As filed with the Securities and Exchange Commission on March 18, 2014

Registration No. 333-189937

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 4

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

BLUE EARTH INC.

(Exact Name of Registrant as specified in its charter)

Nevada	**8700**	**98-0531496**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

2298 Horizon Ridge Parkway, Suite 205

Henderson, NV 89052

Telephone: 702-263-1808

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(Address and telephone number of principal executive offices)

Dr. Johnny R. Thomas, CEO

Blue Earth, Inc.

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(Name, address and telephone number of agent for service)

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Approximate Date of Proposed Sale to the Public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

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

Large accelerated filer	[ ]	Accelerated filer	[X]
Non-accelerated filer (Do not check if a smaller reporting company)	[ ]	Smaller reporting company	[ ]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Shares to be Registered (1)	Proposed Maximum Aggregate Offering Price per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Class A Common Stock Purchase Warrants	4,517,500 wts (2)	(3)	(3)	(3)
Common Stock, par value $.001	4,517,500 shs (4)	$2.91 (5)	13,145,925	$1,793.10(24)
Common Stock, par value $.001	7,400,000 shs (6)	$2.91 (5)	21,534,000	2,737.20(24)
Common Stock, par value $.001	27,000 shs (7)	$2.91 (5)	78,570	10.72(24)
Common Stock, par value $.001	3,600,000 shs (8)	$2.91 (5)	10,476,000	1,428.93(24)
Common Stock, par value $.001	1,212,500 shs (9)	$2.91 (5)	3,528,375	481.27(24)
Common Stock, par value $.001	400,000 shs(10)	$2.91 (5)	1,164,000	158.77(24)
Common Stock, par value $.001	1,400,000 shs(11)	$2.04 (32)	2,856,000	367.85(24)
Common Stock, $.001 par value	152,059 shs(12)	$ 2.91 (5)	442,492	60.36(24)
Common Stock, $.001 par value	1,250,000 shs(13)	$2.91 (5)	3,637,500	496.155(24)
Common Stock, $.001 par value	650,000 shs(14)	$2.91 (5)	1,891,500	258.01(24)
Common Stock $.001 par value	2,824,692 shs(15)	$2.91 (5)	8,510,853	1,121.10(24)
Common Stock, $.001 par value	726,264 shs(16)	$2.91 (5)	2,113,428	288.27(24)
Common Stock, $.001 par value	54,831 shs(17)	$2.91 (5)	159,558	21.76(24)
Common Stock, $.001 par value	50,000 shs(18)	$2.91 (5)	145,500	19.85(24)
Common Stock, $.001 par value	20,000 shs(19)	$2.91 (5)	58,200	7.94(24)
Common Stock, $.001 par value	505,592 shs(20)	$2.91 (5)	1,471,272	200.82(24)
Common Stock, par value $.001	57,500 shs(21)	$3.40 (22)	195,500	26.67(23)
Common Stock, $.001 par value	144,368 shs(25)	$1.19 (26)	171,798	23.43(24)
Common Stock, $.001 par value	10,000 shs(27)	$1.32(26)	13,200	1.80(26)
Common Stock, $.001 par value	38,209 shs(28)	$1.19 (26)	45,469	6.64(26)
Common Stock, $.001 par value	2,000,000 shs(29)	$2.91 (29)	5,820,000	793.85(24)
Common Stock, $.001 par value	537,500 shs(30)	$1.45 (30)	779,375	106.31(24)
Common Stock, $.001 par value	888,000 shs(31)	$2.04 (32)	1,811,520	475.98
Common Stock, $.001 par value	168,000 shs(33)	$2.04(32)	342,720	44.14
Common Stock, $.001 par value	1,000,000 shs(34)	$2.04 (33)	2,040,000	262.75
Common Stock, $.001 par value	17,000 shs(35)	$2.04 (32)	34,680	4.47
Common Stock, $.001 par value	60,000 shs(36)	$2.04 (32)	122,400	15.77

Common Stock, $.001 par value	100,000 shs (37)	$2.04 (32)	204,000	26.28
Common Stock, $.001 par value	100,000 shs (38)	$2.04 (32)	204,000	26.28
Common Stock, $.001 par value	2,400,000 shs (39)	$2.04 (32)	4,896,000	630.61
Total	32,311,015 shs		$87,602,836	$11,897.08

(1) Pursuant to Rule 416(a) under the Securities Act of 1933 (the Act:), the registration statement shall be deemed to cover additional shares Common Stock issuable as a result of stock splits, stock dividends, recapitalization or similar events.

(2) These warrants were issued to all investors the Series C Preferred Stock Offering, exercisable for one share for each two shares of Common Stock issuable upon conversion of the Series C Preferred Stock.

(3) Pursuant to Rule 457(g) under the Act no separate registration fee is required as the underlying common stock is being registered for distribution.

(4) Pursuant to Rule 457(g) under the Act these shares are issuable upon payment of the $3.00 per share exercise price of the Class A Warrants.

(5) Estimated at $2.91 per share, the closing price of the common stock as reported on the OTC QB on July 8, 2013 when the shares were registered, for the purpose of calculating the registration fee in accordance with Rule 457(g)(3) under the Act.

(6) The total amount of shares issuable upon the conversion of the Series C Preferred Stock.

(7) Shares issuable upon exercise of placement agent warrants issued in the Company s Series A and B Preferred Stock Offerings.

(8) Shares issuable upon exercise of warrants issued to management in May 2013 pursuant to employment contracts.

(9) Shares issuable upon exercise of warrants issued to our Chairman of the Board in November and December 2012, in connection with financing transactions, of which 45,000 warrants have been gifted to third parties.

