Pacific Green Technologies Inc.
Form 10-K
July 17, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended **March 31, 2018**

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	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5205 Prospect Road, Suite 135-226, San Jose, CA	**95129**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(408) 538-3373**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
N/A	**N/A**

Securities registered pursuant to Section 12(g) of the Act:

Shares of Common Stock, par value $0.001
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act . Yes No

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 last 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
(Do not check if smaller reporting company)	Emerging growth company

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

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

The aggregate market value of Common Stock held by non-affiliates of the Registrant on September 30, 2017 was $15,582,467 based on a $0.55 average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant’s classes of common stock as of the latest practicable date.

41,251,590 common shares issued and outstanding as of July 16, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Item 1. Business

This annual 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 “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of thes other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk 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 law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States Dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “common shares” refer to the common shares in our capital stock.

As used in this annual 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 out 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 our year ended March 31, 2018, we owed Sichel $Nil and we owed PGG approximately $198,000 in loans and unpaid management fees. 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.

Details of other material contracts and commitments follows the New Strategy and Current business section.

New Strategy and Current business

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

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

ENVI-Marine ™

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

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

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

ENVI-Pure ™

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

ENVI-Clean ™

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

Following the signing of a joint venture agreement with Power China SPEM, subsequent to year end an ENVI-Clean™ was sold to a steelworks company in Yancheng to remove SO^2 from its 93MW gas combustion powerplant.

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

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

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

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

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

Schematic of the ENVI-Clean™ Emission's System as installed for Biomass applications

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

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

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

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

Significant transactions

Management, assisted by PGG, 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 has 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 Hookipa 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.

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;
June 12, 2014, $1,000,000;
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. On September 25, 2017, the Company and PGG agreed to a settlement of the outstanding promissory by way of a subscription agreement for 5,000,000 shares of common stock at $1.00 per share.

The initial 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.

Our management believes that the ENVI-Clean™ system has significant competitive advantages in the market for emission control systems including:

1. *Efficiency*: tests performed at an 84MW coal power plant in West Virginia (USA) indicate that the ENVI-Clean™ system removed on average 99.3% of sulfur dioxide over a three day period from the plant's emissions;
2. *Low Capital Cost*: the system has a compact and flexible footprint relative to competitive products. For electricity generation applications, EnviroTechnologies' system is priced for market at approximately $90 per kilowatt of electricity generation. In comparison, industry consultants state that comparable systems in North America are typically priced at $300-500 per kilowatt (Source: High Energy Services/Babcock & Wilson-wet scrubber systems for S02 removal in North America);
3. *Low Ongoing Operating Cost*: the ENVI-Clean™ system is more affordable in the long term for customers compared to competitor products;
4. *New and Retrofit Applications*: for retrofit applications in particular (as required by the 2011 EPA Boiler MACT Requirements), the system is considered by management to be more compact and adaptable than rival systems;
5. *Scalability*: the ENVI-Clean™ system can be adapted for the largest power stations but also smaller applications such as diesel marine engines. It can also remove multiple pollutants in a single system, unlike much of the competition.

On October 5, 2011, EnviroResolutions, a British Columbia corporation, signed a contract to supply the ENVI-Clean™ system to a new waste to energy plant being built in Peterborough, United Kingdom (the "Peterborough Contract"). The initial material term and condition of the contract was that EnviroResolutions demonstrate testing of the system that achieved the performance levels represented in regards to emissions by March 31, 2012. This condition was successfully satisfied and confirmed with Peterborough Renewable Energy Limited ("**PREL**") prior to the required date. The Peterborough Contract entitles us, as the holder of the representation agreement, to a commission of approximately $4,600,000 before third party agency fees.

Effective March 5, 2013, we entered into a supplemental agreement with EnviroTechnologies and EnviroResolutions. The supplemental agreement amends the representation agreement between PGG and EnviroTechnologies dated June 7, 2010, which was later assigned to us from PGG in connection with an assignment and share transfer agreement dated June 14, 2012. The supplemental agreement entitles our company to a commission of equal to 50% (previously 20%) of any licensing revenue that may be generated by EnviroTechnologies Inc. in respect of its existing and future technologies.

In addition, pursuant to the supplemental agreement, we will receive from EnviroResolutions an amount equal to 50% of any assets or consideration received as compensation from PREL for PREL's failure to perform under a contingent sale agreement dated October 5, 2011 between EnviroResolutions and PREL. We will receive the fee for our assistance to EnviroResolutions during their negotiations with PREL regarding PREL's failure to perform. The fee, if any, provided to us will not constitute any repayment of our loans that were made to EnviroResolutions.

The supplemental agreement supplements the Peterborough Contract dated October 5, 2011 entered into among EnviroResolutions, PREL and GEPL. Pursuant to the Peterborough Contract, EnviroResolutions was to supply PREL with a wet scrubbing emission control system to a proposed waste to energy plant being built in Peterborough, United Kingdom.

Information on Pacific Green Technologies Limited

Pacific Green Technologies Limited is a limited liability company incorporated under the laws of England and Wales on April 5, 2011 ("**PGT**"). The director of PGT was Mr. Joseph Grigor Kelly. On November 7, 2012, Mr. Joseph Grigor Kelly tendered his resignation to the board of directors. PGT has no employees. Concurrently, Neil Carmichael consented to and was appointed as the sole director and chief executive and financial officer of PGT.

The purpose of incorporating PGT was to utilize local knowledge and contacts to build a platform for sales in the following regions: Western Europe, Eastern Europe, Russian Federation, Turkey, Middle East, Azerbaijan, Kazakhstan and Africa. However, our company has found that the cost to have physical presence in England far out weights the benefit. As a result, PGT is now in the process of being dissolved as of the date of the filing of this annual report.

Information on Pacific Green Energy Parks Limited

Pacific Green Energy Parks Limited ("PGEP") sees an opportunity to develop renewable power stations with capacities up to 50MW in the biomass and waste to energy sectors. In addition to their positive impact on the world's environment, these projects have the potential to deliver a sustainable post-tax equity IRR and may provide our company with an opportunity to deploy its technologies. To this end our company has been identifying and investigating appropriate projects worldwide.

On March 26, 2012, PGEP reached an agreement with the shareholders of Energy Park Sutton Bridge Limited ("EPSB"), whereby PGEP would fund a planning application for the development of a biomass energy plant in return for a 75% shareholding in EPSB. EPSB was incorporated in the UK in 2009 to develop a 49 MW biomass energy plant in Sutton Bridge, Lincolnshire, UK. A planning application for EPSB was submitted to South Holland District Council ("**SHDC**") on September 4, 2012.

On March 5, 2013, PGEP acquired the remaining 25% of EPSB. On May 8, 2013, EPSB secured planning permission for a 49MW biomass power plant at Sutton Bridge, Lincolnshire.

The facility will have an installed energy capacity of 49MW. The export capacity of the facility will be circa 44MW. The electricity will be supplied to the National Grid. Heat from the operation will be used within the facility and the ancillary buildings whilst off-take points will be provided for future combined heat and power needs in the area. The location of the plant alongside an existing industrial estate and in proximity of an area proposed for future industrial expansion makes the realization of the potential for combined heat and power more likely than in other possible locations. EPSB has secured options to purchase the freehold of the Energy Park site from the land owners.

Biomass is considered to be carbon neutral because the quantity of CO_2 released during combustion is the same as that absorbed by plants as a result of photosynthesis during their growth. This differs from fossil fuels in that, although both originating from organic matter, the carbon in fossil fuels has been locked away for millions of years, and when released during combustion, results in a net increase in CO_2 levels in the atmosphere.

