The Company will enter into share exchange agreements with Enviro shareholders in which it will issue shares of its common stock in exchange for shares of Enviro on a one-for-ten basis. As at September 30, 2015, the Company still has 2,217,130 shares of its common stock issuable to Enviro shareholders at a fair value \$8,868,523, which was recorded as common stock issuable. Refer to Note 15(a).

5. Loan Payable

As at September 30, 2015, PGEP, the Company’s wholly owned subsidiary, owes \$657,546 (£435,000) (March 31, 2015 - \$645,975 (£435,000)) to a non-related party, which is non-interest bearing interest, unsecured, and due on demand .

6. Convertible Debentures

(a) On May 27, 2014, the Company entered into a \$200,000 convertible debenture with a non-related party. 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 rate 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 closing bid prices of the 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 the Company. As at September 30, 2015, the Company recorded accrued interest of \$nil (March 31,

2015 - \$17,458), which has been included in accounts payable and accrued liabilities.

The Company analyzed the conversion option under ASC 815, "Accounting for Derivative Instruments and Hedging Activities" ("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 \$33,922. On November 27, 2014, the note became convertible resulting in the Company recording a derivative liability of \$33,922 with a corresponding adjustment to loss on change in fair value of derivative liabilities. During the six months ended September 30, 2015, the Company had amortized \$12,820 (2014 - \$nil) of the debt discount to interest expense. On May 4, 2015, the Company issued 1,058,317 common shares for the conversion of \$200,000 of this debenture and \$18,888 of accrued interest. Refer to Note 10(a). As at September 30, 2015, the carrying value of the debenture was \$nil (March 31, 2015 - \$187,180) and the fair value of the derivative liability was \$nil (March 31, 2015 - \$268,716).

(b) On June 12, 2014, the Company entered into a \$100,000 convertible debenture with a non-related party. 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 rate 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 the 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 the Company. As at September 30, 2015, the Company recorded accrued interest of \$nil (March 31, 2015 - \$7,092), which has been included in accounts payable and accrued liabilities.

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 \$9,793. On December 12, 2014, the note became convertible resulting in the Company recording a derivative liability of \$9,793 with a corresponding adjustment to loss on change in fair value of derivative liabilities. During the six months ended September 30, 2015, the Company had amortized \$1,637 (2014 - \$nil) of the debt discount to interest expense. On May 4, 2015, the Company issued 459,418 common shares for the conversion of \$100,000 of this debenture and \$7,796 of accrued interest. Refer to Note 10(b). As at September 30, 2015, the carrying value of the debenture was \$nil (March 31, 2015 - \$98,363) and the fair value of the derivative liability was \$nil (March 31, 2015 - \$124,703).

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

7. Derivative Liabilities

The Company records the fair value of the of the conversion price of the convertible debentures disclosed in Note 6 in accordance with ASC 815, Derivatives and Hedging. The fair value of the derivative 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 six months ended September 30, 2015, the Company recorded a loss on the change in fair value of derivative liability of \$1,057,818 (2014 - \$nil). As at September 30, 2015, the Company recorded a derivative liability of \$nil (March 31, 2015 - \$393,419).

The following inputs and assumptions were used to fair value the convertible debentures outstanding during the six months ended September 30, 2015:

| | May 27, 2014 | | June 12, 2014 | |
|---|-----------------------|-----------|-----------------------|-----------|
| | Convertible Debenture | | Convertible Debenture | |
| | As at | As at | As at | As at |
| | May 4, | March 31, | May 13, | March 31, |
| | 2015 | 2015 | 2015 | 2015 |
| Estimated common stock issuable upon extinguishment | 1,219,432 | 438,135 | 466,649 | 202,020 |
| Estimated exercise price | 0.18 | 0.50 | 0.23 | 0.50 |
| Risk-free interest rate | 1 % | 3 % | 2 % | 3 % |
| Expected dividend yield | — | — | — | — |
| Expected volatility | 147 % | 195 % | 141 % | 189 % |
| Expected life (in years) | 0.06 | 0.16 | 0.08 | 0.20 |