(10) Shares issuable upon exercise of warrants issued to consultants in July and December 2012.

(11) Shares issuable upon exercise of warrants issued to our CEO and Vice President in August 2013 in connection with the extension of their employment contracts.

(12) Shares issued to certain investment advisors and equipment vendors in connection with a completed acquisition.

(13) Shares issuable upon exercise of performance warrants issued to management.

(14) Shares issuable upon exercise of warrants issued to the former owners of Xnergy, Inc..

(15) Shares issued to Davis Revocable Declaration of Trust, an affiliated entity of the former owner of Xnergy Inc.

(16) Shares issued to Joseph Patalano, a former officer of Xnergy Inc.

(17) Shares issued to James C. Davis

(18) Shares issued to Robert Nicholas Jones in connection with a completed acquisition.

(19) Shares issued to Jim Mao, a consultant to the Company.

(20) Shares issued to Adam Sweeney in connection with the acquisition of Castrovilla Inc.

(21) Shares issuable upon exercise of placement agent warrants issued in our 2009 private placement.

(22) Estimated at $3.40 per share, the average of the high and low prices of the common stock as reported on the OTC Bulletin Board on April 12, 2010 when the shares were registered, for the purpose of calculating the registration fee in accordance with Rule 457(g)(3) under the Act.

(23) This amount was paid on April 15, 2010, upon the filing of Registration Statement (No. 333-166099).

(24) This amount was paid on July 12, 2013, with the initial filing of this Registration Statement

(25) Represents 144,368 shares granted to three consultants and their designees (previously registered 334,368 shares).

(26) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(h)(1) and Rule 457(c) based upon the last sale price of the Registrant s Common Stock of $1.19, as reported on the Over the Counter Bulletin Board as of May 10, 2012 upon the filing of registration statement No. 333-181420.

(27) Shares of Common Stock issuable upon exercise of warrants issued on May11, 2012, to a consultant exercisable at $1.32 per share.

(28) Shares issued to former chief financial officer of the Company in settlement of his termination from employment.

(29) Shares of Common stock issuable upon the exercise of certain warrants issued in April 2013 to officers of the Company in place of warrants previously issued.

(30) Includes 437,500 shares issuable upon exercise of warrants and 100,000 restricted shares all issued in February 2011 to our Chairman of the Board.

(31) Shares issuable upon payment of 12% annual dividends upon shares of Series C Preferred Stock.

(32) Estimated at $2.04 per share, the closing price of the common stock as reported on the OTC QB on December 11, 2013, for the purpose of calculating the registration fee in accordance with Rule 457(g)(3) under the Act.

(33) 84,000 shares issued to each of Green Planet Investment Consultants LLC and Broadway Family Group LLC pursuant to consultant agreements dated as of July 15, 2013.

(34) Shares issuable upon exercise of warrants and issued to our Chairman of the Board in April 2013.

(35) Shares issued to Michael Bayes.

(36) Shares issued to Jim Mao, a consultant to the Company.

(37) Shares issued to Robert Nicholas Jones in connection with a completed acquisition.

(38) Shares held by our Chairman of the Board and his children.

(39) Shares issuable upon exercise of warrants issued in May 2013 pursuant to consulting agreements.

(40) Of this amount $11,072.18 was paid on July 12, 2013 upon the initial filing of this Registration Statement; fees were paid as set forth under Notes (23) and (24) above, with the remaining $824.90 paid with Amendment No. 1.

THIS REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

PURSUANT TO REG. 429(B) UNDER THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT SHALL ALSO ACT AS A POST-EFFECTIVE AMENDMENT TO REGISTRATION STATEMENT NO. 333-181420 DECLARED EFFECTIVE ON MAY 9, 2013.

SUBJECT TO COMPLETION, DATED March 18, 2014

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Preliminary Prospectus

32,311,015 Shares of Common Stock

4,517,500 Common Stock Purchase Warrants

BLUE EARTH, INC.

This prospectus relates to the sale by the selling stockholders of Blue Earth, Inc. as identified in this prospectus, of up to 4,517,500 Class A Common stock purchase warrants, and 32,311,015 shares of our common stock consisting of: (i) 4,517,500 shares issuable upon exercise of Class A Warrants issued in our April 2013 Series C Preferred Stock Offering (Series C Preferred Stock Offering) ; (ii) 4,517,500 Class A Warrants in connection with our Series C Preferred Stock Offering which are exercisable at $3.00 per share and expire on March 31, 2014; (iii) 7,400,000 shares issuable upon conversion of Series C Preferred Stock and 888,000 shares issuable upon payment of 12% annual dividends upon shares of Series C Preferred Stock; (iv) 27,000 shares issuable upon exercise of placement agent warrants issued in our Series A and B Preferred Stock Offerings exercisable at $1.75 per share and expiring five years from the date of issuance on various dates between 2016 and 2018; (v) 6,000,000 shares issuable upon exercise of management and consultant warrants issued in May 2013 exercisable at $1.18 per share and expiring on May 15, 2023; (vi) 10,000 shares issuable upon exercise of warrants issued in May 2012 to a consultant exercisable at $1.32 per share and expiring on December 31, 2017; (vii) 57,500 shares issuable upon exercise of warrants issues in our 2009 Private Placement exercisable at $1.25 per share and expiring in November and December 2014; (viii) management warrants in 2010 (1,250,000) exercisable at $.01 and expiring in September 2015, replacement warrants (2,000,000) in April 2013 exercisable at $.01 and expiring on April 16, 2023, and warrants issued in August 2013 (1,400,000) exercisable at $.01 and expiring on August 7, 2023; (ix) an aggregate of 2,650,000 shares issuable upon exercise of warrants issued to our Chairman of the Board (of which 45,000 shares have been assigned to third parties) each exercisable at $.01 per share and expiring on various dates between November 2022 and April 2023; (x) 400,000 shares issuable upon exercise of warrants issued to four consultants in July and December 2012 each exercisable at $1.00 per share and expiring on July 10, 2022 and January 2, 2019, respectively; and (xi) 650,000 shares issuable upon exercise of warrants issued to the former owners Xnergy Inc. exercisable at $0.60 per share and expiring on March 15, 2017, and an aggregate of 5,061,015 restricted shares of Common Stock held by placement agents, investment advisors, vendors, former owners of acquired companies and various consultants. All of these shares of our common stock and the exercise of all warrants are being offered for resale by the selling stockholders.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The selling stockholders and any broker-dealers that participate in the distribution of the securities may be deemed to underwriters as that term is defined in Section 2(11) of the Securities Act of 1933, as amended. The last reported sale price of our common stock as quoted under the symbol "BBLU" on the OTC QB on March 17, 2014 was $3.25 per share.

