
LCTI Low Carbon Technologies International Inc.

A British Columbia Corporation

QUARTERLY REPORT

For the Quarter ended November 30, 2013

*THIS REPORT HAS NOT BEEN FILED WITH THE FINRA OR ANY OTHER REGULATORY AGENCY

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All information contained in this report has been compiled to fulfill the disclosure requirements of Rule 15c2-11(a)(5) promulgated under the Securities Exchange Act of 1934, as amended. The enumerated captions contained herein correspond to the sequential format as set forth in the *OTC Pink Basic Disclosure Guidelines for Providing Adequate Current Public Information* provided by OTC Markets Group, Inc..

PART A. GENERAL COMPANY INFORMATION

Item I. The exact name of the issuer and its predecessor (if any).

LCTI Low Carbon Technologies International Inc. (“LCTI” or “the Issuer”) was originally incorporated under the laws of the province of British Columbia on August 11, 2008 under the provisions of the British Columbia Business Corporations Act (“BCBCA”) under the name *EnCap Investments Inc.*

On February 10, 2012, the Issuer acquired Sustainable Energy Properties, Inc., a Wyoming Corporation (“SEP”) as its operating business by way of merging SEP with EnCap Acquisition Inc., a wholly owned subsidiary of the Issuer (“the Acquisition”). Pursuant to the agreement, the Issuer acquired shares of SEP from the shareholders of SEP in consideration for shares of the Issuer. The surviving entity SEP is the wholly owned operating subsidiary of the Issuer; there was no change to the legal structure of the Issuer. Upon completion of the transaction, on January 30, 2012, the name of the Issuer was changed to *LCTI Low Carbon Technologies International Inc.*

SEP was incorporated under the laws of the state of Wyoming on February 9, 2009 under the provisions of the Wyoming Business Corporations Act (“WBCA”). SEP’s head office is located at 2800 Post Oak Boulevard, Suite 4100, Houston TX 77056; its registered office is located at 1821 Logan Avenue, Cheyenne, Wyoming, 82001.

Item II. The address of the issuer’s principal executive offices.

2800 Post Oak Boulevard, Suite 4100, Houston TX 77056 USA

Phone: (832) 390-2238

www.lctiinc.com

For investor relations please contact:

Crescendo Communications, LLC

Direct: (212) 671-1021

Main: (212) 671-1020

Fax: (347) 923-9520

Email: dwaldman@crescendo-ir.com

Website: www.crescendo-ir.com

Item III. Security Information.

The Issuer trades on the pink sheets maintained by OTC Markets Group, Inc. under the symbol “LWCTF”.

The exact title and class of securities outstanding.

<i>Title</i>	<i>Class</i>	<i>CUSIP No.</i>	<i>Symbol</i>
Common Stock	n/a	50184H 10 5	LWCTF

Common Stock

The Articles of Incorporation of the Issuer authorize the issuance of an unlimited number of shares of common stock, without par value. As at the date of this Information Statement, 140,723,164 Issuer Shares are issued and outstanding, of which 46,344,823 Issuer Shares issued to certain insiders, officers and directors are subject to escrow pursuant to the Escrow Agreement entered into among the Issuer, the Transfer Agent and certain Issuer Shareholders.

Holders of common stock are entitled to one vote per share on all matters to be voted on by the stockholders. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of funds legally available therefor. In the event of a liquidation, dissolution, or winding up of the Company, the holders of common stock are entitled to share ratably in all of our assets which are legally available for distribution after payment of all debts and other liabilities and liquidation preference of any outstanding stock.

Holders of our common stock have no preemptive rights to purchase common stock. There are no conversion or redemption rights or sinking fund provisions with respect to the common stock. The outstanding shares of common stock are validly issued, fully paid and non-assessable.

Preferred Stock

The Articles of Incorporation of the Issuer do not authorize the issuance of preferred stock.

Debt Securities

The Issuer has no outstanding debt securities.

Options/Warrants

Stock Option Plan

The Issuer has established a Stock Option Plan pursuant to which the board of directors of the Issuer may from time to time, in its discretion, and in accordance with the policies of the CNSX, grant to directors, officers, consultants, employees or management company employees of the Issuer, non-transferable options to purchase Issuer Shares, provided that the number of Issuer Shares reserved for issuance will not exceed 10% of the then issued and outstanding Issued Shares. Each option to purchase an Issuer Share will be exercisable for a period of up to five years from the date of grant. The number of Issuer Shares reserved for issuance to any individual director, officer, employee or management company employee of The Issuer, together with any Issuer Shares reserved for issuance pursuant to options granted to that person during the previous 12 months will not exceed 5% of the then issued and outstanding Issuer Shares, and the number of Issuer Shares reserved for issuance to any consultant or person employed in investor relations activities on behalf of the Issuer will not exceed 2% of the then issued and outstanding Issuer Shares, unless at the time of grant the CNSX permits otherwise. Options may be exercised the greater of 12 months after the completion of the acquisition of SEP and 90 days following cessation of the optionee's position with the Issuer, or 30 days for optionees employed in investor relations activities, or such lesser period as may be specified by the Board of the Issuer at the time of granting the option, provided that if the cessation of office, directorship, employment, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Subject to the discretion of the Board, options granted to an optionee under the Stock Option Plan shall fully vest on the date of grant. Options granted to consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than $\frac{1}{4}$ of the options vesting in any 3 month period.

The exercise price of the shares covered by each option shall be determined by the Board. The exercise price will not be less than the price permitted by the CNSX or other regulatory body having jurisdiction.

The following table sets out the particulars of the stock options currently outstanding. Each option is exercisable to purchase one Issuer Share on the terms set out below:

Optionee	Number of Issuer Shares to be reserved under Option	Exercise Price per Resulting Issuer Share	Expiry Date
Michael Lege ⁽²⁾	229,583	\$0.25	March 1, 2014
Charles Delacey ⁽²⁾	75,000	\$0.25	March 1, 2014
Brandon Jarnagin ⁽¹⁾	154,585	\$0.25	March 1, 2014
Investor Cubed Inc.	400,000	\$0.25	March 1, 2014
Thomas Harrison	229,583	\$0.25	March 1, 2014
Eugene Allen	229,583	\$0.25	March 1, 2014
Steven Katirai	145,000	\$0.25	March 1, 2014
Jake Watkin	72,500	\$0.25	March 1, 2014
Chris Key	48,333	\$0.25	March 1, 2014
Gerry Metcalfe	48,333	\$0.25	March 1, 2014
Gary Bush	120,833	\$0.25	March 1, 2014
Gerardo Hubard	217,500	\$0.25	March 1, 2014
Gerardo Alvarez Herrera	145,000	\$0.25	March 1, 2014
Andrey Olhovich	145,000	\$0.25	March 1, 2014
Harley Sinclair ⁽²⁾	72,500	\$0.25	March 1, 2014
Crescendo Communications LLC	200,000	\$0.10	November 5, 2018
Total:	2,533,333		

Notes:

1. These options were granted to directors and officers of the Issuer.
2. These options were issued to former executive officers and directors of the Issuer.

Dividend Policy

The Company has not issued any dividends on the common stock to date, and does not intend to issue any dividends on the common stock in the near future. We currently intend to use all profits to further the growth and development of the Company.

The Company was incorporated in the province of British Columbia, Canada on August 1, 2008 under the provisions of BCBCA .

The name and address of the transfer agent:

VStock Transfer, LLC
77 Spruce Street, Suite 201
Cedarhurst, New York 11516
Phone: (212) 828-8436
Mobile: (516) 317-3912
Facsimile: (646) 536-3179
www.VStockTransfer.com

Item IV. Issuance History

Date of Sale	Number of Issuer Shares	Issue Price per Share	Aggregate Issue Price	Consideration Received
November 30, 2013	2,500,000	\$0.10	\$250,000	Services
TOTAL:	2,500,000		\$250,000	

Item V. Financial Statements.

The following financial statements of the Issuer as and for the three months ended November 30, 2013 are included herein beginning on page F-1:

- Consolidated Statements of Financial Position as of November 30, 2013 and August 31, 2013
- Consolidated Statements of Operations for the three months ended November 30, 2013 and 2012
- Consolidated Statements of Shareholders' Equity for the three months ended November 30, 2013 and 2012
- Consolidated Statements of Cash Flows for the three months ended November 30, 2013 and 2012
- Notes to the Consolidated Financial Statements

Item VI. The nature of the issuer's business

Business Overview

LCTI Low Carbon Technologies International Inc. ("LCTI") is a USA based clean-tech company focused on developing, owning and operating clean-tech projects and investments.

LCTI acquires operating businesses, clean-tech technologies & strategic real estate assets.

Technologies will be utilized in the development of clean-tech projects which are strategically located on LCTI real estate assets.

The technology licenses will be combined with the profitable operating businesses, clean-tech companies are created.

LCTI issues sub-licenses to third parties for each technology & in exchange for the technology licenses receives project equity and licensing royalties.

Over the next 12 months, LCTI also intends to carry out its business plan through the continued operation of its divisions and to seek partners and clients for potential developments of cleantech energy projects and to issue sublicenses to third parties for the LCTI portfolio of cleantech technologies.

The operations of LCTI are divided into the following three divisions:

1. **Energy Efficiency**-This division is responsible for provide energy efficiency and related construction services.
2. **Environmental** –This division is responsible for the development of mitigation banks and environmental credits.
3. **Technology Management**-This division is responsible for the acquisition and development of clean technologies.

Energy Efficiency

The company energy efficiency division provides a broad range of comprehensive energy solutions including designs and implementation of energy savings projects. The division performs an in-depth analysis of the property, designs an energy efficient solution, installs the required elements, and maintains the system to ensure energy savings during the payback period. The savings in energy costs is often used to pay back the capital investment of the project over a five- to twenty-year period, or reinvested into the building to allow for capital upgrades that may otherwise be unfeasible. To date, this division has generated all revenues of the Company.

Included in this division are the operations of Industrial Commercial Mechanical LLC, an affiliate LCTI company that provides a broad range of comprehensive energy solutions including designs and implementation of energy savings projects, energy conservation, energy infrastructure outsourcing, power generation and energy supply, and risk management. The Company performs an in-depth analysis of the property, designs an energy efficient solution, installs the required elements, and maintains the system to ensure energy savings during the payback period. The savings in energy costs is often used to pay back the capital investment of the project over a five- to twenty-year period, or reinvested into the building to allow for capital upgrades that may otherwise be unfeasible. As of February 28, 2013, the Company owns 50% of Industrial Commercial Mechanical LLC.

ICM's core competencies include the following:

- Equipment Efficiency
- Equipment replacement, system component retrofit, energy recovery equipment installation
- Load Management
- Energy source switching, dual fuel capability, operating schedule modifications, converted energy storage
- Operational Efficiency
- Operating procedures modification, controls addition, control sequence refinement, maintenance practices alteration
- Process Productivity
- Production flow refinement, capacity bottlenecking reduction, production line speed increases, new process technology

Also included in this division are the operation of wholly owned subsidiaries Teposolar Technologies Corp. ("Teposolar") and its subsidiary Commercial and Institutional Mechanical LLC ("C&I") and Ideal National Mechanical Corp. ("Ideal"). Ideal and Teposolar's wholly owned subsidiary C&I, provide energy efficiency and related mechanical and electrical construction services that focus on large scale institutional clients. C&I and Ideal have successfully completed projects ranging from schools to hospitals and the Company intends to utilize the experience of C&I and Ideal to expand into building integrated and commercial solar projects that offer savings in operating costs for commercial and industrial developments.

Environmental

Mitigation banking is the restoration, creation, enhancement, or preservation of a wetland, stream, or habitat conservation area which offsets expected adverse impacts to similar nearby ecosystems. The goal is to replace the exact function and value of the specific wetland habitats that would be adversely affected by a proposed development project. Upon replacement of function and value of the habitat, credits are issued and become available for purchase for the developer of a project that is adversely affecting wetland habitats.