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

\$

| | |
|--------------------------------|--------------|
| Balance, March 31, 2015 | 393,419 |
| Mark to market adjustment | 1,057,818 |
| Adjustment for extinguishments | (1,451,237) |
| Balance, September 30, 2015 | – |

8. Note Payable

| | September 30, 2015 | March 31, 2015 |
|-----------------------------------|-----------------------|-------------------|
| | \$ | \$ |
| Opening balance | 4,479,852 | 4,068,131 |
| Accretion of unamortized discount | 164,375 | 411,721 |
| Ending balance | 4,644,227 | 4,479,852 |
| Less: current portion | (3,889,994) | (2,966,562) |
| Long-term portion | 754,233 | 1,513,290 |

The principal repayments of the note payable are as follows:

\$

| | |
|---------------|-----------|
| June 12, 2013 | 1,000,000 |
| June 12, 2014 | 1,000,000 |
| June 12, 2015 | 1,000,000 |
| June 12, 2016 | 1,000,000 |
| June 12, 2017 | 1,000,000 |
| | 5,000,000 |

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PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

8. Note Payable (continued)

On June 14, 2012, the Company entered into an Assignment and Share Transfer Agreement with PGG, a company under common control, 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 PGT Limited, 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.

The note payable will be repaid in instalments of \$1,000,000 on the anniversary of the agreement beginning on June 12, 2013 with the income earned under the terms of the Representation Agreement. If the Company is unable to meet the repayment schedule, PGG will have the option to either roll over any unpaid portion to the following payment date or to convert the outstanding amount into shares of the Company's stock. 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 six months ended September 30, 2015, the Company recorded imputed interest of \$450,000 (2014 - \$450,000), at a rate of 18% per annum, which has been included in additional paid-in capital.

9. Related Party Transactions

As at September 30, 2015, the Company owed \$4,832,325 (March 31, 2015 – \$4,937,037) to a company controlled by a significant shareholder of the Company. Of this amount, \$nil (March 31, 2015 - \$49,096) is unsecured, bears interest at the US Bank Prime Rate plus 4%, and due on demand. The remainder of the amount owing is unsecured, non-interest bearing, and due on demand. On July 20, 2015, the Company entered into a conversion agreement with the significant shareholder, 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.

(b)

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As at September 30, 2015, the Company owed \$30,295 (20,042 GBP) (March 31, 2015 – \$29,762 (20,042 GBP)) to a company under common control. The amount owing is unsecured, non-interest bearing, and due on demand.

- (c) As at September 30, 2015, the Company owed \$30,580 (March 31, 2015 – \$98,389) to a significant shareholder of the Company. Of this amount, \$20,204 (March 31, 2015 - \$79,219) is unsecured, bears interest at the US Bank Prime Rate plus 4%, and due on demand. The remainder of the amount owing is unsecured, non-interest bearing, and due on demand.
- (d) As at September 30, 2015, the Company owed \$25,915 (March 31, 2015 – \$818) to directors of the Company's wholly-owned subsidiaries. The amounts owing are unsecured, non-interest bearing, and due on demand.
- (e) As at September 30, 2015, the Company was owed \$11,257 (March 31, 2015 – \$11,257) from a director of the Company. The amount owing is unsecured, non-interest bearing, and due on demand.
- (f) During the six months ended September 30, 2015, the Company incurred \$120,000 (2014 – \$120,000) in consulting fees to a significant shareholder of the Company.
- (g) During the six months ended September 30, 2015, the Company incurred \$3,063 (2014 – \$22,064) in consulting fees to a company controlled by a director of the Company.
- (h) During the six months ended September 30, 2015, the Company incurred \$2,361 (2014 - \$nil) in consulting fees to a director of the Company.