Investing in our common stock is highly speculative and involves a high degree of risk. You should carefully consider the risks and uncertainties described under the heading Risk Factors beginning on page 7 of this prospectus before making a decision to purchase our common stock.

Pursuant to Rule 429(a) under the Securities Act this prospectus is a combined prospectus with the one included in Registration Statement No. 333-181420 declared effective on May 9, 2013.

The Date of this Prospectus is _____________, 2014

The prices at which the selling stockholder may sell shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any proceeds from the sale of these shares by the selling stockholders. However, we will receive proceeds from the exercise of the warrants if they are exercised for cash by the selling stockholders.

ADDITIONAL INFORMATION

You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement. No one has been authorized to provide you with different information. The shares are not being offered in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of such documents.

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the sections entitled Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and related notes included elsewhere in this prospectus. In this prospectus, unless otherwise noted, the terms the Company,   we,   us, and our refer to Blue Earth, Inc., and subsidiaries, Blue Earth Tech, Inc., Blue Earth Energy Management Services, Inc, Blue Earth Energy Management, Inc., Castrovilla, Inc., Xnergy, Inc., Blue Earth Finance, Inc., Blue Earth Energy Partners, LLC, Ecolegacy Gas & Power, LLC, IPS Power Engineering, Inc., Intelligent Power Inc., Millennium Power Solutions, LLC, Blue Earth Capital, Inc., as well as Genesis Fluid Solutions Holdings, Inc., our former name.

The Company

Overview

Blue Earth, Inc. and subsidiaries (the Company) is a comprehensive provider of energy efficiency and alternative/renewable energy solutions for small and medium sized commercial and industrial facilities. The Company also owns, manages and operates independent power generation systems constructed in conjunction with these services. Our turnkey energy solutions enable our customers to reduce or stabilize their energy related expenditures and lessen the impact of their energy use on the environment. Our services include the development, engineering, construction, operation and maintenance and in some cases, financing of small and medium scale alternative/renewable energy power plants including solar photovoltaic (PV), Combined Heat and Power (CHP) or on-site cogeneration and fuel cells.

We build, own, operate and/or sell the power plants or build them for the customer to own. As we continue to expand our core energy services business to become an independent power producer we intend to sell the electricity, hot water, heat and cooling generated by the power plants that we own under long-term power purchase agreements to utilities, and long-term take or pay contracts to our industrial customers. The Company also finances alternative and renewable energy projects through industry relationships.

We provide our customers with a variety of measures to improve the efficiency of their facilities energy consumption by designing, developing, engineering, installing, operating, maintaining and monitoring their major building systems, including refrigeration, lighting and heating, ventilation and air-conditioning.

We offer our utility customers, energy efficiency programs, such as our proprietary *Keep Your Cool* refrigeration program, adopted by 19 utilities, targeted to their small and medium-sized commercial customers. Our utility based, rate- payer incentive programs, are designed to help commercial businesses use less energy through the upgrade of existing equipment with new, more efficient equipment that helps reduce demand for electricity, lower energy bills and also enable utilities to satisfy state-mandated energy reduction goals. In addition to designing and administering the utility program, we perform the technical audits, sell the program to the commercial customer and in most instances, provide the installation of the equipment.

We have continued to expand our comprehensive energy solutions business through strategic acquisitions of companies that have been providing energy solutions to an established customer base or have developed a proprietary technology that can be utilized by our customers to improve equipment reliability, reduce maintenance costs and provide a better overall operating environment. The acquired companies operational activities are being conducted through the following five business units: Blue Earth Solar; Blue Earth CHP; Blue Earth EMS; Blue Earth PPS and Blue Earth EPS. The primary strategic objective for the respective business units is to establish and build brand awareness about the comprehensive energy solutions provided by the Company to its existing and future customers. Each of the Company s five business units is generating revenue, although Blue Earth PPS and Blue Earth CHP have limited revenues, as described below.

Proprietary technologies owned by the Company are the PeakPower® System (PPS) and the UPStealth System. The PeakPower® System is a patented demand response, cloud based technology, that allows remote, wireless monitoring of refrigeration units, lighting and heating, ventilation and air conditioning in thousands of facilities such as super markets and food processing, restaurants and C-stores, drug and discount stores. Peak power currently has a limited number of energy management systems operational in grocery stores. Revenues are expected to ramp up commencing in mid-2014, as the Company is making some system changes before a major commercial roll out in 2014. The technology enables the Company s business unit, Blue Earth PPS, to provide energy monitoring and control solutions with real-time decision support to protect our customers assets by preventing costly equipment failures and food product losses. Our PeakPower® System also serves as a platform to enter into long-term services agreements that allow most types of refrigeration equipment failures to be predicted, thereby enabling preventive servicing based on need rather than periodic, scheduled and costly service calls.