East Bay Farms, LLC (“East Bay”), an affiliate LCTI company received U.S. Army Corps of Engineers approval for a 1,900 acre wetland mitigation bank known as the Gulf Coastal Plains Wetland Mitigation Bank on August 16th, 2013. This mitigation bank will provide mitigation credits that will compensate for adverse impacts to U.S. Coastal and wetland areas, resulting from developments and projects along the coastline from the Texas/Louisiana border to Surfside, Texas. East Bay has already begun negotiating deposits. East Bay also has exclusive water rights to East Bay Bayou in Chambers County, Texas. LCTI currently owns 27.5% of East Bay. LCTI also has plans for the development of a second mitigation bank site along the Texas Gulf coast. The site was secured in May of 2010 and consists of 3,500 acres of land located throughout the Bolivar Peninsula.

The Bolivar Peninsula is situated along The Gulf Intracoastal Waterway. The Gulf Intracoastal Waterway is a navigable inland waterway bordering the Gulf of Mexico and running approximately 1,050 miles from Carrabelle, Florida to Brownsville, Texas. The waterway provides a protected shipping channel designed primarily for barge transportation. An entrance to the Gulf Intracoastal Waterway is located at the southeastern point of the Bolivar Peninsula and runs the entire length of the peninsula. Thirty miles northwest of this entrance lies the Port of Houston. The Port of Houston is ranked first in the U.S. in foreign tonnage for 14 consecutive years and first in imports for 19 consecutive years.

Technology

Prestige Joint Venture

Within this division lies LCTI’s 50% interest in Prestige Thermal Americas LLC. Prestige Thermal Americas LLC has secured the exclusive rights in the Americas to manufacture Advanced Conversion Technology Equipment to be employed in the Waste to Energy, Biomass to Energy and Biomass to Liquid Market Sectors. C6 Technologies Inc. (“C6”) has granted GEI Green Energy Industries Pty Ltd (“GEI”) rights to their patented waste to energy technology. GEI and C6 have provided a license to Prestige to manufacture the Prestige Thermal Energy Branded equipment. More importantly, the license provides for technology and manufacturing know how transfer, during the execution of projects in progress.

The technology employs an advanced form of gasification known as pyrolysis – an existing and proven technology. Pyrolysis is the thermo-chemical decomposition of material at elevated temperatures in an oxygen-deprived environment. The technology can process a wide variety of waste and biomass streams to produce a clean, high calorific value gas, which is suitable for utilization in gas engines to generate green electricity or further conversion to liquid fuels.

A2E Joint Venture

Within this division lies LCTI’s 50% interest in A2E LLC. A2E LLC has been granted rights for a technology that utilizes algae to develop biodiesel. A2E LLC has licensed the rights to the technology from Suneco Energy and plans to deploy the technology at a site in Mexico.

Waste to Energy Deployment Licenses

The Company obtained deployment licenses from C6 for waste to energy and waste to fuel projects. The licenses grant the Company the right to utilize the technology in a specific geographic location. The licenses are registered on the date that the quotes are issued for each project. The license fees are based on the C6 standard fees. The license fees are not payable until permitting and financing occurs on each project. The ongoing monthly royalty fees are paid only upon project completion and project start up. The royalties are paid one month in arrears. The company currently has three projects that are registered with C6. The Company has already secured the three project sites via long term leases for which it intends to deploy the technology. The sites are as follows:

1. Tri-State Commerce Park

On November 30th, 2010 Project Green Lonestar 1 Corp., a wholly owned subsidiary of LCTI, entered into a lease agreement with Tishomingo County in Mississippi for a portion of the Tri-State Commerce Park. The lease is for a 65 acre portion of the 3,500 acre property as well 3,500 sq/ft of office space. LCTI has full access to utilize most of the site's extensive infrastructure further described below. At LCTI's option it may lease additional portions of the properties under similar terms and conditions. The fully furnished and operational office space has favorable lease payments of \$4,200 annually. Additional lease payments for the 65 acres being leased are calculated as 5% of gross revenue for onsite projects, with annual payments capped at \$350,000 once 20 full time employees are hired and \$250,000 once 30 full time employees are hired. The site is a former Tennessee Valley Authority Nuclear Power & NASA Rocket Facility and is located at the juncture of the Tennessee River & the Tennessee Tombigbee Waterway with connections to the Mississippi-Ohio-Missouri River Systems and the Gulf of Mexico. The entire site includes*:

- 3500 Acres including buffer zone
- Site was developed at a cost of \$4 Billion dollars
- +/-169,000 square feet of furnished office facility
- Up to +/- 600,000sq ft. of industrial lease space
- Barge Dock
- 24/7 Security
- Dual feed electricity
- Onsite fire department
- Onsite rail and rail yard
- Bridge cranes up to 400 tons
- Electrical substation

**Information Report compiled: 12-2006. Prepared by the Tennessee-Tombigbee Waterway Development Council in cooperation with the Tennessee –Tombigbee Waterway Development Council. Information supplied by local officials.*

2. Texas

LCTI also has a long term lease in place for a ~13 acre site situated along Interstate 10 east of Beaumont Texas. The site is adjacent to a Goodyear manufacturing plant. The lease has a purchase option that can be triggered at any time during the term of the 25 year lease. LCTI intends to utilize this site for a future Waste to Energy facility.

3.Mexico

The site is located adjacent to a specialty woods lumber mill located in Campeche, Mexico and owned and operated by Transforest. Transforest, intends to provide wood waste to LCTI for use in a future Waste to Energy facility.

Cleantech Portfolio

LCTI's current portfolio of low carbon technologies are to be utilized to provide growth opportunities for sub-licensees and current and future affiliates, subsidiaries and partners. To date, LCTI has acquired licensing rights to a number of technologies in various stages of development. LCTI is currently in negotiations to enter into sub licensing agreements with third parties in the USA and Mexico for certain technologies in the LCTI portfolio of technologies.

LCTI, including its subsidiaries, holds the following technology licenses:

1. "Technology, Manufacturing Assembly and Distribution License Agreement". (the "**LCL License.**")

The LCL License is a perpetual license to the technology, to manufacture, improve, market and sell the products and services produced from the exploitation of the technology in North America and the independent countries of Central America, South America and the Caribbean. The license is exclusive but for the fact that the company can sub-license all aspects of the license, including the right to third parties to grant sub-licenses themselves.

The technology covered by the LCL License includes the following:

LED streetlights - These LED street lights incorporate innovative thermal management techniques. The patented rapid heat transfer and cooling system can transfer heat at up to 140 times the rate of copper, a widely used conductor.

The performance of LED lights is dramatically impaired by heat, but the heat management nanotechnology, combined with bespoke optics technology, delivers a highly energy efficient LED streetlight. System includes bespoke optics technology that achieves an even spread of light over the road and footpath (optics and light distribution is an important requirement of LEDs as LED light is directional in nature, meaning that it does not glow in the same way an incandescent bulb does).

LED street lights, alongside LED warehouse and factory lighting units, are already in production and trials with a number of customers. The LED lights have been tested successfully in the harshest conditions in Qatar since September 2008. They are also installed in a number of locations in Korea as well as in Nigeria as a solar street light.

The heat transfer technology may be commercially exploited in any situation requiring heat transfer, ranging from the cooling of PC Microchips up to heavy duty applications such as cooling step-down transformers for the national electricity power grid. Liquid coolant is sandwiched in a mesh between two um-thin plates. The heat transfer process works by phase change (evaporation & liquefaction) at 'warm' and 'cool' junctions, and by circulatory capillary action along the mesh between these points.

2. "Technology, Capability, Manufacturing, Assembly and Distribution License Agreement" (the "**ZCL License.**")

The ZCL License is a perpetual license to the technology, to manufacture, improve, market and sell the products and services produced from the exploitation of the technology in North America and the independent countries of Central America, South America and the Caribbean. The ZCL License is exclusive but for the fact that LCTI can sub-license all aspects of the license, including the right to third parties to grant sub-licenses themselves.

The technology covered by the ZCL License includes a portfolio of seventeen technologies in various stages of development.

3. “Technology, Manufacturing Assembly and Distribution License Agreement” (the “**ZEM License.**”)

The ZEM License is a perpetual license to the technology, to manufacture, improve, market and sell the products and services produced from the exploitation of the technology in North America and the independent countries of Central America, South America and the Caribbean. The ZEM License is exclusive but for the fact that the company can sub-license all aspects of the license, including the right to third parties to grant sub-licenses themselves.

The technology covered by the ZEM License includes the following:

Electric/Hybrid vehicles - This technology allows for the production lightweight fully wheel chair accessible electric and hybrid buses. Future development plans include niche utility vehicles such as garbage trucks and city utility vehicles.

Development of Business

The Issuer was a Capital Pool Company as defined in the CPC Policy of the Toronto Stock Exchange (“TSX”). The Issuer made its Initial Public Offering of 1,230,000 Issuer Shares for gross proceeds of \$123,000 by way of an amended and restated final prospectus dated December 8, 2008, which was filed in the Provinces of Alberta and British Columbia. The Initial Public Offering and a concurrent private placement offering of \$77,000 were completed on December 23, 2008 and the Issuer Shares began trading on the Exchange effective January 12, 2009, under the symbol “ENC.P”. On March 31, 2009, the Issuer completed a private placement offering for gross proceeds of \$169,070 and issued a total of 1,690,704 Issuer Shares.

On April 17, 2009, the Issuer entered into a letter of intent with SEP to acquire all of the issued and outstanding SEP Shares in exchange for Issuer Shares. On July 15, 2010, as amended by addendums dated January 6, 2011, January 8, 2012, and January 26, 2012, the Issuer entered into an Agreement with EnCap Acquisition and SEP, to acquire the business and assets of SEP by merging with EnCap Acquisition.

EnCap Acquisition and SEP completed the transaction under the WBCA on January 30, 2012 as evidenced by a stamped Articles of Merger and issuance of a Certificate of Merger from the Wyoming Secretary of State. Rather than receiving securities of EnCap Acquisition, SEP Shareholders each received one Issuer Share for every two and three tenths SEP Shares held. Other than the issuance of Issuer Shares in consideration for SEP Shares, the Issuer itself was not involved in the transaction and was not amalgamated with SEP pursuant to the Merger Agreement. As such, there was no change to the legal structure of the Issuer pursuant to the transaction. Upon completion of the Acquisition, the name of the Issuer was changed to *LCTI Low Carbon Technologies International Inc.*

The transaction was completed on January 30, 2012. The Issuer effectively acquired all of the SEP Shares issued and outstanding on the basis of two and three tenths SEP Shares issued and outstanding for one fully paid and non-assessable Issuer Share. Each issued and outstanding common share of EnCap Acquisition held by the Issuer was converted into a common share of LCTI, and continues to be owned by the Issuer.

The Acquisition was effected as follows:

- SEP and EnCap Acquisition transaction was completed on January 30, 2012 under the WBCA to become LCTI;
- every two and three tenths SEP Shares issued and outstanding became one Issuer Share;
- all of the property and assets of each of SEP and EnCap Acquisition are now the property and assets of LCTI and LCTI will be liable for all of the liabilities and obligations of each of SEP and EnCap Acquisition;

- LCTI is now a wholly-owned subsidiary of the Issuer;
- the Issuer's name was changed to LCTI Low Carbon Technologies International Inc. on January 30, 2012;
- the Issuer issued 134,583,460 Issuer Shares to the former SEP Shareholders;
- some of the Issuer Shares issued pursuant to the transaction to the directors, officers, insiders and non-insiders of the Issuer were placed in escrow.
- The offer and issuance of the Issuer Shares to the SEP Shareholders pursuant to the transaction were effected pursuant to certain available exemptions from:
 - the prospectus and registration requirements of the Securities Act (British Columbia) and the securities legislation of such other Canadian jurisdictions as applicable; and
 - the registration requirements of the U.S. Securities Act and all applicable state securities and blue sky laws.
- Immediately prior to the completion of the Acquisition, there were 309,541,990 SEP Shares outstanding and 4,690,704 Issuer Shares issued and outstanding. The aggregate number of issued and outstanding Issuer Shares upon completion of the Acquisition was 139,274,164. .