10. Common Stock

- (a) On May 4, 2015, the Company issued 1,058,317 shares of common stock with a fair value of \$1,068,900 pursuant to a settlement agreement for the extinguishment of \$200,000 in principal, \$18,888 in accrued interest, and the \$1,012,876 derivative liability relating to the May 27, 2014 convertible debenture. This transaction resulted in a gain on extinguishment of debt of \$162,864. Refer to Note 6(a).

- (b) On May 13, 2015, the Company issued 459,418 shares of common stock with a fair value of \$537,519 pursuant to a settlement agreement for the extinguishment of \$100,000 in principal, \$7,795 in accrued interest, and the \$438,361 derivative liability relating to the June 12, 2014 convertible debenture. This transaction resulted in a gain on extinguishment of debt of \$8,637. Refer to Note 6(b).

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

10. Common Stock (continued)

On August 10, 2015, the Company issued 50,000 shares of common stock relating to a non-brokered private placement on May 20, 2015 at a price of \$0.50 per share for proceeds of \$25,000. In consideration for the share subscription, the Company granted the subscriber an option to purchase a minimum of \$93,750 to a maximum of \$125,000 of shares of common stock. The option vests upon the Company entering into a binding agreement for (c) the sale or license of its ENVI-Clean or ENVI-Pure emission control technology system (the "Option Event") and must be exercised within 28 days. The option expires on May 20, 2017 and is exercisable at a conversion rate of 75% of the average closing bid prices of the Company's common stock for the 10 trading days prior to the Option Event and the 10 trading days after the Option Event. The exercise price shall not be less than \$1.00 per share and not greater than \$2.50 per share.

On August 10, 2015, the Company issued 550,000 shares of common stock relating to a non-brokered private placement on May 26, 2015 at a price of \$0.50 per share for proceeds of \$275,000. In consideration for the share subscription, the Company granted the subscriber an option to purchase a minimum of \$1,031,250 to a maximum of \$1,375,000 of shares of common stock. The option vests upon the Company entering into a binding agreement (d) for the sale or license of its ENVI-Clean or ENVI-Pure emission control technology system (the "Option Event") and must be exercised within 28 days. The option expires on May 22, 2017 and is exercisable at a conversion rate of 75% of the average closing bid prices of the Company's common stock for the 10 trading days prior to the Option Event and the 10 trading days post the Option Event. The exercise price shall not be less than \$1.00 per share and not greater than \$2.50 per share.

On August 10, 2015, the Company issued 100,000 shares of common stock relating to a non-brokered private placement on June 6, 2015 at a price of \$0.50 per share for proceeds of \$50,000. In consideration for the share subscription, the Company granted the subscriber an option to purchase an additional \$250,000 of shares of (e) common stock. The option vests upon the Company entering into a binding agreement for the sale or license of its ENVI-Clean or ENVI-Pure emission control technology system and must be exercised within 21 days. The option expires on June 6, 2017 and has an exercise price of \$1.50 per share.

(f) On August 10, 2015, the Company issued 600,000 shares of common stock relating to a non-brokered private placement on June 10, 2015 at a price of \$0.50 per share for proceeds of \$300,000. In consideration for the share

subscription, the Company granted the subscriber an option to purchase an additional \$1,500,000 of shares of common stock. The option vests upon the Company entering into a binding agreement for the sale or license of its ENVI-Clean or ENVI-Pure emission control technology system and must be exercised within 21 days. The option expires on June 6, 2017 and has an exercise price of \$1.50 per share.

As at September 30, 2015, the Company had \$102,000 in common stock issuable for the issuance of 200,000 (g) shares of common stock pursuant to a consulting agreement. These shares were recorded at fair value based on the closing market rate on the date of the agreement. Refer to Note 13(c).

11. Stock Options

During the six months ended September 30, 2015, the Company granted 362,500 stock options to officers and directors of the Company. The options are exercisable at \$0.01 per share and expire three years from the date of grant.