Biomass is also considered environmentally sustainable as in many cases it is derived from by-products of other industries such as agriculture and forestry management. This contains a closed carbon cycle with no net increase in atmospheric CO_2 levels. As a result, EPSB will be entitled to renewables obligation certificates (“**ROCs**”) under the UK’s Renewable Obligation regime. As of April 2016, pure biomass will be afforded 1.4 ROCs/MWh of electricity produced, for a 20 year tariff period. EPSB’s forecasts assume:

EPSB will recover energy from virgin wood using steam turbine technology. The plant will require approximately 325,000 tonnes of virgin wood per annum (“**Feedstock**”).

Following discussions with industry experts, engineers, consultants and financiers, our company estimates that EPSB should cost approximately £165,000,000 to construct. Once the project is “spade ready”, construction should take 2 years. Previously, we anticipated that the project would be “spade ready” by March 2014. However, our company’s application for planning consent was not accepted by council and we resubmitted our application on June 20, 2014. The EPC contractor will provide a fixed cost turnkey completion guarantee. Planning consent was again turned down April 2015.

A detailed carbon assessment has been submitted within the EIA presenting the carbon savings offered by the operation of the facility.

The project will deliver combined heat and power ("**CHP**") infrastructure. Our company is investigating potential opportunities for supplying local heat customers at both existing and potential new developments off site. EPSB will maintain an open dialogue with the local authority and will ensure that an appropriate boiler and turbine design is selected to facilitate the distribution of heat.

Currently our company is identifying and assessing further renewable power plant developments that are complimentary to the use of ENVI-Emissions Systems where possible.

Securing additional financial and human capital

We have limited capital and four directors. It is anticipated that we will expand our management team to fully exploit the representation agreement and it will also therefore be necessary to raise financial capital. We will therefore proactively seek the raising of additional financial capital.

Form of any subsequent acquisitions

The manner in which we participate in an opportunity will depend upon the nature of the opportunity, our respective needs and desires and those of the promoters of the opportunity, and our relative negotiating strength compared to that of such promoters.

It is likely that we will acquire further participations in business opportunities through the issuance of our common stock, or other of our securities. Although the terms of any such transaction cannot be predicted, it should be noted that in certain circumstances the criteria for determining whether or not an acquisition is a so-called "tax free" reorganization under Section 368(a)(1) of the Internal Revenue Code of 1986, as amended, or the Code, depends upon whether the owners of the acquired business own 80% or more of the voting stock of the surviving entity. If a transaction were structured to take advantage of these provisions rather than other "tax free" provisions provided under the Code, all prior stockholders would in such circumstances retain 20% or less of the total issued and outstanding shares of the surviving entity. Under other circumstances, depending upon the relative negotiating strength of the parties, prior stockholders may retain substantially less than 20% of the total issued and outstanding shares of the surviving entity. This could result in substantial additional dilution to the equity of those who were our stockholders prior to such reorganization.

Our stockholders will likely not have control of a majority of our voting securities following a reorganization transaction. As part of such a transaction, our directors may resign and one or more new directors may be appointed without any vote by stockholders.

In the case of an acquisition, the transaction may be accomplished upon the sole determination of management without any vote or approval by our stockholders. In the case of a statutory merger or consolidation directly involving our company, it will likely be necessary to call a stockholders' meeting and obtain the approval of the holders of a majority of our outstanding securities. The necessity to obtain such stockholder approval may result in delay and additional expense in the consummation of any proposed transaction and will also give rise to certain appraisal rights to dissenting stockholders. Most likely, management will seek to structure any such transaction so as not to require stockholder approval.

It is anticipated that the investigation of specific business opportunities and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial cost for accountants, attorneys and others. If a decision is made not to participate in a specific business opportunity, the costs theretofore incurred in the related investigation might not be recoverable. Furthermore, even if an agreement is reached for the participation in a specific business opportunity, the failure to consummate that transaction may result in the loss to us of the related costs incurred.

Other Business Matters

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

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

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

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

1. a payment of $100 upon execution of the stock purchase agreement, which has been paid by us;
2. $14,000,000 paid in common shares in our capital stock at a deemed price at the lower of $4 per share or the average closing price per share of our capital stock in the ten trading days immediately preceding the date of closing of the stock purchase agreement, which have been issued by us;
3. $3,000,000 payable in common shares of our capital stock at a deemed price at the lower of $4 per share or the average closing price per share of our capital stock in the ten trading days immediately preceding the date upon which PGEP either purchases the property or secures a lease permitting PGEP to operate the facility on the property, which has not yet occurred; and
4. subject to leasing or purchasing the property and PGEP securing sufficient financing for the construction of the facility, $33,000,000 payable in common shares of our capital stock at a deemed price at the lower of $4 per share or the average closing price per share of our capital stock in the ten trading days immediately preceding the date that PGEP secures sufficient financing for the construction of the facility, which has not yet occurred.

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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 March 31, 2015, 2,217,130 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 SO_2, particulate matter and other pollutants from the engine's exhaust.

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

1. we pay 25% of all funds, if any, received under the supplemental agreement to the Debtors within 14 days upon receipt of funds, if any, pursuant to the supplemental agreement;
2. we enter into definitive agreements with the Debtors to:
   a. license the Debtors' Assets back to the Debtors, under arm's length commercial terms, for use in the USA and Canada, with the exception of NRG Energy, Inc. and Edison Mission and affiliates; and

b. have the Debtors provide engineering services to us on terms to be agreed upon, acting reasonably;

3. the Debtors pay pro-rata any third party broker fees and legal fees, if any, that are subsequent costs associated with the Supplemental Agreement; and
4. the Debtors retain possession of, yet make a pilot-scale scrubber available for rental to our company at a nominal cost.

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

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

PREL was incorporated by GEPL to develop a 79MWe waste to energy power station at Peterborough, United Kingdom (the “Peterborough Plant”). The Peterborough Plant has full planning permission at 79MWe and environmental agency permits. It is understood that the Peterborough Plant will be built in two stages at a total capital cost of approximately GBP£500 million (approximately US$824,534,442). As of May 17, 2013, PREL owns 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 agreed to acquire 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 agreed to acquire 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 agreed to acquire 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 have agreed to acquire 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.

On October 11, 2013, we entered into share exchange agreements with certain shareholders of EnviroTechnologies. Pursuant to the terms of the agreements, we have 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.

Effective October 31, 2013, we entered into a private placement agreement. Pursuant to the agreement, we issued 18,750 common shares in our capital stock at a purchase price of $4.00 per share, for total proceeds of $75,000.

Effective December 19, 2013, we entered into private placement agreements with nine subscribers. Pursuant to the agreements, we issued an aggregate of 262,500 common shares in our capital stock at a purchase price of $3.20 per share, for total proceeds of $840,000.

On December 18, 2013, we announced that our company has 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 May 27, 2014, we entered into a $200,000 convertible debenture with Intrawest Overseas Limited. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum, and is due on May 27, 2015. Pursuant to the agreement, should any portion of loan remain outstanding past maturity the interest will increase to 15% per annum. The note is convertible into shares of common stock 180 days after the date of issuance (November 27, 2014) until maturity at a conversion rate of 75% of the average offer price of our company's common stock for the 45 days ending one trading day prior to the date the conversion notice is sent by the holder to our company.

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

On June 12, 2014, we entered into a $100,000 convertible debenture with Gerstle Consulting Pty Limited. Under the terms of the debenture, the amount is unsecured, bears interest at 10% per annum, and was due on June 12, 2015. Pursuant to the agreement, should any portion of loan remain outstanding past maturity the interest would increase to 15% per annum. The note was 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 was sent by the holder to our company.