From February 9, 2009 to date, SEP issued an aggregate of 309,541,990 Shares for assets and services rendered at prices ranging from US\$0.055 to \$3.00 per SEP Share.

SEP issued 4,000,000 SEP Shares to PG Lonestar in respect of a grant of the exclusive option to purchase all of the issued and outstanding shares of PG Lonestar. **This was a non-arm's length transaction.**

On May 15, 2009, SEP acquired all of the issued and outstanding shares of HNNG Midstream Partners, LLC, a wholly-owned subsidiary of HNNG Development, LLC by the issuance of 15,000,000 SEP Shares. SEP also acquired all of the issued and outstanding shares of HNNG Energy, L.L.C., a wholly-owned subsidiary of HNNG Development, LLC by the issuance of 10,000,000 SEP Shares and the issuance of 3,000,000 shares of Entropy Power, its wholly-owned subsidiary . The acquisitions were made for the purpose of deploying the HNNG technology to develop high nitrogen natural gas resources. As part of these acquisitions, SEP also acquired a decommissioned nitrogen rejection plant, an interest in certain oil and gas properties, and exclusivity in Mexico and an option to purchase exclusivity for North America for the HNNG technology. This was an arm's length transaction.

In December 2009, SEP filed a lawsuit against HNNG Holdings, LLC, HNNG Development, LLC and certain of its officers and directors for breach of contract. SEP remained the sole shareholder of each of HNNG Midstream and HNNG Energy L.L.C. and settled the lawsuit.

On October 22, 2010, SEP issued 3,000,000 SEP Shares to Zero Carbon RDL Limited pursuant to a technology license agreement. This was an arm's length transaction. The license agreement granted exclusive manufacturing, distribution, and marketing licensing rights for North and South America to a portfolio of clean-tech technologies in various stages of development. SEP issued 200,000 SEP Shares for each of the fifteen technologies. As part of this licensing arrangement, the licensor shall reinvest the first US\$5,000,000 generated from the sale of SEP Shares received into the technology portfolio for research and development and to develop additional demonstration facilities. LCTI's licensed rights to the technologies are indefinite.

The following table summarizes the technologies that are part of this portfolio licensed to LCTI:

Brief Description	Design Capability
Atmospheric electrical energy harvesting technology	To harvest electrostatic energy from the atmosphere and convert it into readily usable DC and/or AC power
Active thermoregulation technology	Concentration, storage and recirculation of high and low temperature liquids for active thermoregulation of the built environment
Bio-composite building components and system production technology	Efficient use and processing of recyclable/low embedded energy materials into built environments
Controlled environmental horticulture technology	Utilizing the controlled environmental infrastructure and distilled water of desalination systems to efficiently and sustainably produce highly nutritional plants
Energy storage technology	Efficient storage of thermal and electrical energy
Electrowinning of precious and rare earth metals	Efficient extraction of precious and rare earth metals, including decontamination
Centrifugal materials processing system	Efficient processing of liquids and powders to increase materials efficiency and reduces energy consumption, including concrete structure mass reduction
Desalination and salt production	Efficient mineral extraction from saline solutions without chemical additives to produce distilled water and pure salt
Kinetic energy (water and wind) conversion	Efficient conversion of environmental kinetic energy into mechanical, thermal, or electrical power
“Skysails” for shipping	High power traction kites to reduce marine transport costs
Concentrated solar energy capture and power conversion	Efficient conversion of solar radiation into thermal and/or electrical energy
Hydrofoil assisted marine vessels	Displacement and waterline reduction of marine vessels reduces unwanted ship movement and emissions while increasing fuel efficiency
Nano-Carbon Fiber	Production of nano-carbon fiber from waste with minimal energy consumption
Efficient transport technology	Ultra light, efficient transport solution using high strength materials and efficient energy storage
Low cost zero carbon power and CO ₂ sequestration	Continuous cycle oil reservoir gas injection, CO ₂ sequestration, enriched gas production and zero carbon power generation
Bison Vehicles	Technology for hybrid military vehicles

On October 15, 2010, SEP acquired PG Lonestar in exchange for 185,000,000 SEP Shares in addition to the 4,000,000 SEP Shares issued for the exclusive option to purchase PG Lonestar. The assets of PG Lonestar include approximately 4,000 acres of land located along the Texas Gulf Coast. This land is owned by WK Management. LCTI, in co-operation with its partners and technology providers, plans to utilize portions of this property for the development and manufacturing of acquired technologies. LCTI, along with its partners, also plans to utilize portions of this property as a mitigation bank and they intend to sell mitigation credits. As part of the PG Lonestar acquisition SEP also acquired two technology licenses. The first is for the exclusive manufacturing, distribution, and marketing licensing rights in North and South America for electric and hybrid urban buses and utility vehicles (the “**ZEM License**”). Other models currently under development include a hybrid garbage truck and 12 meter versions of the electric and hybrid buses. The second is for exclusive manufacturing, distribution, and marketing licensing rights in North and South America for energy efficient LED streetlights and a heat transfer device useful in the thermal management of LED lighting units and other commercial applications requiring heat transfer (the “**LCL License**”). **This was a non-arm’s length transaction.** Both licenses were acquired by PG Lonestar with SEP Shares received for the option to purchase PG Lonestar.

The ZEM License was acquired by the issuance of 500,000 SEP Shares and is a perpetual license.

The LCL License was acquired by the issuance of 500,000 SEP Shares and is a perpetual licence. In addition, LCTI shall pay the licensor 5% of revenues earned as a result of exploiting the technology. These issuer Shares will be released by the licensee upon delivery of full specifications necessary for successful use, installation, and/ or production of the technology.

On December 10, 2010, SEP acquired a 27.5% interest in East Bay Farms LLC (“East Bay”), a Texas limited liability company by the issuance of 5,000,000 SEP Shares. LCTI’s environmental credit program is progressing with LCTI’s land mitigation business. East Bay is in the process of receiving Corps of Engineers approval for a 1,900 acre wetland mitigation bank known as the Gulf Coastal Plains Wetland Mitigation Bank. When approved, this mitigation bank will provide mitigation credits that will compensate for adverse impacts to U.S. coastal and wetland areas, resulting from developments and projects along the coastline from the Texas/Louisiana border to Surfside, Texas. Though Corps of Engineers approval for the mitigation bank is pending, East Bay has already begun to take reservation deposits for the credits to be produced on this site. East Bay Farms, LLC also has exclusive water rights to East Bay Bayou in Chambers County, Texas. East Bay Farms, LLC has the right to withdraw from East Bay Bayou 2,240 acre feet of water for agricultural purposes and 5,320 acre feet of water for industrial purposes on an annual basis. [Note: 1 Acre-Foot = 325,851 gallons]. Currently East Bay Farms has the right to extract and use over 2.4 Billion Gallons per year. This was an arm’s length transaction.

On April 1, 2011, SEP acquired Teposolar and its subsidiary, C&I Mechanical Ltd., for \$3,750,000 payable by way of a promissory note and 700,000 SEP Shares. The SEP Shares were issued to the general partners of C &I Mechanical. **This was a non-arm’s length transaction.**

On September 25, 2012 the terms of the promissory note and associated debt related to the acquisition of Teposolar and its subsidiary C&I were modified. The modified terms of the promissory note are as follows:

- a) The principal sum of the promissory note was reduced from \$3,750,000 to \$2,500,000.
- b) All interest accrued from April 1, 2011 to September 25, 2012 was forgiven.
- c) Two equal payments of \$1,250,000 are due on October 1, 2014 and October 1, 2015.
- d) Interest shall accrue at the rate of 5% per annum following the date of the first payment on October 1, 2014.

If mutually agreed the payments may be made with common shares of SEP. Concurrently with the above acquisition, Teposolar acquired all of the issued and outstanding limited partnership interests and 100% of the common shares of the general partner of C&I Mechanical Ltd., a Texas Limited Partnership. SEP acquired 100% of Teposolar and assumed all responsibilities related to the promissory note.

As part of the PG Lonestar acquisition, the Issuer acquired a long term lease with option to purchase on an ~800 acre property located in Campeche, Mexico. The lease which was executed on June 1, 2010 has a purchase option that can be triggered at any time during the 25 year term of the lease. The purchase option may be payable with project-specific equity for onsite developments. If the landlord declines payment by way of project-specific equity, the option exercise price will be payable in cash or Issuer Shares. The lease payments for the first three years are 76,000 Issuer Shares paid annually. Subsequent years are payable, at the option of the Issuer in cash or Issuer Shares. With the owner of the property responsible for maintenance, taxes, and insurance until development begins and flexible payment terms including project-specific equity, the financial responsibility associated with the property has been minimized while the Issuer, along with its Mexican partners, explore possible developments and future projects to deploy the Issuer’s low carbon and sustainable solutions on the property. The sub-leases may be terminated by the Issuer after the initial 3-year term, upon 60 days notice. The leases may be terminated by the landlords if the Issuer fails to create an Internal Development Plan, as defined in the lease agreement, within 3 years of June 1, 2010, the date of the original lease agreement.

On November 30, 2010, wholly owned subsidiary, PG Lonestar entered into a lease agreement with Tishomingo County in Mississippi for a portion of the Tri-State Commerce Park. The lease is for a 65 acre portion of the 3,500 acre property, as well 3,500 square feet of office space. The Issuer has full access to utilize most of the site's extensive infrastructure further described below. At the Issuer's option it may lease additional portions of the properties under similar terms and conditions. The fully furnished and operational office space has lease payments of \$4,200 annually. Additional lease payments for the 65 acres being leased and optional lease payments are calculated as 5% of gross revenue for onsite projects, with annual payments capped at \$350,000 once 20 full-time employees are hired, and \$250,000 once 30 full-time employees are hired.

The Tishomingo County site is a former Tennessee Valley Authority Nuclear Power & NASA Rocket facility developed at a cost of \$4 billion dollars*. The site is located at the juncture of the Tennessee River and the Tennessee Tombigbee Waterway with connections to the Mississippi-Ohio-Missouri River Systems and the Gulf of Mexico. The entire site includes the following:

- 3,500 acres of land, including a buffer zone;
- approximately 169,000 square feet of furnished space in an office building;
- approximately 600,000 square feet of industrial space;
- a barge dock;
- twenty-four hour, seven day a week security;
- dual feed electricity;
- onsite fire department;
- onsite rail and rail yard;
- bridge cranes with lifting capacity of up to 400 tons; and,
- an electrical substation.

This transaction was an arm's length transaction

**Source Tishomingo County Economic Development Authority*

On February 21, 2012 the Issuer acquired 50% of the membership units of Prestige Thermal Americas LLC ("Prestige") in exchange for the Issuer formally agreeing to utilize Prestige's Waste to Energy ("WTE") technologies for the first two WTE projects that the Issuer plans to develop in the USA. As part of the transaction Prestige will utilize approximately 40,000 sq. ft. of the Issuer's real estate assets for the Prestige Americas USA based manufacturing and pre-assembly facility. The Issuer will also work jointly with Prestige to secure the appropriate project financing.

GEI Green Energy Industries of South Africa provided the license to Prestige Thermal Americas LLC to manufacture the Prestige Thermal Energy Branded Equipment.