The patent pending UPStealth energy power solution (EPS) Management believes, based on its knowledge of the industry, is the only energy efficient, intelligent digital battery backup management system that was designed to power signalized intersections during loss of utility power. UPStealth is designed as an alternative to lead-acid battery backup systems, enabling the Company s business unit, Blue Earth EPS, to provide its customers with an environmentally friendly product that is completely recyclable with no issues of hazardous out-gassing, corrosion, flammable or explosive characteristics. The UPStealth battery backup management system can be formed in various configurations that allow the intelligent battery to bend around corners and fit into spaces that cannot be accessed by traditional battery backup systems. Compared to lead-acid battery backup systems, our innovative UPStealth energy power solution s cost of ownership is less, requires less maintenance, performs several years longer, and eliminates costly hazardous disposal issues. We also offer a finance program, which allows cities and municipalities to replace existing systems without capital expenditures.

There are several other market verticals where both our proprietary technologies can be applied, separately, or in combination, as a viable, cost effect solution. Examples include: services for data centers, oil and natural gas wells, remote cell towers, risk management services, and demand response systems to decrease energy usage during peak load pricing periods charged by utilities.

Corporate Strategy

Our strategic objective is to provide our customers with turnkey energy solutions and help them identify and maintain low cost or even no cost savings opportunities to reduce or stabilize their energy related expenditures and lessen the impact of their energy use on the environment.

Key components to our corporate strategy include the following:

Our primary focus in the near term is expected to be organic growth within our combined heat and power (CHP), solar engineering, procurement, and construction (EPC), energy efficiency (EE)/technology business units; although we continue to evaluate and consider strategic acquisition opportunities. Our organic growth focus in each of these areas is summarized as follows.

1)

CHP or cogeneration: Our business model is to construct and own, on site, CHP or cogeneration systems, selling the thermal power to the customer and the electricity to the customer and the utility grid under long term power purchase agreements (PPAs). We have targeted large companies within the food-processing sector, where our team has initial agreements and excellent relationships. The PPA agreements with our customers will be on a take or pay basis at a guaranteed discount rate from what they currently pay to their local utility providers. To date, Blue Earth CHP has received limited revenue from engineering work done for a large food processor. Revenues from the sale of electricity generated, which is the foundation of this business unit, is expected to commence in the third quarter of 2014, when the first power plant is scheduled to be completed. The Company raised adequate equity to build this first power plant through its $12 million warrant exercise in November of 2013. The Company has ordered the long lead time equipment. Ground breaking is expected to occur in March 2014. The units are modular, so construction is primarily assembly that is expected to be completed with power revenues commencing in or about August of 2014. Although this is the Company s first CHP power plant, Blue Earth team members have extensive experience building many, larger, more complex CHP power plants with prior employers.

2)

Solar EPC: Our strategy is to joint venture with under-financed solar developers in order to gain EPC gross margins that exceed the 8-12% common within the industry. Our joint venture agreement with NGP and Talesun enabled us to contract for a $300 million pipeline of solar EPC work with 15-20% gross margins on a cost plus basis. The pipeline is based upon the contracts obtained in the joint-venture when the Company invested $6.5 million (in cash and a note), with the panel manufacturer and solar project developer. Projects that have written customer commitments, however, have not been financed, are considered to be pipeline. It is only when project financing is arranged that projects are moved from pipeline to backlog. Historically, the Company s pipeline for acquisition was large and generally not realized due to our inability to obtain financing. The Company was granted EPC rights for over 150 megawatt (MW) of solar projects. The average price per watt is $2.20, which translates to $330 M of contractually committed solar EPC revenue.

3)

EE/Technology: Our historical EE business has focused on installing lighting, refrigeration and HVAC equipment for our customers, which we believe can reduce our customer s costs by 25-60%. We based our projected savings on our having provided energy efficiency services to approximately 11,000 small to medium sized commercial customers. The Company has verified these savings through its monitoring of customer electricity bills and by using energy monitoring equipment that measures energy consumption between the old equipment and the new more effective equipment. We anticipate cross-selling to our larger CHP food processor customers. Our two recent technology acquisitions provide us proprietary intelligent battery technology and low costs, cloud based energy management systems that are expected to give us a competitive edge with our commercial customers. The technology is being added to our proprietary Keep Your Cool utility program that has been accepted by 20 West Coast utilities, which is expected to facilitate the roll out of our utility program across the United States.

Expand Scope of Product and Service Offerings. We plan to continue to expand our offerings by including new types of energy efficiency services, products and improvements to existing products based on technological advances in energy savings strategies, equipment and materials. Through the acquisitions of Intelligent Power Inc. and Millennium Power Solutions, LLC we significantly expanded our offerings of proprietary energy management and energy power solutions, which have enhanced our capabilities to offer our customers comprehensive energy savings solutions.

Meet Market Demand for Cost-Effective, Environmentally-Friendly Solutions. Through our energy efficiency measures and products, we enable customers to conserve energy and reduce emissions of carbon dioxide and other pollutants. We plan to continue to focus on providing sustainable energy solutions that will address the growing demand for products and services that create environmental benefits for customers.

Increase Recurring Revenue. We intend to continue to seek opportunities to increase our sources of recurring revenue as we continue to expand our core energy services business to become an independent power producer, or IPP, by selling the electricity, hot water, heat and cooling generated by on-site power plants that we build and own under long term power purchase agreements, or PPA s.