The following table summarizes the continuity of the Company's stock options:

| | Number of options | Weighted average exercise price \$ | Aggregate Intrinsic Value \$ |
|---------------------------------|----------------------|--|---------------------------------------|
| Outstanding, March 31, 2015 | – | – | |
| Granted | 362,500 | 0.01 | |
| Outstanding, September 30, 2015 | 362,500 | 0.01 | 181,250 |

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

11. Stock options (continued)

Additional information regarding stock options outstanding as at September 30, 2015, is as follows:

| Range of exercise prices \$ | Outstanding and exercisable | | Weighted average exercise price \$ |
|--------------------------------|-----------------------------|---|---------------------------------------|
| | Number of shares | Weighted average remaining contractual life (years) | |
| 0.01 | 362,500 | 2.8 | 0.01 |

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

| | 2015 | 2014 |
|--------------------------|--------|------|
| Risk-free interest rate | 1.06 % | — |
| Expected life (in years) | 3 | — |
| Expected volatility | 171 % | — |

The fair value of stock options vested during the six months ended September 30, 2015 was \$251,577 (2014 - \$nil) which was recorded as additional paid in capital and charged to operations (included in consulting and management fees). The weighted average fair value of stock options granted during the six months ended September 30, 2015 was \$0.70 (2014 – \$nil) per option.

12. Segmented Information

The Company is located and operates in the U.S. and its subsidiaries are primarily located and operating in the United Kingdom and Asia. All non-current assets are located in the U.S .

13. Commitments

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 (a) the building of an international distribution centre. Effective December 31, 2013, this consulting agreement was assigned to Pacific Green Development Ltd. 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;

Monthly consultancy fees of \$20,000 are to be paid within fourteen days of each month-end. If the Company is ii) 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.

On May 15, 2013, the Company entered into an acquisition agreement to acquire 100% of the issued and outstanding shares of PGEP. PGEP plans to develop a biomass power plant facility. As part of the acquisition agreement, the Company is required to issue \$3,000,000 payable in shares of common stock in the event of PGEP (b) either purchasing the property or securing a lease permitting PGEP to operate a biomass power plant facility. The Company is also required to issue \$33,000,000 payable in shares of common stock in the event of PGEP securing sufficient financing for the construction of the facility.

(c) On September 23, 2015, the Company entered into a consulting agreement with a non-related party for various services relating to marketing and promotion. Per the agreement, these services will be provided for a term of six months for consideration of \$5,000 per month and *200,000 shares of common stock of the Company due upon execution of the agreement. Refer to Note 15(c).*

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

14. Restatement

The Company restated its consolidated financial statements as at September 30, 2015 and for the three and six months then ended to reflect additional consulting fees incurred during the period. This restatement resulted in an increase to net loss of \$85,000 and an increase to loss per share of \$0.01.

The impact of the restatement as at September 30, 2015 and for the three and six months then ended is summarized below:

Consolidated Balance Sheet

| | As At September 30, 2015 | | |
|---|--------------------------|------------|---------------|
| | As Reported | Adjustment | As Restated |
| | \$ | \$ | \$ |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | 587,693 | 85,000 | 672,693 |
| Total Current Liabilities | 10,054,348 | 85,000 | 10,139,348 |
| Total Liabilities | 10,808,581 | 85,000 | 10,893,581 |
| Stockholders' Equity | | | |
| Deficit | (55,413,237) | (85,000) | (55,498,237) |
| Total Stockholders' Equity | 2,077,105 | (85,000) | 1,992,105 |

Consolidated Statements of Operations and Comprehensive Loss

Three Months Ended September 30,
2015

| | As Reported | Adjustment | As Restated |
|-----------------------------------|-------------|------------|-------------|
| | \$ | \$ | \$ |
| Expenses | | | |
| Consulting fees | 243,342 | (243,342) | – |
| Consulting and management fees | – | 579,919 | 579,919 |
| Stock-based compensation | 251,577 | (251,577) | – |
| Total expenses | 577,880 | 85,000 | 662,880 |
| Loss before other expenses | (577,880) | (85,000) | (662,880) |
| Net loss for the period | (871,318) | (85,000) | (956,318) |
| Comprehensive loss for the period | (815,062) | (85,000) | (900,062) |