On March 2, 2012 the Issuer acquired 24.5% of the membership units of Industrial Commercial Mechanical LLC ("ICM") in exchange for an initial capital contribution of up to \$4,900 and a commitment to loan ICM up to \$98,000 to fund operations. On January 16, 2013 the Company acquired an additional 25.5% interest in ICM. ICM's principal service is the development, design, engineering and installation of projects that reduce the energy and operations and maintenance, or O&M, costs of customers' facilities. These projects will typically include a variety of measures customized for the facility and designed to improve the efficiency of major building systems, such as heating, ventilation, air conditioning and lighting systems.

On April 12, 2013 the Company secured a 43.5% of the membership units in Northwest Critical Minerals, LLC ("NCM"), a Rare Earth Elements (REE) mining company. LCTI agreed to issue non-exclusive licenses for certain technologies from its portfolio in exchange for the 43.5% interest.

On March 20, 2013 the Company secured a 50% of the membership units in A2E LLC, a Texas limited liability company ("A2E") in exchange for the Issuer formally agreement to provide or secure the real estate for the first

project of A2E and funding start up costs. A2E has been granted rights to a technology that utilized algae for biodiesel production.

On November 30, 2013 On November 30, 2013, the Company acquired all of the issued and outstanding common shares of Ideal National Mechanical Corp. ("Ideal"), a Texas corporation. Ideal is a mechanical and electrical construction and design firm

Governmental Regulation

Impact of United States Energy Regulations on the Company's Operations

LCTI is not aware of any environmental protection or regulation that negatively impacts it business.

Impact of Canadian Regulation on the Company's Operations

To LCTI's knowledge, there are no risks associated with foreign operations of LCTI and no dependence of the segments upon the foreign operations.

Research and Development

In the year ending August 31, 2012 the Issuer spent \$nil on research and development. For the year ended August 31, 2013 the Issuer spent \$nil on its research and development activities.

Employees

As of the date of this report, the Issuer and its subsidiaries employed 35 employees, 35 of which are a full-time employees. Management believes that relations with all employees are good.

Intellectual Property

LCTI, including its subsidiaries, holds the following licenses:

1. "Technology, Manufacturing Assembly and Distribution License Agreement" between Zero Emissions Ltd. and PG Lonestar dated October 20, 2010 (the "**ZEM License**.")

The ZEM License is a perpetual license to the technology, to manufacture, improve, market and sell the products and services produced from the exploitation of the technology in North America and the independent countries of Central America, South America and the Caribbean. The ZEM License is exclusive but for the fact that PG Lonestar can sub-license all aspects of the license, including the right to third parties to grant sub-licenses themselves.

The consideration paid for the ZEM License was the issuance of 500,000 SEP Shares to Zero Emissions Ltd.

The technology covered by the ZEM License includes the following:

Electric/Hybrid vehicles - This technology allows for the production lightweight fully wheel chair accessible electric and hybrid buses. Future development plans include niche utility vehicles such as garbage trucks and city utility vehicles.

2. “Technology, Manufacturing Assembly and Distribution License Agreement” between Low Carbon Lighting Ltd. and PG Lonestar dated June 2010 (the “**LCL License.**”)

The LCL License is a -perpetual license to the technology, to manufacture, improve, market and sell the products and services produced from the exploitation of the technology in North America and the independent countries of Central America, South America and the Caribbean. The license is exclusive but for the fact that PG Lonestar can sub-license all aspects of the license, including the right to third parties to grant sub-licenses themselves.

Consideration for the LCL License was the issuance of 500,000 SEP Shares to Low Carbon Lighting Ltd.

The technology covered by the LCL License includes the following:

LED streetlights - These LED street lights incorporate innovative thermal management techniques. The patented rapid heat transfer and cooling system can transfer heat at up to 140 times the rate of copper, a widely used conductor.

The performance of LED lights is dramatically impaired by heat, but the heat management nanotechnology, combined with bespoke optics technology, delivers a highly energy efficient LED streetlight. System includes bespoke optics technology that achieves an even spread of light over the road and footpath (optics and light distribution is an important requirement of LEDs as LED light is directional in nature, meaning that it does not glow in the same way an incandescent bulb does).

LED street lights, alongside LED warehouse and factory lighting units, are already in production and trials with a number of customers. The LED lights have been tested successfully in the harshest conditions in Qatar since September 2008. They are also installed in a number of locations in Korea as well as in Nigeria as a solar street light.

The heat transfer technology may be commercially exploited in any situation requiring heat transfer, ranging from the cooling of PC Microchips up to heavy duty applications such as cooling step-down transformers for the national electricity power grid. Liquid coolant is sandwiched in a mesh between two um-thin plates. The heat transfer process works by phase change (evaporation & liquefaction) at ‘warm’ and ‘cool’ junctions, and by circulatory capillary action along the mesh between these points.

3. “Technology, Capability, Manufacturing, Assembly and Distribution License Agreement” between Zero Carbon RDL Limited (“Zero Carbon”) and SEP dated October 22, 2010 (the “**ZCL License.**”)

The ZCL License is a perpetual license to the technology, to manufacture, improve, market and sell the products and services produced from the exploitation of the technology in North America and the independent countries of Central America, South America and the Caribbean. The ZCL License is exclusive but for the fact that LCTI can sub-license all aspects of the license, including the right to third parties to grant sub-licenses themselves.

The consideration paid for the ZCL License was the issuance of 3,000,000 SEP Shares to Zero Carbon.

Zero Carbon agrees that the first \$5,000,000 generated from the sale of the Issuer shares that it receives pursuant to the ZCL License will be reinvested into the technology portfolio to develop the demonstration facilities

The technology covered by the ZCL License include a portfolio of seventeen technologies in various stages of development.

Item VII. The nature and extent of the issuer's facilities.

Asset	Location	Description
Office	Houston, TX	Office space leased
Office	Kountze, TX	Office space leased
Office	Beaumont, TX	Office space leased
Office	Austin, TX	Office space leased
Office	San Antonio, TX	Office space leased
Land (~13 acres)	Beaumont, TX	~13 acres of undeveloped land in Senora, Mexico currently controlled by Issuer through a 25-year lease with purchase option.
Land (~4,000 acres)	Bolivar, TX	~4,000 acres of undeveloped land 100% owned by the Issuer in Bolivar, Texas. The majority of the tract is to be developed into a mitigation bank with ~100 acres being suitable for commercial or industrial development.
Tri-State Commerce Park	Mississippi, USA	65 acres of undeveloped land and 3,500 sq/ft of office space currently being leased by Issuer for future development. 25-year lease allows access and full usage off onsite amenities including use of railway and port.
Natural Gas Nitrogen Extraction Plant	Oklahoma, USA	Decommissioned natural gas plant 100% owned by Issuer utilizing a nitrogen rejection technology in Oklahoma, USA.
Construction Equipment	Beaumont, TX	Construction equipment utilized by Teposolar Technologies Corp, a wholly owned subsidiary of the Issuer.
Automobiles	Beaumont, TX	~15 construction vehicles utilized by Teposolar Technologies Corp, a wholly owned subsidiary of the Issuer.

Item VIII. Officers, Directors and Control Persons.***Security Ownership of Management, Directors and Control Persons***

The following table shows the beneficial ownership of our common stock as of November 30, 2013. The table shows the amount of shares owned by:

- (1) each person known to us who owns beneficially more than five percent of the outstanding shares of any class of the Company's stock, based on the number of shares outstanding as of November 30, 2013;
- (2) each of the Company's Directors and Executive Officers, as well as any control persons; and
- (3) all of its Directors and Executive Officers as a group.

The percentage of shares owned is based on 141,774,164 shares being outstanding as of November 30, 2013. Where the beneficially owned shares of any individual or group in the following table includes any options, warrants, or other rights to purchase shares in the Company's stock, the percentage of shares owned includes such shares as if the right to purchase had been duly exercised.

Name and Municipality of Residence	Number of Issuer Shares	Number of Issuer Stock Options	Percentage of Securities	Owned both of record and beneficially, of record only, or beneficially only
Bryan Scott Jarnagin, 4010 Bluebonnet St. Suite 209 Houston, TX, 77025	50,231,606 ⁽¹⁾	-	35.43%	of record and beneficially
Paul Cox, 609 Granville Suite 1040 PO Box 10354 Vancouver, BC	37,393,529	-	26.38%	of record
Brandon Jarnagin, 4010 Bluebonnet St. Suite 209 Houston, TX, 77025	16,903,553	154,585	12.03%	of record and beneficially
TTF Fund I Ltd. 8137 Gladys Suite 102 Beaumont, TX 77706	8,695,652	-	6.13%	of record
TOTAL:	113,224,340	154,585	80.00%	

- 100,000 of these shares are held in the name of Entropy Partners LLC which is controlled by Bryan Jarnagin. Mr. Bryan Scott Jarnagin disclaims investment and dispositive control over these shares.

Beneficial Ownership of Securities: Pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, involving the determination of beneficial owners of securities, includes as beneficial owners of securities, any person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has, or shares, voting power and/or investment power with respect to the securities, and any person who has the right to acquire beneficial ownership of the security within sixty days through means including the exercise of any option, warrant or conversion of a security.

Director and Executive Officer Summary

The following table sets forth the names and ages of our current directors and executive officers, their principal offices and positions and the date each such person became a director or executive officer. The Board of Directors elects our executive officers annually. Our directors serve one-year terms or until their successors are elected, qualified and accept their positions. The executive officers serve terms of one year or until their death, resignation or removal by the Board of Directors. Brandon Jarnagin, Vice President and director of the Issuer, is the son of Bryan Jarnagin, CEO, CFO and director of this Issuer. In addition, there was no arrangement or understanding between any executive officer and any other person pursuant to which any person was selected as an executive officer.

Name, Municipality of Residence and Position(s)	Principal Occupation for Past Five Years ⁽¹⁾	Director Since
Bryan Scott Jarnagin Houston, TX <i>CEO, President and Director</i>	CEO of SEP since February 2009; Chairman and CEO, Entropy Partners, LLC, January 2006 to June 2010; Partner, Green Atlantic Partners, December 2002 to January 2008.	February 9, 2009
Brandon Jarnagin Houston, Texas <i>VP/ Director</i>	Vice President/ Director of SEP. Partner with Entropy Partners, LLC a US based firm focused on the sustainable energy and environmental technologies sectors. Previously business analyst for The American Productivity and Quality Center. Previously, analyst for Green Atlantic Partners, lead estimator and commercial sales manager for a Houston, TX based commercial construction firm.	November 11, 2012

Notes:

1. The information as to principal occupation, business or employment and securities beneficially owned or controlled is not within the knowledge of management of the Issuer and has been furnished by the respective nominees.

Legal and Disciplinary History

No officer, director or control person of the Company has been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

Item IX. Third Party Providers.***Securities Counsel***

Cutler Law Group
3355 W. Alabama St. Suite 1150
Houston, TX 77098
(713) 888-0040
(800) 836-0714 fax
rcutler@cutlerlaw.com

Independent Registered Public Accounting Firm

The Hall Group
100 Crescent Court, Suite 700
Dallas, Texas 75201
(214) 222-1315
(972) 420-0032 fax

Investor Relations

Crescendo Communications, LLC
Direct: (212) 671-1021
Main: (212) 671-1020
Fax: (347) 923-9520
Website: www.crescendo-ir.com

Item X. Issuer Certifications.