Utility Programs. We intend to offer utilities energy efficiency programs such as our Keep Your Cool refrigeration program and broaden our utility program offerings to their small and medium-sized commercial and industrial customers.

Strategic Acquisitions. We will continue to identify and acquire energy management companies and technologies that will enable us to expand our capabilities in our alternative/renewable energy and energy efficiency products and services offerings.

Our executive offices are located at 2298 Horizon Ridge Parkway, Suite 205, Henderson, NV 89052. Our telephone number is (702) 263-1808.

The Offering

Securities Offered Hereby

This prospectus relates to the sale by certain selling stockholders of up to 4,517,500 warrants and 33,311,015 shares of our common stock, as described on the cover page of this Prospectus.

Offering price Market price or privately negotiated prices.

Common stock outstanding	62,630,652 shares, $.001 par value(1)
Warrants outstanding	26,614,487 (2)
Options outstanding	2,250,489
Common Stock Fully Diluted	97,301,708 shares after: the exercise of all outstanding Warrants (26,614,487 shares), Options (2,250,489 shares) and conversion of Preferred Stock plus accrued dividends (5,806,080 shares)
Use of proceeds	We will not receive any proceeds from the sale of the common stock by the selling stockholders. However, we will receive the exercise price, upon exercise of all Warrants offered. We expect to use the proceeds received from the exercise of the warrants, if any, for general working capital purposes.
OTC QB Symbol	BBLU
Risk Factors	You should carefully consider the information set forth in this prospectus and, in particular, the specific factors set forth in the Risk Factors section beginning on page 7 of this prospectus before deciding whether or not to invest in our common stock.

[1] Represents the number of shares of our common stock outstanding as of March 4, 2014.

[2] As of March 4, 2014, includes: (i) 4,517,500 Class A Warrants and 4,029,154 Class B Warrants outstanding; (ii) 84,500 placement agent warrants outstanding for all prior offerings and (iii) 17,983,333 Warrants issued to Management, Directors and Consultants.

Summary Financial Information

The summary financial information set forth below is derived from the more detailed audited and unaudited financial statements of the Company appearing elsewhere in this prospectus. This information should be read in conjunction with such financial statements, including the notes to such financial statements.

Statement of Operations Data:

			Years Ended December 31,		
	2013	**2012**	**2011**	**2010**	**2009**
Revenue	$10,305,736	$8,466,965	$4,914,118	$ -	$ -
Cost of Sales	7,166,464	5,609,836	2,559,545	-	-
Gross profit	3,139,272	2,857,129	2,354,573	-	-
Total Operating Expenses	28,497,962	14,167,889	15,504,604	2,202,320	245,342
Gain (Loss) on Derivative Valuation	-	2,037,325	(749,166)	483,441	21,960
Total Other Income (expense)	81,537	1,670,182	(850,317)	(468,130)	22,158
Gain (Loss) from Continuing Operations	(25,277,153)	(9,640,578)	(14,000,348)	(2,670,450)	(223,184)
Gain (Loss) from Discontinued Operations	(196,241)	33,444	(18,638)	(904,322)	(2,024,583)
Net Loss	(25,473,394)	(9,607,134)	(14,018,986)	(3,587,553)	(2,247,767)
Preferred Dividends	(3,188,450)	(545,020)	(89,357)	-	-
Basic and Diluted					
Net (Loss) Per Share	$(0.70)	$(0.51)	$(0.93)	$(0.24)	$(0.19)
Weighted Average Number of shares outstanding	36,463,197	18,961,099	15,109,401	15,201,303	12,050,759

Balance Sheet Data:

			Years Ended December 31		
	2013	**2012**	**2011**	**2010**	**2009**
Cash and Cash Equivalents	$8,403,731	$485,366	$505,370	$3,900,096	$4,758,852
Current Assets	21,414,290	5,707,864	2,486,625	3,938,135	4,758,852
Net Assets of Discontinued Operations	251,492	280,513	223,758	-	1,079,308
Total Assets	86,430,766	14,946,946	14,226,072	3,952,067	5,838,160
Warrant Derivative Liability	-	-	2,037,325	1,288,159	804,718
Total Current Liabilities	7,092,747	6,659,204	6,002,196	1,325,498	1,886,272
Additional Paid-In Capital	143,605,036	42,332,298	33,771,622	12,420,166	10,152,118
Accumulated Deficit	(62,727,793)	(34,065,949)	(23,913,795)	(9,805,452)	(6,217,899)
Stockholders Equity	79,338,019	8,287,742	7,244,538	2,626,569	3,951,888
Total Liabilities and Stockholders Equity	$86,430,766	$14,946,946	$14,226,072	$3,952,067	$ 5,838,160

WHERE YOU CAN FIND MORE INFORMATION

We distribute annual reports to our stockholders, including financial statements examined and reported on by independent certified public accountants. Any or all reports and other documents we file with the SEC, as well as any or all of the documents incorporated by reference in this prospectus or the registration statement we filed with the SEC registering for resale the shares of our common stock being offered pursuant to this prospectus, are available at the SEC s website www.sec.gov, as well as our website www.blueearth.com. If you do not have Internet access, requests for copies of such documents should be directed to Mr. John C. Francis, the Company s Vice President of Corporate Development and Investor Relations, at Blue Earth, Inc., 2298 Horizon Ridge Parkway, Suite 205, Henderson, NV 89052, Telephone (702) 263-1808; fax (702) 263-1824.