Six Months Ended September 30, 2015

| | As Reported | Adjustment | As Restated |
|-----------------------------------|--------------|------------|--------------|
| | \$ | \$ | \$ |
| Expenses | | | |
| Consulting fees | 389,592 | (389,592) | – |
| Consulting and management fees | – | 726,169 | 726,169 |
| Stock-based compensation | 251,577 | (251,577) | – |
| Total expenses | 1,082,421 | 85,000 | 1,167,421 |
| Loss before other expenses | (1,082,421) | (85,000) | (1,167,421) |
| Net loss for the period | (2,728,675) | (85,000) | (2,813,675) |
| Comprehensive loss for the period | (2,752,415) | (85,000) | (2,837,415) |

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2015

(Expressed in U.S. Dollars)

(unaudited)

14. Restatement (continued)Consolidated Statement of Cash Flows

| | Six Months Ended September 30, 2015 | | |
|--|-------------------------------------|------------|--------------|
| | As Reported | Adjustment | As Restated |
| | \$ | \$ | \$ |
| Operating Activities | | | |
| Net loss for the period | (2,728,675) | (85,000) | (2,813,675) |
| Changes in operating assets and liabilities: | | | |
| Accounts payable and accrued liabilities | (48,298) | 85,000 | 36,702 |

15. Subsequent Events

(a) On October 2, 2015, the Company issued 960,017 shares of common stock with a fair value of \$3,840,068 in a share exchange agreement with the shareholders of Enviro for the acquisition of 9,600,167 shares of common stock which were subsequently returned to Enviro pursuant to the Assignment of Assets agreement dated May 15, 2013. Refer to Note 4.

(b) On October 16, 2015, the Company entered into a loan agreement with a significant shareholder for proceeds of \$6,090 (Cdn\$8,000). The loan is unsecured, bears an interest rate of US Prime Rate plus 4%, and is due on demand.

(c) On October 20, 2015, the Company issued 200,000 shares of common shares pursuant to the consulting agreement described in Note 13(c).

On November 10, 2015, the Company issued a convertible note for the amount of \$110,000 in exchange for \$100,000. The note bears interest at 10% per annum and is 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 (d) price of the Company's common stock during the 20 consecutive trading days prior to the date of conversion. The note may be prepaid by the Company, in whole or in part, according to the following schedule: 1 to 60 days from the effective date – 110% of the principal amount; 61 to 121 days from the effective date – 115% of the principal amount; and 121 to 180 days from the effective date – 140% of the principal amount.

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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 and 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.

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 September 30, 2015, we owed Sichel \$nil and we owed PGG \$9,476,552. 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

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 provided for the acquisition of 100% of the issued and outstanding shares of Pacific Green Technologies Limited, formerly PGG's subsidiary in the United Kingdom. Additionally, PGG assigned to our company a ten year exclusive worldwide representation agreement with EnviroTechnologies Inc., (formerly EnviroResolutions, Inc.), a Delaware corporation, to market and sell EnviroTechnologies' current and future environmental technologies. The representation agreement entitles PGG to a commission of 20% of all sales (net of taxes) generated by EnviroTechnologies. Pursuant to the terms of the assignment and share transfer agreement, all rights and obligations under the representation agreement have been transferred to our company. We currently anticipate that sales under the representation agreement will be our sole source of revenue for the foreseeable future. We had intended to complete an acquisition of EnviroTechnologies, as this would have been a logical step in our development. However, as discussed herein, we have settled with EnviroTechnologies as an alternative.