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION

I, Bryan Scott Jarnagin, the Chief Executive Officer and Chief Financial Officer of LCTI Low Carbon Technologies International Inc. hereby certify that:

1. I have reviewed this Quarterly Information and Disclosure statement of LCTI Low Carbon Technologies International Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: February 24, 2014

/s/ Bryan Scott Jarnagin

By: Bryan Scott Jarnagin

Title: CEO/CFO

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION

I, Bryan Scott Jarnagin, the CFO of LCTI Low Carbon Technologies International Inc., hereby certify that:

1. I have reviewed this Quarterly Information and Disclosure statement of LCTI Low Carbon Technologies International Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: February 24, 2014

/s/ Bryan Scott Jarnagin

By: Bryan Scott Jarnagin
Title: CEO/CFO

LCTI LOW CARBON TECHNOLOGIES INTERNATIONAL, INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in United States dollars)

Three months ended November 30, 2013 and 2012
(unaudited)

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements of LCTI Low Carbon Technologies International Inc. (the "Corporation") are the responsibility of management and the Board of Directors. The unaudited condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated financial statements. Where necessary management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed consolidated financial statements and (ii) the unaudited condensed consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ "Bryan S. Jarnagin"

Chief Executive Officer and Chief Financial Officer

Notice to Reader

The accompanying unaudited condensed consolidated financial statements of the Corporation have been prepared by and are the responsibility of management. The unaudited condensed consolidated financial statements as at and for the three months ended November 31, 2013 and 2012 have not been reviewed by the Corporation's auditors.

LCTI LOW CARBON TECHNOLOGIES INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in United States dollars)

	As at November 30, 2013	As at August 31, 2013
ASSETS		
Current assets		
Cash	\$ 869,514	\$ 671,037
Accounts receivable (Note 5)	3,912,487	1,591,026
Marketable securities	22,000	-
Prepaid expenses	47,546	4,753
	4,851,547	2,266,816
Investments in affiliates (Note 6)	24,306,799	12,039,249
Investment in joint venture (Note 7)	49,005,097	49,005,097
Machinery and equipment (Note 8)	904,590	752,750
Mitigation land (Note 9)	88,000,000	45,800,000
Intellectual property assets (Note 10)	101,561,552	106,544,138
Customer list (Note 4)	366,667	379,167
Goodwill (Note 4)	2,949,619	2,592,309
Total assets	\$ 271,945,872	\$ 219,379,527
EQUITY AND LIABILITIES		
Current liabilities		
Bank indebtedness (Note 11)	\$ 2,585,025	\$ 335,025.00
Accounts payable and accrued liabilities	3,642,654	2,456,526
Billings in excess of costs and estimated earnings	417,654	56,270
Current portion of long-term debt (Note 12)	1,621,401	75,183
Due to related parties (Note 13)	262,997	262,997
	8,529,731	3,186,001
Long term liabilities		
Long-term debt, net of current portion (Note 12)	973,397	2,551,398
Total liabilities	9,503,128	5,737,399
Equity		
Share capital (Note 14)	211,541,354	211,290,004
Non-controlling interest	24,609,512	24,672,931
Contributed surplus (Note 14)	16,948,020	16,948,020
Revaluation Surplus (Notes 6 and 9)	54,457,550	-
Retained Earnings	(45,113,694)	(39,268,827)
Total equity	262,442,742	213,642,128
Total equity and liabilities	\$ 271,945,872	\$ 219,379,527

LCTI LOW CARBON TECHNOLOGIES INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Expressed in United States dollars)

	Three Months Ended November 30, 2013	Three Months Ended November 30, 2012
Revenue	\$ 1,463,909	\$ 840,231
Cost of goods sold (Note 15)	1,316,461	694,494
	147,448	145,737
Expenses		
General and administrative (Note 16)	939,434	782,040
Amortization and depreciation	5,024,964	5,020,688
Other expenses (Note 17)	30,699	21,352
Total expenses	5,995,097	5,824,080
Loss before gain on debt forgiveness	(5,847,649)	(5,678,343)
Gain on debt forgiveness (Note 12)	-	1,763,676
Total gain on debt forgiveness	-	1,763,676
Net income (loss) and other comprehensive income (loss) for the year	\$ (5,847,649)	\$ (3,914,667)

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

LCTI LOW CARBON TECHNOLOGIES INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in United States dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Non-controlling interests	Revaluation Surplus	Total
Balance, August 31, 2012	139,274,164	\$ 210,199,049	\$ 16,899,010	\$ (37,732,358)	\$ -		\$ 189,365,701
							-
Shares transferred for lease payments	-	1,090,956	-	-	-		1,090,956
Non-controlling interest on acquisition	-	-	-	-			-
Share based compensation	-	-	24,505	-	-		24,505
Net income (loss for the period)	-	-	-	(3,914,967)	-		(3,914,967)
							-
Balance, November 30, 2012	139,274,164	\$ 211,290,004	\$ 16,923,515	\$ (41,647,325)	\$ -		\$ 186,566,194
Balance, August 31, 2013	139,274,164	\$ 211,290,004	\$ 16,948,020	\$ (39,268,827)	\$ 24,672,931	\$ -	\$ 213,642,128
Changes in revaluation surplus	-	-	-	-	-	54,457,550	54,457,550
Shares issued for services	2,500,000	250,000	-	-	-	-	250,000
Share capital on acquisition	-	1,000	-	-	-	-	1,000
Share based compensation	-	350	-	-	-	-	350
Minority interest in income (loss)					(63,419)	-	(63,419)
Net income (loss) for the period	-	-	-	(5,847,649)	-	-	(5,847,649)
							-
Balance, November 30, 2013	\$ 141,774,164	\$ 211,541,354	\$ 16,948,020	\$ (45,113,694)	\$ 24,609,512	\$ 54,457,550	\$ 262,442,742

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

LCTI LOW CARBON TECHNOLOGIES INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)

	Three Months Ended November 30, 2013	Three Months Ended November 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	\$ (5,847,649)	\$ (3,914,967)
Items not affecting cash:		
Amortization & depreciation	5,024,964	5,020,688
Payment with stock	(22,000)	
Debt forgiven	-	(1,763,676)
Shares transferred for lease payments	-	1,090,956
Interest on long-term debt	119,556	34,522
Stock based compensation	-	24,505
Transaction costs	127,350	-
Share of loss of equity investment	-	(21,760)
Minority interest in income	(63,419)	-
Changes in non-cash working capital items:		
Decrease in accounts receivable	139,460	610,771
Decrease in prepaid expenses	-	810
Decrease in accounts payable and other liabilities	(367,723)	(900,729)
Increase in billings in excess of cost	(11,268)	(344,894)
Net cash flows provided by operating activities	(900,728)	(163,774)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash at Acquisitions	352,990	-
Investment in ICM	30,000	-
Acquisition of equipment	(25,470)	(4,306)
Net cash flows (used in) provided by investing activities	357,520	(4,306)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Borrowings on line of credit	776,151	-
Repayment of long-term obligations	(34,467)	(18,168)
Net cash provided by financing activities	741,684	(18,168)
Change in cash during the period	198,476	(186,248)
Cash, beginning of period	671,037	672,562
Cash, end of period	869,514	486,312

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

LCTI LOW CARBON TECHNOLOGIES INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED NOVEMBER 30, 2013 AND 2012
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

LCTI Low Carbon Technologies International Inc. formerly known as Encap Investments Inc. (the “Company” or “LCTI”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on August 11, 2008. The head office of the Company is located at 2800 Post Oak Blvd. Suite 4100 Houston, TX 77056, and its registered and records office is located at 5587 Westhaven Road, West Vancouver, British Columbia, V7W 3E9. The unaudited condensed consolidated financial statements for the three months ended November 30, 2013 and 2012 were approved by the Board of Directors on February 24, 2014.

The Company was classified as a Capital Pool Company (“CPC”) as defined by the TSX Venture Exchange. On September 30, 2008, the Company received final receipts for a prospectus and became a reporting company in British Columbia and Alberta. The Company completed its initial public offering (the “offering”) on December 23, 2008.

Sustainable Energy Properties Inc. (“SEP”) and EnCap Acquisition Corp. (“Encap Acquisition”), a wholly owned subsidiary of the Company, amalgamated on January 30, 2012 under the Wyoming Business Corporation Act (“WBCA”). On January 31, 2012 the Company changed its name to LCTI Low Carbon Technologies International Inc. and On February 10, 2012 SEP completed a reverse takeover (“RTO”) of the Company. SEP is a clean technology and solutions provider focused on developing and operating cleantech projects.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to a going concern, which assume that the Company will be able to meet its obligations and continue its operations for its next fiscal year. At November 30, 2013, the Company has a working capital deficiency of \$3,678,185. This matter raises substantial doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue operations is uncertain and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become payable, the successful acquisition of an interest in assets or a business and the ability to generate positive cash flows from future profitable production or operations. These consolidated financial statements do not give effect to adjustments that may be necessary to the carrying values of the Company’s assets, or to the classifications of its assets and liabilities, should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements for the three months ended November 30, 2013 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements including International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) and have been prepared using the same accounting policies and method of computation as the unaudited consolidated financial statements for the year ended August 31, 2013. Certain information and disclosures included in the notes to the annual financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the unaudited consolidated financial statements for the year ended August 31, 2013. These unaudited condensed consolidated interim financial statements are presented in United States dollars.

Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Project Green Lonestar 1 Corp. (“PGL”), HNNG Midstream Partners, LLC (“HNNG Midstream”), HNNG Energy LLC (“HNNG Energy”), Teposolar Technologies Corp. (“Teposolar”), and 95% owned subsidiary Entropy Power Corp (“Entropy”), and Ideal National Mechanical Corp (“Ideal”) . Significant inter-company transactions and balances have been eliminated upon consolidation. PGL was incorporated under the laws of the State of Wyoming, USA on February 9, 2009. PGL has a wholly owned subsidiary, WK Management Services Inc.

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2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

("WKM"), which was incorporated under the laws of the State of Wyoming, USA on March 5, 2009. Teposolar was incorporated under the laws of the State of Wyoming, USA on May 24, 2010. Teposolar has a wholly owned subsidiary, C&I Mechanical Ltd. ("C&I"), which was incorporated under the laws of the State of Texas, USA on January 28, 2002. Ideal National Mechanical Corp., was incorporated under the laws of the State of Texas on June 11, 1974. HNNG Midstream, HNNG Energy, and Entropy are currently inactive.

Industrial Commercial Mechanical LLC, a Texas limited liability company, Prestige Thermal Americas LLC, a Texas limited liability company, and A2E LLC, a Texas limited liability company are 50% owned by the Company and its accounts have been consolidated into these condensed consolidated interim financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities and actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by management and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended August 31, 2013.

4. ACQUISITIONS

Acquisition of Teposolar Technologies Corp.

On April 1, 2011, the Company exercised its option to acquire all of the issued and outstanding common shares of Teposolar from officers and directors of the Company. The purchase price consisted of \$3,750,000 payable by way of a promissory note and 600,000 common shares of the Company.

Acquisition of C&I Mechanical Ltd.

Concurrent with the above acquisition, Teposolar acquired all of the issued and outstanding limited partnership interests and 100% of the common shares of the general partner of C&I, a Texas Limited Partnership for \$3,750,000 payable by way of a promissory note (Note 12) and 600,000 common shares of the Company. Teposolar assigned the promissory note to the Company as part of the purchase price below.

The acquisition has been accounted for using the purchase method of accounting and accordingly, these consolidated financial statements include the results of operations of Teposolar and its wholly owned subsidiary C&I from the date of acquisition. The total purchase price of \$4,350,000 was allocated as follows:

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4. ACQUISITIONS – CONTINUED

Consideration paid:		
Common shares issued (600,000)*	\$ 600,000	
Promissory note	3,750,000	
Total consideration:		\$ 4,350,000
Net assets acquired:		
Cash	1,714,813	
Accounts receivable	4,744,058	
Equipment at fair value	147,291	
		6,606,162
Less liabilities:		
Accounts payable	3,281,936	
Billings in excess of costs incurred	1,925,687	
Due to related parties	140,848	
		(5,348,471)
Total net assets acquired:		
Excess purchase price consideration:		3,092,309
Allocated to:		
Customer list		500,000
Goodwill		2,592,309

*The fair value of \$600,000 common shares issued was based on the fair value of shares issued to non-related parties at the date of issuance.