We have filed a registration statement on Form S-1 with the SEC registering under the Securities Act the common stock that may be distributed under this prospectus. This prospectus, which is a part of such registration statement, does not include all of the information contained in the registration statement and its exhibits. For further information regarding us and our common stock, you should consult the registration statement and its exhibits.

Statements contained in this prospectus concerning the provisions of any documents are summaries of those documents, and we refer you to the documents filed with the SEC for more information. The registration statement and any of its amendments, including exhibits filed as a part of the registration statement or an amendment to the registration statement are available for inspection and copying as described above.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Prospective investors should carefully consider the risks described below, together with all of the other information included or referred to in this prospectus, before purchasing shares of our common stock. There are numerous and varied risks that may prevent us from achieving our goals. If any of these risks actually occurs, our business, financial condition or results of operations may be materially adversely affected. In such case, the trading price of our common stock could decline and investors in our common stock could lose all or part of their investment.

Risks Relating to Our Business

Since we have limited operating history, it is difficult for potential investors to evaluate our business.

We completed our initial operating subsidiary acquisition as of January 1, 2011. Therefore, our limited operating history makes it difficult for potential investors to evaluate our business or prospective operations and your purchase of our securities. As an early stage company, we are subject to the risks inherent in the financing, expenditures, complications and delays inherent in a new business. Accordingly, our business and success faces risks from uncertainties faced by developing companies in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

We are dependent upon key personnel whose loss may adversely impact our business.

We rely heavily on the expertise, experience and continued services of Dr. Johnny Thomas, our Chief Executive Officer, Robert Potts, our President and Chief Operating Officer, as well as other executive employees. Although Dr. Thomas and Mr. Potts are employed under employment contracts, the loss of either of their services and the inability to replace either of them and/or attract or retain other key individuals, could materially adversely affect us. If Dr. Thomas, Mr. Potts or other key executive employees were to leave, we could face substantial difficulty in hiring a qualified successor and could experience a loss in productivity while any successor obtains the necessary training and experience. We do not have key man life insurance policies on our management.

We may need additional financing to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all.

As of December 31, 2013, we had $8,403,731 cash on hand. On February 22, 2013, we entered into a credit agreement for a $10 million line of credit, of which $4,000,000 is currently available upon our meeting the terms and conditions of the credit facility. $1,500,000 was funded on September 11, 2013 and is being paid monthly with interest at 12% per annum. Therefore, our short term liquidity needs have been satisfied and we have sufficient capital to fund our operations for the next 12 months. However, in view of our business plan we may not be able to execute our business plan and fund business operations long enough to achieve profitability. In such event, we would be forced to scale back our growth strategy and operations. Our ultimate success depends upon our ability to raise additional capital. We are pursuing sources of additional capital through various means, including joint venture projects and debt or equity financing. However, we expect to fund much of our growth through project financing by using a combination of debt and equity financing which may not be available when needed. Future financing through equity investments is likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable to new investors than our current investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and the issuance of incentive awards under employee equity incentive plans, which may have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition and results of operations. Our ability to obtain needed financing may be impaired by factors, including the condition of the economy and capital markets, both generally and specifically in our industry, and the fact that we are not profitable, which could impact the availability or cost of future financing. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, we may need to reduce our operations accordingly.

Project development or construction activities may not be successful and proposed projects may not receive required permits or construction may not proceed as planned.

The development and construction of our projects involves numerous risks. We may be required to spend significant sums for preliminary engineering, permitting, legal, and other expenses before we can determine whether a project is feasible, economically attractive or capable of being built. Success in developing a particular project is contingent upon, among other things: (i) negotiation of satisfactory engineering, procurement and construction agreements; (ii) receipt of required governmental permits and approvals, including the right to interconnect to the electric grid on economically acceptable terms; (iii) payment of interconnection and other deposits (some of which may be non-refundable); (iv) obtaining construction financing; and (v) timely implementation and satisfactory completion of construction.

Successful completion of a particular project may be adversely affected by numerous factors, including: (i) delays in obtaining required government permits and approvals with acceptable conditions; (ii) uncertainties relating to land costs for projects; (iii) unforeseen engineering problems; (iv) construction delays and contractor performance shortfalls; (v) work stoppages; (vi) cost over-runs; (vii) equipment and materials supply; (viii) adverse weather conditions; and (ix) environmental and geological conditions.

We may be unable to obtain governmental approvals, property rights and/or financing for the construction, development and operation of our non-regulated energy investments.

Construction, development and operation of energy investments, such as natural gas storage facilities, pipeline transportation systems and solar energy projects, are subject to federal and state regulatory oversight and require certain property rights and approvals, including permits and licenses for such facilities and systems. We or our joint venture partnerships may be unable to obtain, in a cost-efficient or timely manner, all such needed property rights, permits and licenses in order to successfully construct and develop our non-regulated energy facilities and systems. Successful financing of our energy investments requires participation by willing financial institutions and lenders, as well as acquisition of capital at favorable interest rates. If we do not obtain the necessary regulatory approvals and financing, our equity investments could be impaired, and such impairment could have a materially adverse effect on our financial condition, results of operations or cash flows.

Our investments in clean energy projects are subject to substantial risks.

Commercial and residential solar energy projects, such as those in which we are investing, are relatively new and have been developed through advancement in technologies whose commercial application is limited, and which are unrelated to our core businesses. These projects are dependent upon current regulatory and tax incentives and there is uncertainty about the extent to which such incentives will be available in the future. These projects face the risk that the current regulatory regimes and tax laws may expire or be adversely modified during the life of the projects.