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

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

We entered into an agreement dated July 20, 2015 with Mr. Alexander Shead. Pursuant to this agreement, Mr. Shead agreed to serve as a director of our company. As a director of our company, Mr. Shead was to be compensated $1,000 for every calendar month of the term of the agreement. The term of the agreement was 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.

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

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

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

On July 14, 2017, the Company entered into a new memorandum of understanding to establish a new joint venture company in China with PowerChina (the "Supplier") wherein the Supplier would receive and process orders, manufacture, and install products for the Company's customers. In return, the Company agreed to design the product, provide strategic pricing, sales and marketing direction, as well as provide technology licenses and technical support (the "Technology") to the Supplier. During the term of the agreement, the Company will provide the Supplier with a non-transferrable right and license to use the Technology to manufacture and install the product within the Asia and Russia region.

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

Competition

We face competition from various companies involved in the environmental technology industries and specifically companies involved in filtering of pollutants.

Many of our competitors have longer operating histories, better brand recognition and greater financial resources than we do. In order for us to successfully compete in our industry we will need to:

- establish our product's competitive advantage with customers;

develop a comprehensive marketing system; and
increase our financial resources.

However, there can be no assurance that even if we do these things, we will be able to compete effectively with the other companies in our industry.

As we are a newly-established company, we face the same problems as other new companies starting up in an industry, such as lack of available funds. Our competitors may be substantially larger and better funded than us, and have significantly longer histories of research, operation and development than us. In addition, they may be able to provide more competitive products than we can and generally be able to respond more quickly to new or emerging technologies and changes in legislation and regulations relating to the industry. Additionally, our competitors may devote greater resources to the development, promotion and sale of their products or services than we do. Increased competition could also result in loss of key personnel, reduced margins or loss of market share, any of which could harm our business.

Intellectual Property

We do not own, either legally or beneficially, any patent or trademark, except for the following:

We now own the proprietary emission abatement systems, currently known as ENVI-Clean™, ENVI-Pure™, for removing acid gases, particulate matter, dioxins, VOCs and other regulated hazardous air pollutants from the flue gases produced by the combustion of coal, biomass, municipal solid waste, diesel and other fuels, and ENVI-SEA™, scrubber that can be applied to diesel exhaust emissions that require sulphur and particulate matter abatement, previously owned or controlled by the Debtors, and includes, without limitation, all developments, improvements, and derivative works based upon or incorporating the Technology, all work product created by the Debtors, and all intellectual property in the foregoing.

The ENVI-Clean™ system has protected intellectual property rights throughout most of the world. Its technology is protected by Patent Cooperation Treaty (PCT) patent application no. PCT/CA210/000988 filed June 25, 2010 with a priority filing date of June 25, 2009. The International Preliminary Report on Patentability for this PCT application considered all patent claims of the application to be patentable. EnviroTechnologies has pending national or regional phase patent applications claiming priority from PCT/CA2010/000988 covering 127 countries. Once patents issue, patent rights in this technology will generally endure until June 25, 2030.

Further, we own the rights to the US provisional patent application no. US 61/614696 for the integrated wet scrubbing system. Additionally, we own the rights to US provisional patent application no. US 61/645874 for the flooded wet scrubbing head patent.

Identification of Certain Significant Employees

Currently, we do not have any employees. Other than as set out below, we have not entered into any consulting or employment agreements with any of our other directors.

Effective December 18, 2012, we entered into a non-executive director agreement with Dr. Neil Carmichael, wherein Dr. Carmichael received compensation of $1,000 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 were to terminate the earlier of 24 months, or upon the termination of the agreement and Dr. Carmichael's engagement with our company. Those options expired unexercised.

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.

On October 22, 2013, we entered into an agreement with Mr. Chris Williams, wherein Mr. Williams agreed to serve as business development director of our company effective December 5, 2013. As business development director of our company, Mr. Williams was to focus on developing potential new business opportunities and generating sales from our existing assets. Mr. Williams resigned effective April 23, 2014.

We entered into an agreement dated July 20, 2015 with Mr. Alexander Shead. Pursuant to this agreement, Mr. Shead agreed to serve as a director of our company for consideration of $1,000 per month for a term of one year.

Our directors, executive officers and certain contracted individuals play an important role in the running of our company. We do not expect any material changes in the number of employees over the next 12 month period. We do and will continue to outsource contract employment as needed.

We engage contractors from time to time to consult with us on specific corporate affairs or to perform specific tasks in connection with our operations.

Government Regulations

Some aspects of our intended operations will be subject to a variety of federal, provincial, state and local laws, rules and regulations in North America and worldwide relating to, among other things, worker safety and the use, storage, discharge and disposal of environmentally sensitive materials. For example, we are subject to the Resource Conservation Recovery Act (“RCRA”), the principal federal legislation regulating hazardous waste generation, management and disposal.

Under some of the laws regulating the use, storage, discharge and disposal of environmentally sensitive materials, an owner or lessee of real estate may be liable for the costs of removing or remediating certain hazardous or toxic substances located on or in, or emanating from, such property, as well as related costs of investigation and property damage. Laws of this nature often impose liability without regard to whether the owner or lessee knew of, or was responsible for, the presence of the hazardous or toxic substances. These laws and regulations may require the removal or remediation of pollutants and may impose civil and criminal penalties for violations. Some of the laws and regulations authorize the recovery of natural resource damages by the government, injunctive relief and the imposition of stop, control, remediation and abandonment orders. The costs arising from compliance with environmental and natural resource laws and regulations may increase operating costs for both us and our potential customers. We are also subject to safety policies of jurisdictional-specific Workers Compensation Boards and similar agencies regulating the health and safety of workers.

We are not aware of any material violations of environmental permits, licenses or approvals issued with respect to our operations. We expect to comply with all applicable laws, rules and regulations relating to our intended business. At this time, we do not anticipate any material capital expenditures to comply with environmental or various regulations and requirements.

While our intended projects or business activities have been designed to produce environmentally friendly green energy or other alternative products for which no specific regulatory barriers exist, any regulatory changes that impose additional restrictions or requirements on us or on our potential customers could adversely affect us by increasing our operating costs and decreasing potential demand for our technologies, products or services, which could have a material adverse effect on our results of operations.

Subsidiaries

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

Our company's wholly owned subsidiaries are Pacific Green Marine Technologies Limited,(formerly Pacific Green Technologies Marine Limited and Pacific Green Technologies Limited) a United Kingdom corporation, Pacific Green Technologies International Limited, (Formerly Pacific Green Energy Parks Limited) a British Virgin Islands corporation, and its wholly owned subsidiary, Energy Park Sutton Bridge, a United Kingdom corporation, as well as Pacific Green Technologies Asia Ltd and Pacific Green Technologies China Ltd, both Hong Kong companies.

REPORTS TO SECURITY HOLDERS

We are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission and our filings are available to the public over the internet at the Securities and Exchange Commission's website at http://www.sec.gov. The public may read and copy any materials filed by us with the Securities and Exchange Commission at the Securities and Exchange Commission's Public Reference Room at 100 F Street N.E. Washington D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-732-0330. The SEC also maintains an Internet site that contains reports, proxy and formation statements, and other information regarding issuers that file electronically with the SEC, at http://www.sec.gov.

Employees

As of March 31, 2018, we did not have any full-time or part-time employees. Our president, treasurer, secretary and director, Neil Carmichael, works as a part-time consultant and devotes approximately 10 hours per week to our business. Our directors, Andrew Jolly, Alexander Shead, and Scott Poulter each work as part-time consultants to our company and devote time to our business on an as needed basis. If our financial position permits, as required by our business, we may enlist certain individuals on a full or part-time salaried basis to assist with marketing, advertising, administration and data management for our business.