Both Sichel and PGG are wholly owned subsidiaries of the Hookpia Trust. PGG's wholly owned subsidiary was Pacific Green Technologies Limited. As a result, we acquired Pacific Green Technologies Limited from PGG. Sichel is a significant shareholder of our company and also provides us with consulting services. The sole director of Sichel is also the sole director of PGG. Further, PGG is a significant shareholder of EnviroTechnologies.

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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;

June 12, 2016, \$1,000,000; 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.

Other Business Matters

Effective December 18, 2012, we entered into a non-executive director agreement with Dr. Neil Carmichael, wherein Dr. Carmichael will receive compensation of \$1,000 per year for the term of the agreement and was granted options to purchase up to 62,500 shares of common stock at an exercise price of \$0.01 per share of common stock. The options will terminate the earlier of 24 months, or upon the termination of the agreement and Dr. Carmichael's engagement with our company. The director agreement and related options are in the process of being renewed. As of the date of this quarterly report, the options issued to Dr. Carmichael have not been exercised.

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;

\$14,000,000 paid in common shares in our capital stock at a deemed price at the lower of \$4 per share or the

2. 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;

\$3,000,000 payable in common shares of our capital stock at a deemed price at the lower of \$4 per share or the

3. 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

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 share⁴ 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 (as of June 30, 2015, 22,171,332 common shares of EnviroTechnologies remain to be returned) common shares of EnviroTechnologies to EnviroResolutions. 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 \$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. As at June 30, 2015, our company recorded accrued interest of \$nil (March 31, 2015 - \$17,458), which has been included in accounts payable and accrued liabilities.

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. During the six months ended September 30, 2015, our company had amortized \$12,820 (2014 - \$nil) of the debt discount to interest expense. On May 4, 2015, the Company issued 1,058,317 common shares for the conversion of \$200,000 of this debenture and \$18,888 of accrued interest. Refer to Note 10(a). As at September 30, 2015, the carrying value of the debenture was \$nil (March 31, 2015 - \$187,180) and the fair value of the derivative liability was \$nil (March 31, 2015 - \$268,716).

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. As at December 31, 2014, our company recorded accrued interest of \$4,515 (March 31, 2014 - \$nil), which has been

included in accounts payable and accrued liabilities.

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. During the period ended December 31, 2014, our company had amortized \$1,028 (2013 - \$nil) of the debt discount to interest expense. As at December 31, 2014, the carrying value of the debenture was \$91,235 (March 31, 2014 - \$nil) and the fair value of the derivative liability was \$13,780 (March 31, 2014 - \$nil).

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 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.

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 six months ended September 30, 2015 and 2014.

Our net loss for the three and six month periods ended September 30, 2015 and 2014 are summarized as follows:

| | Three Months Ended September 30, | | Six Months Ended September 30, | |
|--|-------------------------------------|---------------|-----------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Amortization of intangible assets | \$ 218,953 | \$ 199,922 | \$ 437,907 | \$ 731,527 |
| Consulting fees | \$ 579,919 | \$ 253,781 | \$ 726,169 | \$ 480,322 |
| Foreign exchange (gain) loss | \$ (247,921) | \$ (171,766) | \$ (178,772) | \$ (27,573) |
| Office and miscellaneous | \$ 20,887 | \$ 8,864 | \$ 37,153 | \$ 21,348 |
| Professional fees | \$ 44,586 | \$ 93,936 | \$ 85,490 | \$ 150,679 |
| Transfer agent and filing fees | \$ 9,379 | \$ 15,850 | \$ 20,666 | \$ 17,632 |
| Travel | \$ 37,077 | \$ 18,757 | \$ 38,808 | \$ 38,256 |
| Gain on extinguishment of debt | \$ Nil | \$ Nil | \$ (171,501) | \$ Nil |
| Impairment of goodwill | \$ Nil | \$ Nil | \$ 126,782 | \$ Nil |
| Interest expense | \$ 293,438 | \$ 325,337 | \$ 633,155 | \$ 674,229 |
| Loss on change in fair value of derivative liabilities | \$ Nil | Nil | \$ 1,057,818 | \$ Nil |
| Net Loss | \$ (956,318) | \$ (744,681) | \$ (2,813,675) | \$ (2,086,420) |