In addition, because these projects depend on technology outside of our expertise, there are risks associated with our ability to develop and manage such projects profitably, including logistical risks and potential delays related to construction, permitting, regulatory approvals, as well as the operational risk that the projects in service will not perform according to expectations due to equipment failure, suboptimal weather conditions or other factors beyond our control. All of the aforementioned risks could reduce the availability of viable solar energy projects for development. Furthermore, at the development or acquisition stage, because of the nascent nature of the renewable energy industry and the limited experience with the relevant technology, our ability to predict actual performance results may be hindered and the projects may not perform as predicted.

The installation of our on-site combined heat and power (CHP) or cogeneration power plants may be affected by opposition from local utility companies.

Utility policies and regulations in most states are not prepared to accommodate widespread on-site generation. These barriers erected by electric utility companies and unfavorable regulations, where applicable, make it more difficult or uneconomic for us to connect to the customer grid at customer sites and are an impediment to the growth of our business. Development of our on-site CHP or cogeneration business could be adversely affected by any slowdown or reversal in the utility deregulation process or by difficulties in negotiating backup power supply agreements with electric providers located in the different geographic areas of the country where we intend to conduct our business.

The economic viability of our projects depends on the price spread between fuel and electricity thus the volatility of the prices of these components creates risk that our projects will be uneconomic.

The economic viability of on-site CHP or cogeneration projects is dependent upon the price spread between fuel and electricity prices. Volatility of one component of the spread, the cost of natural gas and other fuels such as propane or distillate oil, can be managed by means of future contracts. However, the regional rates charged for both base load and peak electricity services may decline periodically due to excess capacity arising from over-building of utility power plants or recessions in economic activity. Any sustained weakness in electricity prices could significantly limit our market for our CHP or cogeneration on-site energy services.

Our solar engineering, procurement and construction (EPC) growth strategy is dependent upon continued availability of third-party financing arrangements for our customers.

Generally, our customers must enter into agreements to finance the construction and purchase of our solar photovoltaic (PV) projects. These structured finance arrangements are complex and rely heavily on the creditworthiness of the customer as well as required returns on investment of the financing companies. Depending on the status of financial markets for solar project funding and general economic conditions overall, financial institutions may be unwilling or unable to finance the cost of construction of the solar PV project. Lack of credit for our customers or restrictions on financial institutions extending such credit will severely limit our ability to grow our revenues. In addition, an increase in interest or lending rates or a reduction in the supply of project debt financing could reduce the number of solar projects that receive financing, making it difficult for our customers to secure the financing necessary to develop, build, purchase or install a solar PV facility on favorable terms, or at all, and thus lower demand for our EPC services which may limit our growth or reduce our net sales.

If solar power technology is not suitable for widespread adoption or sufficient demand for solar power products does not develop or takes longer to develop than we anticipate, our sales would decline and we would be unable to achieve or sustain profitability.

The market for solar power products is emerging and rapidly evolving, and its future success is uncertain. Many factors will influence the widespread adoption of solar power technology and demand for solar power products, including:

Cost effectiveness of solar power technologies as compared with conventional and non-solar alternative energy technologies; performance and reliability of solar power products as compared with conventional and non-solar alternative energy products; capital expenditures by customers that tend to decrease if the U.S. economy slows; and

availability of government subsidies and incentives.

If solar power technology proves unsuitable for widespread commercial deployment or if demand for solar power products fails to develop sufficiently, we would be unable to generate enough revenue to achieve and sustain profitability. In addition, demand for solar power products in the markets and geographic regions we target may not develop or may develop more slowly than we anticipate.

Compliance with environmental laws could adversely affect our operating results.

Costs of compliance with federal, state, local and other foreign existing and future environmental regulations could adversely affect our cash flow and profitability. We will be required to comply with numerous environmental laws and regulations and to obtain numerous governmental permits in connection with energy efficiency products, and we may incur significant additional costs to comply with these requirements. If we fail to comply with these requirements, we could be subject to civil or criminal liability, damages and fines. Existing environmental regulations could be revised or reinterpreted and new laws and regulations could be adopted or become applicable to us or our customers, and future changes in environmental laws and regulations could occur. These factors may impose additional expense on our operations.

In addition, private lawsuits or enforcement actions by federal, state, and/or foreign regulatory agencies may materially increase our costs. Certain environmental laws make us potentially liable on a joint and several basis for the remediation of contamination at or emanating from properties or facilities which we may acquire that arranged for the disposal of hazardous substances. Although we will seek to obtain indemnities against liabilities relating to historical contamination at the facilities we own or operate, we cannot provide any assurance that we will not incur liability relating to the remediation of contamination, including contamination we did not cause.

We may not be able to obtain or maintain, from time to time, all required environmental regulatory approvals. A delay in obtaining any required environmental regulatory approvals or failure to obtain and comply with them could adversely affect our business and operating results.

We will need to increase the size of our organization, and we may experience difficulties in managing growth.

We are a small company with six (6) full-time employees, including four (4) executive officers, at the parent level and 77 full-time employees on a Company-wide basis, as of February 21, 2014. In addition to prospective employees hired from companies which we may acquire, we will need to expand our employee infrastructure for managerial, operational, financial and other resources. Future growth will impose significant added responsibilities on members of management, including the need to identify, recruit, maintain and integrate additional employees. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively.

In order to manage our future growth, we will need to continue to improve our management, operational and financial controls and our reporting systems and procedures. All of these measures will require significant expenditures and will demand the attention of management. If we do not continue to enhance our management personnel and our operational and financial systems and controls in response to growth in our business, we could experience operating inefficiencies that could impair our competitive position and could increase our costs more than we had planned. If we are unable to manage growth effectively, our business, financial condition and operating results could be adversely affected.