Item 1A. Risk Factors

Risks Related to our Business

We have a limited operating history with significant losses and losses may continue for the foreseeable future.

We have yet to establish any history of profitable operations. We incurred a cumulative deficit of $67,764,051 for the period from April 5, 2011 (inception) to March 31, 2018. We had a net loss of $4,205,840 for the year ended March 31, 2018. We generated our first revenues this year of $1,995,000 since our inception and are working on further sales and establishing long-term profitability to sustain our operations. We expect that future revenues and profitability will be sufficient to sustain our operations for the foreseeable future. Our profitability will depend on our ability to successfully market and sell the ENVI-Clean™ system and there can be no assurance that we will be able to do so.

There is doubt about our ability to continue as a going concern due to recurring losses from operations, accumulated deficit and insufficient cash resources to meet our business objectives, all of which means that we may not be able to continue operations.

Our independent auditors have added an explanatory paragraph to their audit opinion issued in connection with the consolidated financial statements for the years ended March 31, 2018 and 2017, respectively, with respect to their doubt about our ability to continue as a going concern. As discussed in Note 1 to our consolidated financial statements for the year ended March 31, 2018, we have incurred operating losses since inception, and our cash resources are insufficient to meet our planned business objectives, which together raises substantial doubt about our ability to continue as a going concern.

We may not be able to secure additional financing to meet our future capital needs due to changes in general economic conditions.

We anticipate needing significant capital to develop our sales force and effective market the ENVI-Clean™ systems. We may use capital more rapidly than currently anticipated and incur higher operating expenses than currently expected, and we may be required to depend on external financing to satisfy our operating and capital needs. We may need new or additional financing in the future to conduct our operations or expand our business. Any sustained weakness in the general economic conditions and/or financial markets in the United States or globally could adversely affect our ability to raise capital on favorable terms or at all. From time to time we have relied, and may also rely in the future, on access to financial markets as a source of liquidity to satisfy working capital requirements and for general corporate purposes. We may be unable to secure debt or equity financing on terms acceptable to us, or at all, at the time when we need such funding. If we do raise funds by issuing additional equity or convertible debt securities, the ownership percentages of existing stockholders would be reduced, and the securities that we issue may have rights, preferences or privileges senior to those of the holders of our common stock or may be issued at a discount to the market price of our common stock which would result in dilution to our existing stockholders. If we raise additional funds by issuing debt, we may be subject to debt covenants, which could place limitations on our operations including our ability to declare and pay dividends. Our inability to raise additional funds on a timely basis would make it difficult for us to achieve our business objectives and would have a negative impact on our business, financial condition and results of operations.

We are a development stage company and we may not be successful in marketing the ENVI-Clean™ system and the value of your investment could decline.

We are a development stage company with no substantial tangible assets in a highly competitive industry. We have little operating history, are working hard to secure customers, and additional revenues. This makes it difficult to evaluate our future performance and prospects. Our prospects must be considered in light of the risks, expenses, delays and difficulties frequently encountered in establishing a new business in an emerging and evolving industry, including the following factors:

- our business model and strategy are still evolving and are continually being reviewed and revised;
- we may not be able to raise the capital required to develop our initial client base and reputation; and
- we may not be able to successfully develop our planned products and services.

We cannot be sure that we will be successful in meeting these challenges and addressing these risks and uncertainties. If we are unable to do so, our business will not be successful and the value of your investment in us will decline.

Our business is subject to environmental and consumer protection legislation and any changes in such legislation could prevent us from becoming profitable.

The energy production and technology industries are subject to many laws and regulations which govern the protection of the environment, quality control standards, health and safety requirements, and the management, transportation and disposal of hazardous substances and other waste. Environmental laws and regulations may require removal or remediation of pollutants and may impose civil and criminal penalties for violations. Some environmental laws and regulations authorize the recovery of natural resource damages by the government, injunctive relief and the imposition of stop, control, remediation and abandonment orders. Similarly, consumer protection laws impose quality control standards on products marketed to the public and prohibit the distribution and marketing of products not meeting those standards.

The costs arising from compliance with environmental and consumer protection laws and regulations may increase operating costs for both us and our potential customers. Any regulatory changes that impose additional environmental restrictions or quality control requirements on us or on our potential customers could adversely affect us through increased operating costs and potential decreased demand for our services, which could prevent us from becoming profitable.

The development and expansion of our business through acquisitions, joint ventures, and other strategic transactions may create risks that may reduce the benefits we anticipate from these strategic alliances and may prevent us from achieving or sustaining profitability.

We intend to enter into technology acquisition and licensing agreements and strategic alliances such as joint ventures or partnerships in order to develop and commercialize our proposed technologies and services, and to increase our competitiveness. We currently do not have any commitments or agreements regarding acquisitions, joint ventures or other strategic alliances. Our management is unable to predict whether or when we will secure any such commitments or agreements, or whether such commitments or agreements will be secured on favorable terms and conditions.

Our ability to continue or expand our operations through acquisitions, joint ventures or other strategic alliances depends on many factors, including our ability to identify acquisitions, joint ventures, or partnerships, or access capital markets on acceptable terms. Even if we are able to identify strategic alliance targets, we may be unable to obtain the necessary financing to complete these transactions and could financially overextend ourselves.

Acquisitions, joint ventures or other strategic transactions may present financial, managerial and operational challenges, including diversion of management attention from existing business and difficulties in integrating operations and personnel. Acquisitions or other strategic alliances also pose the risk that we may be exposed to successor liability relating to prior actions involving a predecessor company, or contingent liabilities incurred before a strategic transaction. Due diligence conducted in connection with an acquisition, and any contractual guarantees or indemnities that we receive from sellers of acquired companies, may not be sufficient to protect us from, or compensate us for, actual liabilities. Liabilities associated with an acquisition or a strategic transaction could adversely affect our business and financial performance and reduce the benefits of the acquisition or strategic transaction. Any failure to integrate new businesses or manage any new alliances successfully could adversely affect our business and financial performance and prevent us from achieving profitability.

Our sole officer will only spend a modest portion of his available time managing our company. As a result, our success depends on the continuing efforts of other members of our senior management team and significant contractors and the loss of the services of such key personnel could result in a disruption of operations which could result in reduced future revenues.

We are dependent upon our officer for execution of our business plan. However, our sole officer, Neil Carmichael, will only spend a modest amount of his time in managing our company. As a result, our future success depends heavily upon the continuing services of the other members of our senior management team. If one or more of such other of our senior executives or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. Competition for senior management and key personnel is intense, the pool of qualified candidates is very limited, and we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. We do not currently maintain key man insurance on our senior managers. The loss of the services of our senior management team and employees could result in a disruption of operations which could result in reduced revenues.

We are at risk that the ENVI-Clean™ system will not perform to expectations.

As at the date of this annual report, the ENVI-Clean™ system has been tested to satisfactory requirements but there is no guarantee that the ENVI-Clean™ system will continue to perform satisfactorily in the future which would damage our prospects following the Assignment.

The market for alternative energy products, technologies or services is emerging and rapidly evolving and its future success is uncertain. Insufficient demand for the ENVI-Clean™ system would prevent us from achieving or sustaining profitability.

It is possible that we may spend large sums of money to bring the ENVI-Clean™ system to the market, but demand may not develop or may develop more slowly than we anticipate.