The Company purchased Teposolar and its wholly owned subsidiary C&I because of synergies with the Company's business model of acquiring cash flow generating businesses that have the potential to achieve improved economies of scale through the introduction of new technologies. Goodwill comprises the value attributable to management strength and the experience of C&I. Customer list was valued using discounted cash flows. Key variables in the valuation of customer list were revenue of recurring customers for the last 5 years projected forward over 5 years and a discount rate of 15%. Customer list is being amortized over 10 years. Amortization expense charged to operations amounted to \$12,500 and \$12,500 for the three months ended November 30, 2013 and 2012 respectively.

Industrial Commercial Mechanical LLC

On March 2, 2012, the Company acquired a 24.5% interest in Industrial Commercial Mechanical LLC ("ICM"), an energy service company. Previous owner and manager of ICM transferred their 25.5% ownership of ICM to the Company on January 16, 2013. The Company now owns 50% of ICM.

Summarized financial information for ICM for total assets, total liabilities, revenue and profit or loss on a 100% basis is as follows:

	Three Months Ended November 30, 2013	Year Ended August 31, 2013
Total assets	\$ 1,146,371	\$ 1,103,688
Total liabilities	932,443	768,484
Revenue	1,036,814	2,268,203
Net income (loss)	\$ (121,276)	\$ 174,624

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4. ACQUISITIONS – CONTINUED

On November 30, 2013, the Company acquired all of the issued and outstanding common shares of Ideal National Mechanical Corp. (“Ideal”), a Texas corporation.

Consideration paid:		
Cash	\$ 1,500,000	
Total consideration:		\$ 1,500,000
Net assets acquired:		
Cash	352,990	
Prepaid expenses	42,793	
Accounts receivable	2,460,921	
Equipment at fair value	203,344	
		3,060,048
Less liabilities:		
Accounts payable	1,433,680	
Billings in excess of costs incurred	372,552	
Other current liabilities	110,026	
		(1,916,358)
Total net assets acquired:		
Excess purchase price consideration:		357,310
Allocated to:		
Goodwill		357,310

The Company purchased Ideal because of synergies with the business model of acquiring cash flow generating businesses that have the potential to achieve improved economies of scale through the introduction of new technologies. Goodwill comprises the value attributable to management strength and the experience of Ideal.

5. ACCOUNTS RECEIVABLE

	November 30, 2013	August 31, 2013
Accounts receivable	\$ 3,912,487	\$ 1,591,026

No allowance has been provided as of November 30, 2013 and August 31, 2013 based on management’s estimate and experience.

6. INVESTMENTS IN AFFILIATES

East Bay Farms LLC

On December 10, 2010 the Company acquired a 27.5% interest in East Bay Farms LLC (“East Bay”), a Texas limited liability company, for 5,000,000 common shares valued at \$11,926,837. The Company used discounted cash flows to assess the cost of the investment comprising of approximately 1,900 acres of mitigation land. During the three months ended the Company’s investment in East Bay Farms LLC was revalued by an independent appraiser resulting in an increase of \$12,267,550

In determining the estimated market value of the mitigation land, assumptions were made regarding future cash flows, comparable sales of similar projects, as well as general business and economic conditions that prevail and are expected to prevail. By nature, asset valuations are subjective and do not necessarily result in precise determinations. The following significant inputs were factored into the valuation technique:

6. INVESTMENTS IN AFFILIATES - CONTINUED

- a) The number and sales value of mitigation credits to be developed estimated at 925 and \$114,000 - \$220,000 respectively.
- b) Term of mitigation credit sales – the Company used an absorption rate of estimated total mitigation credits available of twelve (12) years.
- c) Discount rate – the discounted cash flow valuation technique requires a discount rate to match the risks of owning this investment. The discount rate, adjusted for credit and liquidity risk, was 15%.

Changes in variables such as the absorption rate, the number of credits approved by the U.S. Army Corps of Engineers, the value of mitigation credit sales and market demand will have a material impact on the estimated value of the investment.

During the year ended August 31, 2013, the Company made additional investments, by way of cash calls, in East Bay Farms of \$15,125 and incurred a loss of \$15,770. No additional investments or gains/losses were incurred during the three months ended November 30, 2013.

7. INVESTMENT IN JOINT VENTURE

Prestige Thermal Americas LLC (“PTA”)

The Company has a 50% interest in PTA, a jointly controlled entity established in the United States of America on February 20, 2012. The Company is committed to contribute certain non-monetary assets consisting mainly of providing or securing rights to an approximately 40,000 square feet of manufacturing facility; and a commitment to deploy the technology in the Company’s first two waste-to-energy projects; and funding the start up costs of PTA in exchange for a 50% interest in the joint venture. The other joint venture partner contributed certain rights to manufacture and assemble certain technology equipment in North America to be employed in waste-to-energy, biomass-to-energy and biomass-to-liquid market sectors for the other 50% interest in the joint venture.

The Company engaged a third party to complete the valuation of the joint venture. Based on this valuation, the Company’s 50% interest in the joint venture was valued at \$16,355,000. The valuation method used was an income approach using a discounted cash flow model. The key assumptions used in the model are timing of revenue stream and the profit to be generated, discount rate of 30%, terminal growth rate of 3.5%, and lack of marketability discount of 25%.

As a result, the Company recognized a gain on contribution to the joint venture of \$8,178,000 for the year ended August 31, 2012, representing the portion of the gain relating to the interest of the other venturer.

At November 30, 2013 and August 31, 2013 the total assets of the joint venture amounted to \$32,710,000 and \$nil respectively. There were no liabilities at the end of the reporting periods. The joint venture did not have revenue and expenses for the three months ended November 30, 2013 and 2012.

A2E LLC (“A2E”)

A2E is a jointly controlled entity established in the United States of America on May 23, 2013. The Company is committed to contribute certain non-monetary assets consisting mainly of providing or securing rights to real estate for the entity’s first project; and a commitment to funding the start up costs of A2E in exchange for a 50% interest in the joint venture. The other joint venture partner contributed certain rights to technology as sub-licensed through

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7. INVESTMENT IN JOINT VENTURE – CONTINUED

Sunthenoil LLC from SunEco Energy of California to produce biodiesel from algae for the other 50% interest in the joint venture.

The valuation of this joint venture is \$8,429,097. The valuation method utilized was the income approach using a discounted cash flow mode. The key assumptions used in the model are timing of revenue stream and the profit to be generated, discount rate of 50%, terminal growth rate of 3%.

As a result of the valuation the Company recognized a gain on contribution to the joint venture of \$4,214,549 for the year ended August 31, 2013.

At November 30, 2013 and August 31, 2012 the total assets of the joint venture amounted to \$8,429,097 and \$nil, respectively. There were no liabilities at the end of the reporting periods. The joint venture did not have revenue and expenses for the three months ended November 30, 2013 and 2012.

8. MACHINERY AND EQUIPMENT

	September 1, 2013	Additions	Disposals	Additions related to business combination	November 30, 2013
Cost:					
Computer hardware	-	-	-	-	-
Nitrogen removal unit	222,440	-	-	-	222,440
Machinery and equipment	52,431	-	-	68,942	121,373
Furniture and fixtures	26,729	-	-	15,000	41,729
Leasehold improvements	45,725	-	-	-	45,725
Start-up costs	98,852	-	-	-	98,852
Motor vehicles	508,273	-	(28,135)	119,402	599,540
Total	\$ 954,449	\$ -	\$ (28,135)	\$ 203,344	\$ 1,129,659
Accumulated depreciation:					
Computer hardware	-	-	-	-	-
Nitrogen removal unit	-	-	-	-	-
Machinery and equipment	5,435	2,226	-	-	7,661
Furniture and fixtures	3,987	1,134	-	-	5,122
Leasehold improvements	14,335	1,940	-	-	16,276
Start-up costs	2,746	4,196	-	-	6,942
Motor vehicles	151,175	20,380	(6,509)	-	165,047
Total	\$ 201,698	\$ 29,878	\$ (6,509)	\$ -	\$ 225,067
Net Book Value	\$ 752,750				\$ 904,591

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8. MACHINERY AND EQUIPMENT - CONTINUED

	September 1, 2012	Additions	Disposals	Additions related to business combination	August 31, 2013
Cost:					
Computer hardware	1,375	-	(1,375)	-	-
Nitrogen removal unit	222,440	-	-	-	222,440
Machinery and equipment	10,571	3,505	-	38,355	52,431
Furniture and fixtures	5,188	3,876	-	17,665	26,729
Leasehold improvements	31,089	14,636	-	-	45,725
Start-up costs	-	-	-	98,852	98,852
Motor vehicles	478,138	30,135	-	-	508,273
Total	\$ 748,801	\$ 52,151	\$ (1,375)	\$ 154,872	\$ 954,449
Accumulated depreciation:					
Computer hardware	69	-	(69)	-	-
Nitrogen removal unit	-	-	-	-	-
Machinery and equipment	4,322	1,428	-	-	5,435
Furniture and fixtures	3,170	1,048	-	-	3,987
Leasehold improvements	11,399	3,766	-	-	14,335
Start-up costs	-	3,523	-	-	2,746
Motor vehicles	73,845	99,197	-	-	151,175
Total	\$92,805	\$ 108,962	\$ (69)	\$ -	\$ 201,698
Net Book Value	\$ 655,996				\$ 752,750

Depreciation expense charged to operations amounted to \$29,878 for the three months ended November 30, 2013. No depreciation has been recorded on certain assets in 2013 and 2012 because the equipment was not in service, but the amount was not considered significant.

Management has reviewed the carrying value of the machinery and equipment and determined there was no indication of impairment as at November 30, 2013 and August 31, 2013.

9. MITIGATION LAND

In May 2010, the Company purchased four parcels of land in the Bolivar Peninsula in Texas, USA through the issuance of 35,000,000 common shares. A value of \$45,800,000 was assigned to the shares issued. During the three months ended November 30, 2013 the mitigation land was revalued resulting in an increase of \$42,200,000

Of the common shares issued, 17,500,000 shares were issued to directors and officers of the Company. The Company used discounted cash flows to estimate the cost of the investment comprising approximately 3,700 acres of land.

In determining the estimated cost of the mitigation land based on the market value for mitigation land, assumptions were made regarding future cash flows, and general business and economic conditions that prevail and are expected to prevail. By nature, asset valuations are subjective and do not necessarily result in precise determinations.

The following significant inputs were factored into the valuation:

- The number and sales value of mitigation credits to be developed estimated at 925 and \$114,000 to \$220,000 respectively.

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- b) Term of mitigation credit sales – based on historical mitigation credit sales in the industry, the Company used an absorption rate of estimated total mitigation credits available of 12 years.

9. MITIGATION LAND - CONTINUED

Discount rate – the discount rate, adjusted for credit and liquidity risk, was 15%. Changes in variables such as the absorption rate, the number of credits approved by the U.S. Army Corps of Engineers, the value of mitigation credit sales and market demand will have a material impact on the estimated value of the investment.