Operating expenses for the three month period ended September 30, 2015 were \$662,880 as compared to \$419,344 for the three month period ended September 30, 2014. Consulting fees were comprised of fees paid to the director of our subsidiary, Pacific Green Technologies Limited; professional fees were comprised of legal, audit and accounting costs. The increase in operating expenses is primarily attributed to increases in stock based compensation, amortization of intangible assets and office administration.

Operating expenses for the six month period ended September 30, 2015 were \$1,167,421 as compared to \$1,412,191 for the six month period ended September 30, 2014. The decrease in operating expenses is primarily attributed to decreases in amortization of intangible assets, and professional fees as well as an increase of the gain on foreign exchange, offset by increases to consulting, office and miscellaneous expenses, and transfer agent and filing fees.

For the three month period ended September 30, 2015, our company had a net loss of \$956,318 (\$0.05 per share) compared to a net loss of \$744,681 (\$0.05 per share) for the three month period ended September 30, 2014. In addition to the operating expenses noted above, for the three month period ended September 30, 2015, our company incurred interest expense of \$293,438 as compared to interest expense of \$325,337 for the three month period ended September 30, 2014.

For the six month period ended September 30, 2015, our company had a net loss of \$2,813,675 (\$0.16 per share) compared to a net loss of \$2,086,420 (\$0.13 per share) for the six month period ended September 30, 2014. For the six month period ended September 30, 2015, our company incurred interest expense of \$633,155 as compared to interest expense of \$674,229 for the six month period ended September 30, 2014. For the six month period ended September 30, 2015, the Company also had a gain on extinguishment of debt of \$171,501, impairment of goodwill of \$126,782, and a loss on change in fair value of derivative liabilities of \$1,057,818 with no amounts for these items in the comparative period.

Liquidity and Capital Resources

Working Capital

| | As at September 30, 2015 | As at March 31, 2015 |
|---------------------------|--------------------------------|----------------------------|
| Current Assets | \$ 88,363 | \$ 43,897 |
| Current Liabilities | \$ 10,139,348 | \$ 9,996,313 |
| Working Capital (Deficit) | \$ (10,050,985) | \$ (9,952,416) |

Cash Flows

| | Six Months Ended | Six Months Ended |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

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| | September 30, 2015 | September 30, 2014 |
|---|-----------------------|-----------------------|
| Net cash used in operating activities | \$ (334,187) | \$ (355,848) |
| Net cash provided by investing activities | \$ 50,064 | \$ Nil |
| Net cash provided by financing activities | \$ 525,429 | \$ 223,362 |
| Effect of foreign exchange rate changes | \$ (181,045) | \$ (44,514) |
| Net change in cash | \$ 60,261 | \$ (177,000) |

As of September 30, 2015, we had \$61,531 in cash, \$88,363 in total current assets, \$10,139,348 in total current liabilities and a working capital deficit of \$10,050,985. As of March 31, 2015, we had a working capital deficit of \$9,952,416.

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

During the six months ended September 30, 2015, we spent \$334,187 on operating activities, whereas \$355,848 was spent on operating activities for the six month period ended September 30, 2014.

During the six months ended September 30, 2015, we received \$50,064 on investing activities for cash acquired on acquisition of a subsidiary, whereas we received nil in investing activities for the six month period ended September 30, 2014.

During the six months ended September 30, 2015, we received \$525,429 from financing activities, which consisted of \$650,000 in proceeds from share subscriptions received and \$15,573 from related parties offset by \$140,144 in repayments to related parties, whereas we received \$223,362 from financing activities during the six months ended September 30, 2014 which consisted of 300,000 for proceeds from convertible debentures offset by \$76,638 in repayments to related parties.