Our future success is dependent on EnviroTechnologies and its technologies in regards to:

(a) its ability to quickly react to technological innovations;
(b) the cost-effectiveness of its technologies;
(c) the performance and reliability of alternative energy products and services that it develops;
(d) its ability to formalize marketing relationships or secure commitments for our technologies, products and services;
(e) realization of sufficient funding to support our and EnviroTechnologies marketing and business development plans; and
(f) availability of government incentives for the development or use of any products and services that we or EnviroTechnologies develop.

We may be unable to develop widespread commercial markets or obtain sufficient demand or broad acceptance for the EnviroTechnologies alternative energy products or technologies or services. We may be unable to achieve or sustain profitability.

Competition within the environment sustainability industry may prevent us from becoming profitable.

The alternative energies industry is competitive and fragmented and includes numerous small companies capable of competing effectively in the market we target as well as several large companies that possess substantially greater financial and other resources than we do. Larger competitors' greater resources could allow those competitors to compete more effectively than we can with the EnviroTechnologies technology. A number of competitors have developed more mature businesses than EnviroTechnologies has and have successfully built their names in the international alternative energy markets. These various competitors may be able to offer products, sustainability technologies or services more competitively priced and more widely available than EnviroTechnologies and also may have greater resources to create or develop new technologies and products than EnviroTechnologies. Failure to compete in the alternative energy industry may prevent us from becoming profitable, and thus you may lose your entire investment.

We are at risk of EnviroTechnologies not being able to manufacture the ENVI-Clean™ system in accordance with contractual terms.

All contracts which we secure for the sale of ENVI-Clean™ system between EnviroTechnologies and a third party will require that EnviroTechnologies supplies a functioning emission control system. There is a risk that EnviroTechnologies is unable to manufacture and supply such a system in accordance with the terms of the contract. Any failure by EnviroTechnologies to perform its obligations under any such contract may have a detrimental impact on our financial standing and reputation.

Risks Related to our Stockholders and Shares of Common Stock

The continued sale of our equity securities will dilute the ownership percentage of our existing stockholders and may decrease the market price for our common stock.

As of the date of this report, the Company’s cash reserves are approximately $2,000,000. We expect to continue our efforts to market, manufacture and deliver the Company’s ENVI systems to customers. Should the Company need additional resources, we may consider selling additional equity securities which will result in dilution to our existing stockholders. In short, our continued need to sell equity will result in reduced percentage ownership interests for all of our investors, which may decrease the market price for our common stock.

We do not intend to pay dividends and there will thus be fewer ways in which you are able to make a gain on your investment.

We have never paid dividends and do not intend to pay any dividends for the foreseeable future. To the extent that we may require additional funding currently not provided for in our financing plan, our funding sources may prohibit the declaration of dividends. Because we do not intend to pay dividends, any gain on your investment will need to result from an appreciation in the price of our common stock. There will therefore be fewer ways in which you are able to make a gain on your investment. In the future when we do intend to pay dividend, we will formalize a dividend policy.

Because the SEC imposes additional sales practice requirements on brokers who deal in shares of penny stocks, some brokers may be unwilling to trade our securities. This means that you may have difficulty reselling your shares, which may cause the value of your investment to decline.

Our shares are classified as penny stocks and are covered by Section 15(g) of the Securities Exchange Act of 1934 (the “Exchange Act”) which imposes additional sales practice requirements on brokers-dealers who sell our securities in this offering or in the aftermarket. For sales of our securities, broker-dealers must make a special suitability determination and receive a written agreement prior from you to making a sale on your behalf. Because of the imposition of the foregoing additional sales practices, it is possible that broker-dealers will not want to make a market in our common stock. This could prevent you from reselling your shares and may cause the value of your investment to decline.

Financial Industry Regulatory Authority (FINRA) sales practice requirements may limit your ability to buy and sell our common stock, which could depress the price of our shares.

FINRA rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our shares, have an adverse effect on the market for our shares, and thereby depress our share price.

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We are an "emerging growth company" under the JOBS Act of 2012, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will remain an "emerging growth company" for up to five years, although we will lose that status sooner if our revenues exceed $1 billion, if we issue more than $1 billion in non-convertible debt in a three year period, or if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any May 30.

Our status as an "emerging growth company" under the JOBS Act of 2012 may make it more difficult to raise capital as and when we need it.

Because of the exemptions from various reporting requirements provided to us as an "emerging growth company" we may be less attractive to investors and it may be difficult for us to raise additional capital as and when we need it. Investors may be unable to compare our business with other companies in our industry if they believe that our reporting is not as transparent as other companies in our industry. If we are unable to raise additional capital as and when we need it, our financial condition and results of operations may be materially and adversely affected.

Item 1B. Unresolved Staff Comments

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

Item 2. Properties

Our registered business address for correspondence is 5205 Prospect Road, Suite 135-226, San Jose, CA 95129. We pay rent of $200 per month for our business office space. Our telephone number is (408) 538-3373.

Item 3. 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.

PGG disposed of:

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. 16,000 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. On January 12, 2016 a Settlement Agreement was reached between the parties that requires PGG to pay PGT and further, PGT to pay the Plaintiff’s counsel $325,000 in tranches of $150,000 within 60 days of the agreement being fully executed, $50,000 within 120 days of the settlement and $125,000 within 7 months of the settlement. On August 18, 2016 the US District Court, Southern District of New York dismissed the action upon notification by the plaintiff's counsel that the final payment had been made.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common shares are quoted on the OTCQB under the symbol "PGTK", but trade infrequently. Our common shares are not currently listed on the NASDAQ.

The high and low bid prices of our common stock for the periods indicated below are as follows:

OTCQB[(1)]

Quarter Ended	High	Low
March 31, 2018	$1.38	$0.75
December 31, 2017	$1.19	$0.52
September 30, 2017	$1.25	$0.25
June 30, 2017	$1.18	$0.55
March 31, 2017	$2.20	$1.05
December 31, 2016	$2.50	$1.20
September 30, 2016	$2.25	$1.11
June 30, 2016	$2.85	$1.00
March 31, 2016	$3.00	$0.80

1. Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions. Our shares did not begin trading until June 14, 2012. Our transfer agent is American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, New York, 11219; telephone number (718) 921-8200; facsimile number (718) 765-8711.

As of July 16, 2018, there were 217 holders of record of our common stock. As of such date, 41,251,590 of our common stock were issued and outstanding.

Dividends

We have not paid any cash dividends to date and do not anticipate or contemplate paying dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of our business.

Securities Authorized for Issuance under Equity Compensation Plans

Effective December 18, 2012, we entered into a non-executive director agreement with Dr. Neil Carmichael, wherein Dr. Carmichael 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. Those options expired unexercised.

On July 20, 2015, the Company granted options to Dr. Carmichael to purchase up to 312,500 shares of common stock at an exercise price of $0.01 per share of common stock on or before July 19, 2018.

On July 20, 2015, the Company granted options to a Company controlled by a Director, Mr. Shead, to purchase up to 50,000 shares of common stock at an exercise price of $0.01 per share of common stock on or before July 19, 2018.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Except where otherwise indicated, each of the below described issuances of common shares was made to a non- U.S. person, 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.

On April 30, 2016, the Company issued 246,667 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $370,000.

On May 19, 2016, the Company issued 150,000 shares of common stock to a director of the Company relating to a non-brokered private placement at a price of $1.00 per share for proceeds of $150,000, which was recorded as common stock issuable as at March 31, 2016.

On May 21, 2016, the Company issued 97,334 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $146,000.

On May 24, 2016, the Company issued 161,667 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $242,500.

On July 12, 2016, the Company issued 98,000 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $147,000.

On July 14, 2016, the Company issued 50,000 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $75,000.