10. INTELLECTUAL PROPERTY ASSETS

	September 1, 2013	Additions	Disposals	Additions related to business combination	November 30, 2013
Cost:					
Technology licenses:					
Low Carbon Lighting Ltd.	\$ 5,751,000	\$ -	\$ -	\$ -	\$ 5,751,000
Zero Carbon RDL Limited	\$ 135,389,750	-	-	-	135,389,750
Zero Emission Ltd.	\$ 1,452,000	-	-	-	1,452,000
C6 Technology Inc.	\$ 16,850,000	-	-	-	16,850,000
Total	\$ 159,442,750	\$ -	\$ -	\$ -	\$ 159,442,750
Accumulated amortization:					
Technology licenses:					
Low Carbon Lighting Ltd.	\$ 2,036,812	\$ 179,719	\$ -	\$ -	\$ 2,216,531
Zero Carbon RDL Limited	\$ 46,837,135	4,230,930	-	-	51,068,065
Zero Emission Ltd.	\$ 514,250	45,375	-	-	559,625
C6 Technology Inc.	\$ 3,510,417	526,563	-	-	4,036,980
Total	\$ 52,898,614	\$ 4,982,587	\$ -	\$ -	\$ 57,881,201
Net Book Value	\$ 106,544,138				\$ 101,561,552

	September 1, 2012	Additions	Disposals	Additions related to business combination	August 31, 2013
Cost:					
Technology licenses:					
Low Carbon Lighting Ltd.	\$ 5,751,000	\$ -	\$ -	\$ -	\$ 5,751,000
Zero Carbon RDL Limited	\$ 135,389,750	-	-	-	135,389,750
Zero Emission Ltd.	\$ 1,452,000	-	-	-	1,452,000
C6 Technology Inc.	\$ 16,850,000	-	-	-	16,850,000
Total	\$ 159,442,750	\$ -	\$ -	\$ -	\$ 159,442,750
Accumulated amortization:					
Technology licenses:					
Low Carbon Lighting Ltd.	\$ 1,317,937	\$ 718,875	\$ -	\$ -	\$ 2,036,812
Zero Carbon RDL Limited	\$ 29,913,415	16,923,720	-	-	46,837,135
Zero Emission Ltd.	\$ 332,750	181,500	-	-	514,250
C6 Technology Inc.	\$ 1,404,167	2,106,250	-	-	3,510,417
Total	\$ 32,968,269	\$ 19,930,347	\$ -	\$ -	\$ 52,898,614
Net Book Value	\$ 28,991,271				\$ 106,544,138

Amortization expense charged to operations amounted to \$4,982,587 in for the three months ended November 30, 2013.

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In October, 2010 the Company entered into various agreements discussed below whereby the Company was granted exclusive manufacturing, distribution, and marketing licensing rights to a portfolio of clean-tech technologies.

10. INTELLECTUAL PROPERTY ASSETS - CONTINUED

Low Carbon Lighting Ltd. ("LCL")

On October 15, 2010, the Company acquired the exclusive manufacturing, distribution, and marketing licensing rights in the USA, Canada, Mexico and all the sovereign countries that make up the geographic region of the Caribbean, America and Central South America, for 3 years for energy efficient LED streetlights and a heat transfer device useful in the thermal management of LED lighting units and other commercial applications requiring heat transfer. Payment was 500,000 common shares of the Company valued at \$5,751,000. Following the 3 year term, the Company would have had the right to extend the "Exclusivity Period" for an additional 5 years with a payment of USD \$1,200,000 payable in cash or common shares of the Company. On February 25, 2011, the agreement was amended to extend the "Exclusivity Period" indefinitely without further payment.

In addition to the above noted stock issuances, the Company will pay LCL 5% of revenue earned as a result of exploiting the technologies.

In determining the fair value of the LCL license, assumptions were made regarding future cash flows, comparable sales of similar projects, as well as general business and economic conditions that prevail and are expected to prevail. The relief from royalty approach is used to value the license. By nature, asset valuations are subjective and do not necessarily result in precise determinations. The valuation of LCL license is subject to material measurement uncertainty. It is reasonably possible, based on existing knowledge, that change in future conditions in the near term could require a material change in the recorded amount. Significant inputs factors into the valuation were projected sales, a royalty rate of 9%, and discount rate of 20%. Changes in these inputs and market demand will have a material impact on the estimated value.

Zero Emissions Ltd. ("ZEM")

On October 10, 2010, the Company acquired the exclusive manufacturing, distribution, and marketing licensing rights in the USA, Canada, Mexico and all the sovereign countries that make up the geographic region of the Caribbean,

Central America and South America, for 3 years for electric and hybrid urban buses and other utility vehicles. Payment was 500,000 common shares of the Company with a value of \$1,452,000. Following the 3 year term, the Company shall have the right to extend the "Exclusivity Period" for an additional 5 years with a payment of USD \$1,200,000 payable in cash or common shares of the Company. On February 18, 2011, the agreement was amended to extend the "Exclusivity Period" indefinitely without further payment.

In determining the fair value of the ZEM license, assumptions were made regarding future cash flows, comparable sales of similar projects, as well as general business and economic conditions that prevail and are expected to prevail. The relief from royalty approach is used to value the license. By nature, asset valuations are subjective and do not necessarily result in precise determinations. The valuation of ZEM license is subject to material measurement uncertainty. It is reasonably possible, based on existing knowledge, that change in future conditions in the near term could require a material change in the recorded amount. Significant inputs factors into the valuation were projected sales, a royalty rate of 5%, and discount rate of 30%. Changes in these inputs and market demand will have a material impact on the estimated value.

Zero Carbon RDL Limited ("Zero Carbon")

On October 22, 2010, the Company acquired the exclusive manufacturing, distribution, and marketing licensing rights in the USA, Canada, Mexico and all the sovereign countries that make up the geographic region of the Caribbean, Central America and South America, for 3 years for a portfolio of clean-tech technologies. As payment, the Company issued 3,000,000 common shares valued at \$106,822,513 for the 15 technologies in the portfolio. Following the 3 year term, the Company would have had the right to extend the "Exclusivity Period" for an additional 5 years for no additional cost. At the end of the 3 year exclusive period, if the Company does not extend,

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or at the end of the additional 5 year extension period, the license shall continue on indefinitely as a non-exclusive license for no additional cost, or until the expiry of the last patent, if earlier.

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10. INTELLECTUAL PROPERTY ASSETS - CONTINUED

Zero Carbon agrees that the first \$5,000,000 generated from the sale of shares of the Company received by Zero Carbon will be re-invested into the technology portfolio to develop demonstration facilities.

On the same day, the agreement was amended to extend the “Exclusivity Period” indefinitely. Consideration for the amendment was paid by transferring 800,000 common shares of the Company valued at \$28,567,237 from a director and officer to Zero Carbon. A corresponding amount has been recorded as contributed surplus as the director and officer does not require repayment.

In determining the fair value of the Zero Carbon license, assumptions were made regarding future cash flows, comparable sales of similar projects, as well as general business and economic conditions that prevail and are expected to prevail. The relief from royalty approach is used to value the license. By nature, asset valuations are subjective and do not necessarily result in precise determinations. The valuation of Zero Carbon License license is subject to material measurement uncertainty. It is reasonably possible, based on existing knowledge, that change in future conditions in the near term could require a material change in the recorded amount. Significant inputs factors into the valuation were projected sales, a royalty rate of 5%, and discount rate of 50%. Changes in these inputs and market demand will have a material impact on the estimated value.

C6 Technology Inc. (“C6T”)

On February 20, 2012, as part of the Prestige joint venture (Note 7), the Company obtained deployment licenses from C6 Technologies Inc. granting the Company the right to utilize their technology for waste to energy and waste to fuel projects. The licenses are registered on the date that the quotes are issued for each project. These licenses were contributed to the Company by a major shareholder, as a result of his efforts prior to the contribution and accordingly have been credited to contributed surplus. The license fees are based on the C6 Technologies standard fees. The license fees are not payable until permitting and financing occurs on each project. The ongoing monthly royalty fees are paid only upon project completion and project start up. The royalties are paid one month in arrears. The Company currently has three projects that are registered with C6 Technology Inc.

The deployment licenses are valued at \$16,850,000. In determining the fair value of the deployment licenses, assumptions were made regarding future cash flows, comparable sales of similar projects, as well as general business and economic conditions that prevail and are expected to prevail. The relief from royalty approach is used to value the licenses. By nature, asset valuations are subjective and do not necessarily result in precise determinations. The valuation of the deployments licenses is subject to material measurement uncertainty. It is reasonably possible, based on existing knowledge, that change in future conditions in the near term could require a material change in the recorded amount. Significant inputs factors into the valuation were projected sales, a royalty rate of 19%, and discount rate of 30%. Changes in these inputs and market demand will have a material impact on the estimated value.

11. BANK INDEBTEDNESS

The Company has a revolving line of credit for up to \$350,000 from the International Bank of Commerce with a maturity date of April 25, 2012. Interest is New York prime rate + 1% with a minimum interest of 5.75% per annum. New York Prime rate is 3.25% as of the date of this report. As of November 30, 2013, the Company has drawn \$335,025 (August 31, 2013 - \$335,400) from the facility. A director and officer of the Company has placed a personal guarantee on this facility.

The Company has a revolving line of credit for up to \$10,000,000 from TCA Global Credit Master Fund LP with a maturity date of May 19, 2014. Interest is 12% per annum. As of November 30, 2013, the Company has drawn \$2,250,000 (August 31, 2013 - \$nil) from the facility.

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12. LONG-TERM DEBT

Note payable to C&I vendors (Note 4)

On September 25, 2012 the terms of the promissory note and associated debt related to the acquisition of Teposolar and its subsidiary C&I were modified. The modified terms of the promissory note are as follows:

1. The principal sum of the promissory note was reduced from \$3,750,000 to \$2,500,000.
2. All interest accrued from April 1, 2011 to September 25, 2012 was forgiven.
3. Two equal payments of \$1,250,000 are due on October 1, 2014 and October 1, 2015.
4. Interest shall accrue at the rate of 5% per annum following the date of the first payment on October 1, 2014.

\$1,546,219 is included in the current portion of long term debt.

Finance lease obligations

Finance leases relate to vehicle equipment. These leases have interest rates ranging from 6.74% to 8.9% and a remaining term of 39 to 41 months. Finance lease obligations included in long term debt as at August 31, 2013 is \$195,096. \$75,183 is included in current portion of long term debt.

As at November 30, 2013, \$973,397 is included in long term debt.

13. RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions not disclosed elsewhere in these consolidated financial statements, are described below.

During the three months ended November 31, 2013, the Company:

1. The Company accrued consulting fees of \$72,499 for officers and directors.
2. An officer and director loaned the Company \$30,000.
3. Paid \$57,250 in consulting fees to officers and directors.

During the three months ended November 30, 2012, the Company:

1. Accrued consulting fees for Officers and Directors totaling \$252,136.
2. Paid \$58,550 in consulting fees to a Company with common directors and shareholders.

14. SHARE CAPITAL

Authorized share capital

As at November 30, 2013, the Company has authorized an unlimited number of voting common shares without nominal or par value.

Shares issued and outstanding

	Number	Amount
Balance August 31, 2012	139,274,164	\$ 210,199,049
Shares transferred for lease payments ⁽¹⁾	-	1,090,956
Balance August 31, 2013	139,274,164	\$ 211,290,004
Shares issued for services ⁽²⁾	2,500,000	250,000

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	Balance November 30, 2013	141,774,164	\$	211,541,003
14.	SHARE CAPITAL - CONTINUED			

1. On November 10, 2012 the Company transferred 474,346 shares previously held by Z Carbon Companies Corp. for lease payments.
2. On November 30, 2013 the Company issued 250,000 shares as a transaction advisory fee associated with establishing a revolving line of credit for \$10,000,000 (Note 11).

Escrow shares

As at November 30, 2013 included in issued capital are 47,395,823 common shares held in escrow of which 46,344,823 are to be released up to February 15, 2015.

Stock options

The Company has established a stock option plan for its directors, officers and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

The exercise price of the options granted under the Plan will be determined by the Board of Directors, but will be at least equal to the closing trading price for the common shares for the last trading day prior to the grant and otherwise the fair market value price. The term of any options granted shall not exceed the maximum permitted time period under applicable regulations.