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 July 2015) will be approximately \$825,000 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 | 25,000 |
| Investor relations and capital raising | 50,000 |
| Management and operating costs | 125,000 |
| Salaries and consulting fees | 350,000 |
| General and administrative expenses | 75,000 |
| Total | \$ 825,000 |

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, we will require approximately \$825,000 to proceed with our business plan over the next 12 months. As of September 30, 2015, we had \$61,531 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

These consolidated 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 our company to obtain necessary equity financing to continue operations, and ultimately the attainment of profitable operations. As at September 30, 2015, our company has not generated any revenues, has a working capital deficit of \$10,050,985, and has an accumulated deficit of \$55,498,237 since inception. These factors raise substantial doubt regarding our company's ability to continue as a going concern. These consolidated 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.

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

Impairment of Long-Lived Assets

The 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.

Stock-based Compensation

The 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.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock-based awards. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the 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

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.

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

Except for below, 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.

On November 14, 2013, a shareholder holding one common share in our company (the “**Plaintiff**”) commenced an action against us, as a nominal defendant, and PGG for recovery of short-swing profits (the “**Action**”) under section 16(b) of the Securities Exchange Act of 1934, as amended (“**Section 16(b)**”). The Plaintiff alleges that PGG, a shareholder of our company of more than ten percent, profited from the purchase and sale of our stock within a period of less than six months.

1. 37,778 shares of common stock at \$4.00 per share on July 22, 2013;
2. 62,600 shares of common stock at \$3.00 per share on August 9, 2013;
3. 6,000 shares of common stock at \$4.00 per share on September 17, 2013; and
4. 210,834 shares of common stock at \$3.00 per share on September 24, 2013.

On August 27, 2013, PGG acquired 2,237,929 shares at a deemed value of \$0.001, being our common share par value, pursuant to a share exchange with shareholders of EnviroTechnologies. The Action states that, pursuant to Section 16(b), the alleged total short-swing profit is \$1,035,086.79 and must be disgorged to our company.

As our company declined to pursue a claim against PGG under Section 16(b), the Action was brought on behalf of our company by the Plaintiff. This action was commenced in the United States District Court in the Southern District of New York.

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 October 2, 2015, we entered into share exchange agreements (each, an “**Agreement**”) with certain shareholders (the “**Shareholders**”) of EnviroTechnologies, Inc., a Delaware corporation (“**Enviro**”). Pursuant to the terms of the Agreements, we have agreed to acquire 9,600,167 issued and outstanding common shares of Enviro from the Shareholders in exchange for shares of common stock of our company on an one (1) for ten (10) basis. We did not issue any fractional shares of our company. In lieu of such fractional shares, the Shareholders entitled to such fractional shares had such fraction rounded up to the nearest whole number of shares of our company.

On October 2, 2015, pursuant to the Agreements, we closed on the above share exchange. We issued an aggregate of 827,778 common shares to two (2) non-US persons (as that term is defined in Regulation S of the Securities Act of 1933), in an offshore transaction relying on Regulation S of the Securities Act of 1933, as amended. Concurrently, we issued an aggregate of 132,239 common shares to one (1) person relying on the exemption from registration for “accredited investors” contained in Rule 506 of Regulation D of the Securities Act of 1933.

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.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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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 filed on July 3, 2012 (incorporated by reference to our Registration Statement on Form 10 filed on July 3, 2012) |
| 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) |

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- 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)

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| Exhibit Number | Description |
|----------------|--|
| 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 | Agreement between our company and Alexander Shead dated July 20, 2015 (incorporated by reference to our Current Report on Form 8-K filed on July 30, 2015). |
| (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); Pacific Green Technologies Asia 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 22, 2016 By: */s/ Neil Carmichael*
Neil Carmichael
President, Secretary, Treasurer and Director
(Principal Executive Officer,
Principal Financial Officer and
Principal Accounting Officer)