On September 12, 2016, the Company issued 33,333 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $50,000.

On October 27, 2016, the Company issued 85,714 shares of common stock relating to a non-brokered private placement at a price of $1.75 per share for proceeds of $150,000.

On December 21, 2016, the Company issued 11,765 shares of common stock relating to a non-brokered private placement at a price of $1.70 per share for proceeds of $20,000.

On December 22, 2016, the Company issued 265,296 shares of common stock relating to a non-brokered private placement at a price of $1.70 per share for proceeds of $451,003.

On December 23, 2016, the Company issued 1,000,000 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $1,500,000.

On December 31, 2016, the Company issued 1,000,000 units relating to a non-brokered private placement at a price of $1.50 per unit for proceeds of $1,000,000. Each unit consists of one share of common stock, one share purchase warrant exercisable at $1.50 per share for a term of one year, and one share purchase warrant exercisable at $1.50 per share for a term of two years.

On February 20, 2017, the Company issued 29,412 shares of common stock relating to a non-brokered private placement at a price of $1.70 per share for proceeds of $50,000.

On February 22, 2017, the Company issued 50,000 shares of common stock with a fair value of $70,000 pursuant to a conversion of $20,000 in principal and $53,141 in derivative liability relating to the November 10, 2015 convertible debenture. The fair value of the common stock was determined based on the closing price of the Company's common stock. This transaction resulted in a gain on extinguishment of debt of $3,141.

On March 9, 2017, the Company issued 146,667 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $220,001 to a significant shareholder of the Company.

On March 27, 2017, the Company issued 100,000 shares of common stock relating to a non-brokered private placement at a price of $1.50 per share for proceeds of $150,000.

As at March 31, 2017, the Company had $50,000 of share subscription proceeds for 33,333 shares of common stock at $1.50 per share recorded in common stock issuable. Those shares were issued on June 1, 2017.

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

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

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

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

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

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

On September 25, 2017, the Company issued 404,901 shares of common stock with a fair value of $404,901 to a significant shareholder of the Company in settlement of the loan payable of $319,418 (£289,144) and accrued interest of $85,483 (£65,525).

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

On November 7, 2017, the Company issued 934,963 shares of common stock for proceeds of $935 pursuant to the exercise of share purchase warrants to a company controlled by a shareholder and director of the Company who has a significant influence on the Company's operations.

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

On December 1, 2017, the Company issued 221,628 shares of common stock relating to non-brokered private placements at a price of $0.86 per share for proceeds of $190,600. Of this amount, 76,279 shares of common stock for proceeds of $65,600 were issued to a company controlled by a director of the Company.

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

On February 20, 2018, the Company issued 500,000 shares of common stock relating to non-brokered private placements at a price of $1.00 per share for proceeds of $500,000. Concurrent and subject to the financing completion, the Company granted the subscriber 1,875,000 share purchase warrants. Of the share purchase warrants issued, 375,000 share purchase warrants are exercisable at $0.01 per share until August 23, 2018, 500,000 share purchase warrants are exercisable at $1.00 per share until November 23, 2018, and 1,000,000 share purchase warrants are exercisable at $1.00 per share until November 23, 2019.

On February 20, 2018, the Company issued 375,000 shares of common stock for proceeds of $3,750 pursuant to the exercise of share purchase warrants.

On February 22, 2018, the Company issued 24,000 shares of common stock with a fair value of $24,000 to settle debt of $24,000 owing to a director of the Company.

As at March 31, 2018, the Company received $206,675 of share subscription proceeds for the issuance of 206,675 shares of common stock at a price of $1.00 per share recorded as common stock issuable. Of this amount, $56,675 of share subscription proceeds for the issuance of 56,675 shares of common stock were received from a company controlled by a director of the Company.

Item 6. Selected Financial Data

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

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes for the years ended March 31, 2018 and 2017 that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to those discussed below and elsewhere in this annual report, particularly in the section entitled “Risk Factors” beginning on page 19 of this annual report.

Our audited consolidated financial statements are stated in United States Dollars and are prepared in accordance with United States generally accepted accounting principles.

Results of Operations

The following summary of our results of operations should be read in conjunction with our audited financial statements for the years ended March 31, 2018 and 2017.

Our operating expenses for the years ended March 31, 2018 and 2017 are summarized as follows:

	Year Ended March 31,	
	2018	2017
Advertising	$130,175	$97,329
Amortization of intangible assets	$875,812	$868,675
Consulting fees	$808,572	$867,693
Depreciation	$9,426	$4,713
Foreign exchange loss (gain)	$63,666	$(173,063)

Office and miscellaneous	$136,993	$140,886
Professional fees	$394,244	$183,277
Research and development	$789,713	$516,390
Transfer agent and filing fees	$34,706	$28,413
Travel	$305,648	$200,841
Total operating expenses	$3,548,955	$2,735,154

Expenses for the year ended March 31, 2018 were $3,548,955 as compared to $2,735,154 for the year ended March 31, 2017. Consulting fees were comprised of fees paid to third parties for business development efforts as well as amounts paid to the directors of Pacific Green Technologies Inc. and subsidiaries; professional fees were comprised of legal, audit and accounting costs. Significant increases related to advertising, research and development and travel as the Company's been developing its sales network and working on projects in China and Africa. There was a minor decrease realized in consulting fees as last year included significant non-cash transactions that were recorded as consulting fees.

For the year ended March 31, 2018, our company had a net loss of $4,205,840 ($0.13 per share) compared to a net loss of $3,427,417 ($0.14 per share) for the year ended March 31, 2017. In addition to the operating expenses noted above, for the year ended March 31, 2018, our company had $349,489 (2017 - $1,266,193) in interest expense, $105,175 in loss (2017 –$570,789 in gain), on the change in fair value of derivative liabilities and a loss of $287,631 (2017 - $nil) from impairment of property and equipment.

Liquidity and Capital Resources

<u>Working Capital</u>

	At March 31, 2018	At March 31, 2017
Current Assets	$331,927	$443,938
Current Liabilities	$1,223,809	$10,581,522
Working Capital (Deficit)	$(891,882)	$(10,137,584)

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Cash Flows

	Year Ended March 31, 2018	Year Ended March 31, 2017
Net Cash Used in Operating Activities	$(2,336,151)	$(2,128,601)
Net Cash Used in Investing Activities	$(802,785)	$(1,331,909)
Net Cash Provided by Financing Activities	$3,073,576	$3,862,713
Effect of Exchange Rate Changes on Cash	$(86,925)	$(60,144)
Net Change in Cash	$(152,285)	$342,059

As of March 31, 2018, we had $229,882 in cash, $331,927 in total current assets, $1,223,809 in total current liabilities and a working capital deficit of $891,882 compared to a working capital deficit of $10,137,584 at March 31, 2017.

We spent $2,336,151 on operating activities during the year ended March 31, 2018 and $2,128,601 on operating activities during the year ended March 31, 2017. The increase in our expenditures on operating activities during the year ended March 31, 2018 was primarily due to increases in advertising, research and development expenditures and travel.

During the year ended March 31, 2018, we received $3,073,576 from financing activities, which consisted of $3,412,026 in proceeds from the issuance of our common shares and less $338,450 in repayments of loans and amounts due to related parties. During the year ended March 31, 2017, we received $3,862,713 from financing activities, which consisted of $4,621,503 in proceeds from the issuance of our common shares offset by $146,310 repayment of a loan outstanding and $612,480 repayment to related parties.

During the year ended March 31, 2018, we used $802,785 (2017 -$1,331,909) in investing activities, which primarily consists of costs incurred in the construction, delivery and installation of an ENVI-Marine scrubber unit.