A summary of the share option transaction for the year ended August 31, 2013 and the year ended August 31, 2012 are as follows:

	Number of options	Weighted average exercise price
Outstanding at August 31, 2012	2,693,333	\$ 0.23
Granted	-	-
Expired	360,000	0.10
Outstanding at August 31, 2013	2,333,333	0.23
Granted	200,000	0.10
Expired	-	-
Outstanding at November 30, 2013	2,533,333	\$ 0.23

360,000 stock options of LCTI outstanding as at January 30, 2012, exercisable at \$0.10 per option with an expiry date of January 30, 2013, were deemed as part of the consideration for the reverse takeover, and these options were valued on January 30, 2012 the date of the reverse takeover, using a Black Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 120%; risk free interest rate of 1.25%; an expected life of 0.92 years. As a result, the fair value of the stock options was estimated at \$8,531 and the amount was recorded as part of the reverse takeover transaction cost in the unaudited condensed consolidated statement of operations and comprehensive income (loss) for the year ended August 31, 2012. On January 30, 2013 these stock options expired and were not exercised.

On February 27, 2012, the Company granted to directors, officers, and consultants of the Company 2,333,333 stock options to acquire common shares of the Company. The Options will vest quarterly over a period of one year in four equal batches with the first batch vesting May 31, 2012 and are exercisable at a price of \$0.25 per share for a period of two years from the date of issuance. The fair value of the stock options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 120%; risk free interest rate of 1.25%; and an expected life of 2 years. As a result, the fair value of the stock options

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was estimated as \$98,020. \$49,010 has been recorded as an expense in the statement of operations and comprehensive income (loss) during the year ended August 31, 2013.

14. SHARE CAPITAL - CONTINUED

On November 5, 2013, the Company granted to consultants of the Company 200,000 stock options to acquire common shares of the Company. The Options will vest quarterly over a period of one year in four equal batches with the first batch vesting February 5, 2014 and are exercisable at a price of \$0.10 per share for a period of five years from the date of issuance. The fair value of the stock options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 120%; risk free interest rate of 1.25%; and an expected life of 5 years. As a result, the fair value of the stock options was estimated as \$4,196. \$350 has been recorded as an expense in the statement of operations and comprehensive income (loss) during the three months ended November 30, 2013.

The following table summarizes stock options outstanding as at November 30, 2013:

Exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable	Exercise price for exercisable options
\$ 0.25	2,333,333	0.42	2,333,333	\$ 0.25
0.10	200,000	4.92	200,000	0.10

The estimated weighted average fair value of share options granted during the three months ended November 30, 2013 was \$0.02 per option. The fair value of each share option grant was estimated on the date of grant, as determined by using the Black-Scholes option pricing model with the following weighted average assumptions:

	November 30, 2013	August 31, 2013
Risk-free interest rate (%)	1.25%	-
Expected life (years)	5	-
Expected volatility (%)	120%	-
Expected dividend yield (%)	0%	-

15. COSTS OF GOODS SOLD

	For the three months ended November 30, 2013	For the three months ended November 30, 2012
Labor	\$ 333,359	\$ 195,978
Materials	477,373	60,147
Equipment	187,141	177,699
Subcontractors	318,588	117,552
Total	\$ 1,316,461	\$ 694,494

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16. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended November 30, 2013	For the three months ended November 30, 2012
Leasing	\$ -	\$ 272,751
Management and consulting	113,997	119,865
Office, rent and miscellaneous	152,941	146,649
Professional fees	458,822	100,122
Salaries and wages	188,905	118,487
Travel	85,407	24,166
Minority interest in income (loss)	(60,638)	-
Total	\$ 939,434	\$ 782,040

17. OTHER EXPENSES

	For the three months ended November 30, 2013	For the three months ended November 30, 2012
Equity in net (income) loss of a affiliates	\$ -	\$ (21,760)
Interest expense	30,699	43,412
Total	\$ 30,699	\$ 21,651

18. CAPITAL MANAGEMENT

The Company's objective in managing its capital, which consists of its shareholders' equity, is to safeguard all cash resources by investing in government or bank instruments which can be liquidated promptly and which yield an acceptable rate of return, and to issue from its treasury, shares, warrants and options which can be converted to cash. Treasury issuances of shares and warrants are part of the Company's capital raising process and are issued when cash is required, ideally under favorable market conditions, and with regard to dilution of the Company's capital structure. The exercise of warrants and options is under the control of the Company's management, as management represents all of the Board of Directors members. All capital transactions are subject to approval of the Company's directors. The Company is not subject to any regulatory capital requirements.

There were no changes in the Company's approach to capital management during the three months ended November 30, 2013.

19. FINANCIAL INSTRUMENTS

Financial Risk Factors

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk (interest rate risk and currency risk).

Fair values

The Company's financial instruments include cash, amounts receivable, advances and accounts payable and other liabilities. The fair values of the financial instruments approximates their carrying values.

19. FINANCIAL INSTRUMENTS - CONTINUED

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and amounts recoverable. Cash deposits are maintained with a financial institution of reputable credit and are redeemable on demand. Accounts receivable at November 30, 2013 is \$3,912,487. The Company evaluates the credit worthiness of its partners and establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers, historical trends and economic circumstances. As at November 30, 2013 and August 31, 2013 no allowance was considered necessary as most of the Company's receivables are bonded.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. To the extent that the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or engage in negotiations to extend terms with creditors. As at August 31, 2013, the Company has a working capital deficiency of \$3,678,185. The Company manages liquidity risk through the management of its capital structure. See Note 18.

Interest-Rate Risk

The Company earns an immaterial amount of interest income, and the Company has a revolving line of credit for up to \$350,000 from the International Bank of Commerce with a maturity date of April 25, 2012. Interest is New York prime rate + 1% with a minimum interest of 5.75% per annum. New York Prime rate is 3.25% as of the date of this report. As of November 30, 2013, the Company has drawn \$335,025 (2012 - \$335,400) from the facility. A director and officer of the Company has placed a personal guarantee on this facility.

20. COMMITMENTS AND CONTINGENCIES

Prestige Thermal Americas LLC

The Company is to provide or secure rights to an approximately [40,000 square feet] manufacturing facility to be utilized for manufacturing and assembly of the technology licensed to the Company by GEI Green Energy Industries (pty) Ltd. at a future date to be determined by the Managers of PTA.

A2E LLC

The Company is to provide or secure rights to real estate to be utilized for the deployment of the technology that has been licensed to A2E. The Company has also formally agreed to fund the startup costs of A2E LLC.

Leases

On May 17, 2010 the Company entered into a lease agreement in Tishomingo County in Mississippi for a portion of the Tri-State Commerce Park. The lease is for a 65 acre portion of the 3,500 acre property as well as 3,500 sq/ft of

20. COMMITMENTS AND CONTINGENCIES - CONTINUED

furnished office space. At the Company's option it may lease additional portions of the properties under similar terms and conditions. The office space has minimum lease payments of \$4,200 annually.

Additional lease payments for the 65 acres being leased are calculated as 5% of gross revenue or \$1,000 per month, whichever is greater, for onsite projects with annual payments capped at \$350,000 once 20 full time employees are hired and \$250,000 once 30 full time employees are hired.

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21. SEGMENTED REPORTING

Financial reporting by operating segment is based on the internal organization and activities of the Company that are regularly provided to the chief operating decision maker and corresponds to the following reportable segments:

- The energy efficiency and related construction services segment consists of the operations of Teposolar Ideal, and affiliate ICM. T
- The environmental segment consists of the generation of mitigation credits and the operations of affiliate East Bay Farms LLC. T
- The technology segment consists of the technology development, management, licensing, and the operations of the Prestige Thermal Americas LLC joint venture. T

Three months ended November 30, 2013

	Energy Efficiency	Technology	Environmental	Reconciliation	LCTI
Revenue	\$ 1,463,909	\$ -	\$ -	\$ -	\$ 1,463,909
COGS	1,316,461	-	-	-	1,316,461
Gross profit	147,448	-	-	-	147,448
Operating Expenses	507,862	-	3,750	488,460	1,000,072
Minority interest in income (loss)	(60,638)	-	-	-	(60,638)
Interest expense	29,900	-	-	799	30,699
Depreciation and amortization	42,183	4,982,586	-	195	5,024,964
Gain (loss) from joint venture	-	-	-	-	-
Income (loss) from affiliate	-	-	-	-	-
Gain on debt forgiveness	-	-	-	-	-
Income (loss)	\$ (432,497)	\$ (4,982,586)	\$ (3,750)	\$ (428,816)	\$ (5,847,649)

Assets	Energy Efficiency	Technology	Environmental	Reconciliation	LCTI
Cash	\$ 670,076	\$ -	\$ -	\$ 256,220	\$ 869,514
Accounts Receivable	1,543,687	-	-	2,368,800	3,912,487
Marketable securities	-	-	-	22,000	22,000
Prepaid expenses	47,456	-	-	-	47,456
Total current assets	\$ 2,261,219	\$ -	\$ -	\$ 2,590,238	\$ 4,851,457
Investments in affiliates	-	-	24,306,799	-	24,306,799
Investment in joint venture	-	49,005,097	-	-	49,005,097
Machinery and equipment	677,313	222,440	-	4,837	904,590
Mitigation land	-	-	88,000,000	-	88,000,000
Intellectual property assets	-	101,561,552	-	-	101,561,552
Customer list	366,667	-	-	-	366,667
Goodwill	2,949,619	-	-	-	2,949,619
Total non current assets	\$ 3,993,599	\$ 150,789,089	\$ 112,306,799	\$ 4,837	\$ 267,094,324

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21. SEGMENTED REPORTING - CONTINUED

Year ended August 31, 2013						
	Energy					LCTI
	Efficiency	Technology	Environmental	Reconciliation		
Revenue	\$ 6,138,154	\$ -	\$ -	\$ -	\$	6,138,154
COGS	4,760,739	-	-	-		4,760,739
Gross profit	1,377,415	-	-	-		1,377,415
Operating Expenses	958,150	(649,996)	24,999	917,243		1,250,396
Interest expense	144,385	-	-	20,497		164,882
Transaction costs	-	-	-	420,163		-
Depreciation and amortization	151,634	19,930,344	-	774		20,082,752
Gain from joint venture	-	16,324,549	-	-		16,324,549
Gain from debt forgiveness				2,162,924		2,162,924
Income (Loss) from affiliate	87,312	-	(15,770)	25,131		96,673
Income (loss)	\$ 210,558	\$ (2,955,799)	\$ (40,769)	\$ 1,249,541	\$	(1,536,469)

	Energy					LCTI
Assets	Efficiency	Technology	Environmental	Reconciliation		
Cash	\$ 671,037	\$ -	\$ -	\$ -	\$	671,037
Accounts Receivable	1,591,026	-	-	-		1,591,026
Prepaid expenses	4,753	-	-	-		4,753
Total current assets	\$ 2,266,816	\$ -	\$ -	\$ -	\$	2,266,816
Investments in affiliates	-	-	12,049,249	-		12,049,249
Investment in joint venture	-	49,005,097	-	-		49,005,097
Machinery and equipment	525,280	222,440	-	5,030		752,750
Mitigation land	-	-	45,800,000	-		45,800,000
Intellectual property assets	-	106,544,138	-	-		106,544,138
Customer list	379,167	-	-	-		379,167
Goodwill	2,592,309	-	-	-		2,592,309
Total non current assets	\$ 3,496,756	\$ 155,771,675	\$ 57,849,249	\$ 5,030	\$	217,122,710

22. SUBSEQUENT EVENTS.

On January 20th, 2014, 1,051,000 common shares held by previous officers and directors of the Company were cancelled in accordance with an escrow agreement.