We may require additional funds to fund our budgeted expenses over the next 12 months. These funds may be raised through sales, 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 will be approximately $1,900,000 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 ($)
Engineering, research and technical development	400,000
Travel	250,000
Legal and accounting fees	200,000
Marketing and advertising	150,000
Investor relations and capital raising	50,000
Management and operating costs	250,000
Salaries and consulting fees	350,000
General and administrative expenses	250,000
Total	$1,900,000

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 a minimum of $1,900,000 to proceed with our business plan over the next 12 months. As of March 31, 2018, we had $229,882 cash on hand and subsequently raised $2,700,000. Based on cash resources available, we're reviewing our options to scale up our business development and operational personnel more quickly to meet the expected demand from ship owners for our products.

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

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

Going Concern

Our financial statements for the year ended March 31, 2018 have been prepared on a going concern basis and contain an additional explanatory paragraph which identifies issues that raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We are currently continuing operations with the support of creditors, note holders and shareholders. Our goal is to achieve profitable operations and improve cash flows. However, no assurance can be given that management's actions will result in profitable operations or an improvement in our liquidity situation. The threat of our ability to continue as a going concern will cease to exist only when our revenues have reached a level able to sustain our business operations.

Off-Balance Sheet Arrangements

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

Contractual Obligations

As a “smaller reporting company”, we are not required to provide tabular disclosure obligations.

Critical Accounting Policies

Use of Estimates

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

Intangible Assets

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

Impairment of Long-lived Assets

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

Revenue Recognition

Revenue is comprised of sales-type lease of the Company’s scrubber system. The Company recognizes revenues when equipment has been delivered and accepted by a customer and risk of ownership has transferred. In addition, terms and pricing has been finalized and the collectability of proceeds is reasonably assured. During the year ended March 31, 2018, the Company completed the installation of a scrubber unit under an energy management lease arrangement. The energy management lease arrangement qualifies for sales-type lease accounting and includes an option for the transfer of title at the conclusion of the lease payments.

Financial Instruments and Fair Value Measurements

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.

Our company's financial instruments consist principally of cash, amounts receivable, lease receivable, amounts due from and to related parties, accounts payable and accrued liabilities, loan payable, convertible debenture, 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 March 31, 2018, on a recurring basis:

	Level 1 $	**Level 2 $**	**Level 3 $**
Cash	229,882	–	–
Derivative liabilities	–	75,505	–
Total	229,882	75,505	–

During the year ended March 31, 2018, the Company recognized a loss on the change in fair value of derivative liability of $105,175 (2017 – gain of $570,789).

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Stock-based compensation

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

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

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". This new standard will replace most of the existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. The new standard, as amended, becomes effective in the first quarter of fiscal year 2018, but allows the adoption of the standard one year earlier. The Company has not yet selected a transition method and is currently assessing the impact the adoption of ASU 2014-09 will have on its consolidated financial statements and disclosures.

In February 2016, the FASB issued new lease accounting guidance in ASU No. 2016-02, “Leases”. This new guidance was initiated as a joint project with the International Accounting Standards Board to simplify lease accounting and improve the quality of and comparability of financial information for users. This new guidance would eliminate the concept of off-balance sheet treatment for “operating leases” for lessees for the vast majority of lease contracts. Under ASU No. 2016-02, at inception, a lessee must classify all leases with a term of over one year as either finance or operating, with both classifications resulting in the recognition of a defined “right-of-use” asset and a lease liability on the balance sheet. However, recognition in the income statement will differ depending on the lease classification, with finance leases recognizing the amortization of the right-of-use asset separate from the interest on the lease liability and operating leases recognizing a single total lease expense. Lessor accounting under ASU No. 2016-02 would be substantially unchanged from the previous lease requirements under GAAP. ASU No. 2016-02 will take effect for public companies in fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted and for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, lessees and lessors must apply a modified retrospective transition approach. The Company is currently evaluating the new guidance and have not determined the impact this standard may have on the consolidated financial statements.

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 7A. 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 8. Financial Statements and Supplementary Data

PACIFIC GREEN TECHNOLOGIES INC.

Consolidated Financial Statements

March 31, 2018

(Expressed in US dollars)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Pacific Green Technologies Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Pacific Green Technologies Inc. (the "Company") as of March 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive loss, stockholders' deficit, and cash flows for the years then ended and related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and 2017, and the results of their operations and cash flows for the years ended March 31, 2018 and 2017, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph Regarding Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has a working capital deficit, and has incurred significant operating losses and negative cash flows from operations since inception. As at March 31, 2018, the Company has a working capital deficit of $891,882 and has an accumulated deficit of $67,764,051. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to fraud or error. The Company is not required to have, nor were we engaged to perform, an audit of its internal controls over financial reporting. As part of our audits, we are required to obtain an understanding of the Company's internal controls over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ SATURNA GROUP CHARTERED PROFESSIONAL ACCOUNTANTS LLP

Saturna Group Chartered Professional Accountants LLP

We have served as the Company's auditor since 2014.

Vancouver, Canada

July 13, 2018

PACIFIC GREEN TECHNOLOGIES INC.

Consolidated Balance Sheets

(Expressed in U.S. dollars)

	March 31, 2018 $	March 31, 2017 $
ASSETS		
Cash	229,882	382,167
Amounts receivable	4,912	25,780
Prepaid expenses and deposits	72,032	11,004
Due from related party (Note 10)	25,101	24,987
Total Current Assets	331,927	443,938
Lease receivable (Note 3)	1,995,000	–
Property and equipment (Note 4)	15,800	1,327,196
Intangible assets (Note 5)	10,622,068	11,497,880
Total Assets	12,964,795	13,269,014
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	888,760	860,050
Loan payable (Note 6)	–	361,931
Convertible debenture (Note 7)	30,000	90,000
Note payable to related party, net of unamortized discount of $nil and $33,438, respectively (Note 9)	–	4,966,562
Due to related parties (Note 10)	229,544	4,110,693
Derivative liability (Note 8)	75,505	192,286
Total Liabilities	1,223,809	10,581,522
Nature of Operations and Continuance of Business (Note 1)		
Commitments (Note 15)		
Subsequent Events (Note 17)		
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 40,757,415 and 26,297,430 shares issued and outstanding, respectively	40,757	26,297
Common stock issuable (Note 11)	206,675	50,000
Additional paid-in capital	78,989,346	65,907,617
Accumulated other comprehensive income	268,259	261,789
Deficit	(67,764,051)	(63,558,211)
Total Stockholders' Equity	11,740,986	2,687,492
Total Liabilities and Stockholders' Equity	12,964,795	13,269,014

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

PACIFIC GREEN TECHNOLOGIES INC.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. dollars)

	Year Ended March 31, 2018 $	Year Ended March 31, 2017 $
Sales	1,995,000	–
Cost of goods sold	1,892,832	–
Gross margin	102,168	–
Expenses		
Advertising and promotion	130,175	97,329
Amortization of intangible assets	875,812	868,675
Consulting fees (Note 10)	808,572	867,693
Depreciation	9,426	4,713
Foreign exchange loss (gain)	63,666	(173,063)
Office and miscellaneous	136,993	140,886
Professional fees	394,244	183,277
Research and development	789,713	516,390
Transfer agent and filing fees	34,706	28,413
Travel	305,648	200,841
Total expenses	3,548,955	2,735,154
Loss before other income (expense)	(3,446,787)	(2,735,154)
Other income (expense)		
Gain (loss) on change in fair value of derivative liability (Note 8)	(105,175)	570,789
Gain (loss) on extinguishment of debt (Note 11)	(16,758)	3,141
Impairment of property and equipment (Note 4)	(287,631)	–
Interest expense (Notes 7 and 9)	(349,489)	(1,266,193)
Total other income (expense)	(759,053)	(692,263)
Net loss for the year	(4,205,840)	(3,427,417)
Other comprehensive income		

Foreign currency translation gain	6,470	141,029
Comprehensive loss for the year	(4,199,370)	(3,286,388)
Net loss per share, basic and diluted	(0.13)	(0.14)
Weighted average number of shares outstanding	33,186,231	24,385,595

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

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PACIFIC GREEN TECHNOLOGIES INC.

Consolidated Statements of Stockholders' Equity

(Expressed in U.S. dollars)

	Common stock		Common Stock	Additional Paid-in	Accumulated Other Comprehensive		Stockholders'
	Shares #	Amount $	Issuable $	Capital $	Income $	Deficit $	Equity $
Balance, March 31, 2016	23,104,908	23,105	150,000	60,219,306	120,760	(60,130,794)	382,377
Shares issued pursuant to private placements	3,142,522	3,142	(100,000)	4,718,361	–	–	4,621,503
Shares issued pursuant to settlement of convertible debenture	50,000	50	–	69,950	–	–	70,000
Imputed interest	–	–	–	900,000	–	–	900,000
Foreign exchange translation gain	–	–	–	–	141,029	–	141,029
Net loss for the year	–	–	–	–	–	(3,427,417)	(3,427,417)
Balance, March 31, 2017	26,297,430	26,297	50,000	65,907,617	261,789	(63,558,211)	2,687,492
Shares issued pursuant to private placements	3,642,526	3,643	156,675	3,247,023	–	–	3,407,341
Shares issued for services	22,000	22	–	9,878	–	–	9,900
Shares issued pursuant to settlement of convertible debenture	420,000	420	–	393,380	–	–	393,800
Shares issued pursuant to settlement of loan payable	404,901	405	–	404,496	–	–	404,901
Shares issued pursuant to settlement of related party note payable	5,000,000	5,000	–	4,995,000	–	–	5,000,000
Shares issued pursuant to settlement of related party payables	3,660,595	3,660	–	3,656,935	–	–	3,660,595
	1,309,963	1,310	–	3,375	–	–	4,685

Shares issued pursuant to warrants exercised							
Stock options issued pursuant to debt settlement	–	–	–	78,164	–	–	78,164
Imputed interest	–	–	–	293,478	–	–	293,478
Foreign exchange translation gain	–	–	–	–	6,470	–	6,470
Net loss for the year	–	–	–	–	–	(4,205,840)	(4,205,840)
Balance, March 31, 2018	40,757,415	40,757	206,675	78,989,346	268,259	(67,764,051)	11,740,986

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

PACIFIC GREEN TECHNOLOGIES INC.

Consolidated Statements of Cash Flows

(Expressed in U.S. dollars)

	Year Ended March 31, 2018 $	Year Ended March 31, 2017 $
Operating Activities		
Net loss for the year	(4,205,840)	(3,427,417)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on note payable and convertible debentures	33,438	285,087
Amortization of intangible assets	875,812	868,675
Depreciation	9,426	4,713
Fair value of shares issued for services	9,900	–
Impairment of property and equipment	287,631	–
Imputed interest	293,478	900,000
Loss (gain) on change in fair value of derivative liability	105,175	(570,789)
Loss (gain) on extinguishment of debt	16,758	(3,141)
Changes in operating assets and liabilities:		
Amounts receivable	20,868	(9,527)
Prepaid expenses and deposits	(61,028)	(11,004)
Due from related parties	(114)	14,503
Accounts payable and accrued liabilities	114,193	38,535
Due to related parties	164,152	(218,236)
Net Cash Used In Operating Activities	(2,336,151)	(2,128,601)
Investing Activities		
Additions of property and equipment	(802,785)	(1,331,909)
Net Cash Used In Investing Activities	(802,785)	(1,331,909)
Financing Activities		
Repayments to related parties	(338,450)	(612,480)
Repayment of loan payable	–	(146,310)
Proceeds from issuance of common stock / share subscriptions received	3,412,026	4,621,503

Net Cash Provided by Financing Activities	3,073,576	3,862,713
Effect of Foreign Exchange Rate Changes on Cash	(86,925)	(60,144)
Change in Cash	(152,285)	342,059
Cash, Beginning of Year	382,167	40,108
Cash, End of Year	229,882	382,167
Non-cash Investing and Financing Activities:		
Accrued interest settled with common stock	85,483	–
Amounts due to related parties settled with common stock	3,660,595	–
Amount due to related parties settled with stock options	78,164	–
Convertible debenture settled with common stock	60,000	20,000
Derivative liability settled with common stock	221,956	53,141
Equipment sold under long-term sales-type lease	1,892,832	–
Loan payable settled with common stock	319,418	–
Note payable settled with common stock	5,000,000	–
Reallocation of amount due to a related party to amounts receivable	–	11,257
Supplemental Disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

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PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Consolidated Financial Statements

Years Ended March 31, 2018 and 2017

(Expressed in U.S. Dollars)

1. Nature of Operations and Continuance of Business

Pacific Green Technologies Inc. (the “Company”) was incorporated in the state of Delaware on March 10, 1994, under the name of Beta Acquisition Corp. In September 1995, the Company changed its name to In-Sports International, Inc. In August 2002, the Company changed its name to ECash, Inc. On June 13, 2012, the Company changed its name to Pacific Green Technologies Inc. The Company is in the business of acquiring, developing, and marketing emission control technologies.

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, creditors, and related parties, and the ability of the Company to obtain necessary equity financing to continue operations, and ultimately the attainment of profitable operations. As at March 31, 2018, the Company has begun commercial sales generating revenues; however, the Company has a working capital deficit of $891,882, and has an accumulated deficit of $67,764,051 since inception. Furthermore, during the year ended March 31, 2018, the Company used $2,336,151 in operating activities. 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) Basis of Presentation

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

All inter-company balances and transactions have been eliminated.

(b) Use of Estimates

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

(c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

(d) Property and Equipment

Property and equipment is recorded at cost. Depreciation is recorded at the following annual rates:

Furniture and equipment	5 years straight-line
Leasehold improvements	3 years straight-line
Scrubber system	20 years straight-line

PACIFIC GREEN TECHNOLOGIES INC.

Notes to the Consolidated Financial Statements

Years Ended March 31, 2018 and 2017

(Expressed in U.S. Dollars)

2. Significant Accounting Policies (continued)

(e) Intangible Assets

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

(f) 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.

(g) Financial Instruments and Fair Value Measurements

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.

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

The following table represents assets and liabilities that are measured and recognized at fair value as of March 31, 2018, on a recurring basis:

	Level 1 $	Level 2 $	Level 3 $
Cash	229,882	–	–
Derivative liability	–	75,505	–
Total	229,882	75,505	–

During the year ended March 31, 2018, the Company recognized a loss on the change in fair value of derivative liability of $105,175 (2017 – gain of $570,789).

(i) Revenue Recognition

Revenue is comprised of a sales-type lease of the Company's scrubber system. The Company recognizes revenue when equipment has been delivered and accepted by a customer and risk of ownership has transferred. In addition, terms and pricing has been finalized and the collectability of proceeds is reasonably assured. During the year ended March 31, 2018, the Company completed the installation of a scrubber unit under an energy management lease arrangement. The energy management lease arrangement qualifies for sales-type lease accounting and includes an option for the transfer of title at the conclusion of the lease payments.