Our corporate strategy will not be successful if demand for energy efficiency and renewable energy solutions does not develop.

We believe, and our corporate strategy assumes, that the market for energy efficiency and renewable energy solutions will continue to grow, that we will increase our penetration of this market and that our revenue from selling into this market will continue to increase with future acquisitions. If our expectations as to the size of this market and our ability to sell our products and services in this market are not correct, our corporate strategy will be unsuccessful and our business will be harmed.

Certain projects we may undertake for our customers may require significant capital, which our customers or we may finance through third parties, and such financing may not be available to our customers or to us on favorable terms, if at all.

Certain energy efficiency projects are typically financed by third parties. The significant disruptions in the credit and capital markets in the last several years have made it more difficult for customers to obtain financing on acceptable terms or, in some cases, at all. Any inability by us or our customers to raise the funds necessary to finance our projects, or any inability by us to obtain a revolving credit facility, could materially harm our business, financial condition and operating results.

Our business may be affected by seasonal trends and construction cycles, and these trends and cycles could have an adverse effect on our operating results.

We expect that our business will be subject to seasonal fluctuations and construction cycles, particularly in climates that experience colder weather during the winter months, such as the northern United States and Canada, or at educational institutions, where large projects are typically carried out during summer months when their facilities are unoccupied. In addition, government customers, many of which have fiscal years that do not coincide with ours, typically follow annual procurement cycles and appropriate funds on a fiscal-year basis even though contract performance may take more than one year. Further, government contracting cycles can be affected by the timing of, and delays in, the legislative process related to government programs and incentives that help drive demand for energy efficiency and renewable energy projects. As a result, our revenue and operating income in the third quarter is expected to be typically higher, and our revenue and operating income in the first quarter is expected to be typically lower, than in other quarters of the year. As a result of such fluctuations, we may occasionally experience declines in revenue or earnings as compared to the immediately preceding quarter, and comparisons of our operating results on a period-to-period basis may not be meaningful.

Our business depends, in part, on federal, state and local government support for energy efficiency and renewable energy, and a decline in such support could harm our business.

We depend, in part, on government legislation and policies that support energy efficiency and renewable energy projects and that enhance the economic feasibility of our energy efficiency services and small-scale renewable energy projects. Many states offer incentives to offset the cost of solar power systems. These systems can take many forms, including direct rebates, state tax credits, system performance payments and Renewable Energy Credits (RECs). Moreover, the federal government currently offers a 30% tax credit for the installation of solar power systems. Businesses may also elect to accelerate the depreciation on their system over five years. Uncertainty about the introduction of, reduction in or elimination of such incentives or delays or interruptions in the implementation of favorable federal or state laws could substantially increase the cost of our systems to our customers, resulting in significant reductions in demand for our services, which would negatively impact our sales.

The U.S. government and several states support potential customers   investments in energy efficiency and renewable energy through legislation and regulations that authorize and regulate the manner in which certain governmental entities do business with companies like us, encourage or subsidize governmental procurement of our services, provide regulatory, tax and other incentives to others to procure our services and provide us with tax and other incentives that reduce our costs or increase our revenue. Current market conditions have caused various state, local or federal incentive programs which help drive the economics for these projects to be unexpectedly depleted or substantially changed by the administrators.

For example, U.S. legislation in 1992 authorized federal agencies to enter into energy savings performance contracts (ESPCs), such as those that we may enter into with customers at a later date. In 2007, three years after the expiration of the original legislation, new ESPC legislation was enacted without an expiration provision, and in the same year, the President of the United States issued an executive order requiring federal agencies to set goals to reduce energy use and increase renewable energy sources and use. In addition, the American Recovery and Reinvestment Act of 2009 (ARRA) allocated $67 billion to promote clean energy, energy efficiency and advanced vehicles. Additionally, the Emergency Economic Stabilization Act of 2008 instituted the 1603 cash grant program, which may provide cash in lieu of an investment tax credit for eligible renewable energy generation sources for which construction commenced prior to the end of 2010 where the project is placed in service by various dates set out in the act.   The Internal Revenue Code (the   Code), currently provides an investment tax credit or grant in lieu of such tax credits for investments in LFG, wind, biomass and solar power generation projects. Various state and local governments have also implemented similar programs and incentives, including legislation authorizing the procurement of ESPCs.

Prospective customers frequently depend on these programs to help justify the costs associated with, and to finance, energy efficiency and renewable energy projects. If any of these incentives are adversely amended, eliminated or not extended beyond their current expiration dates, or if funding for these incentives is reduced, it could adversely affect our ability to obtain project commitments from new customers. A delay or failure by government agencies to administer, or make procurements under, these programs in a timely and efficient manner could have a material adverse effect on our potential customers   willingness to enter into project commitments with us.

Changes to tax, energy and environmental laws could reduce our prospective customers   incentives and mandates to purchase certain kinds of services that we may supply, and could thereby adversely affect our business, financial condition and operating results.

A significant decline in the fiscal health of federal, state, provincial and local governments could reduce demand for our energy efficiency and renewable energy projects.

Recent significant declines in the fiscal health of federal, state and local governmental entities may make it difficult for them to enter into contracts for our services or to obtain financing necessary to fund such contracts.

We are subject to governmental regulation. Compliance with current and future regulatory requirements and procurement of necessary approvals, permits and certificates may result in substantial costs to us.

We are subject to substantial regulation from federal, state and local regulatory authorities. We are required to comply with numerous laws and regulations and to obtain numerous authorizations, permits, approvals and certificates from governmental agencies and tariff rates that the Company can charge its customers, rates of return, the authorized cost of capital, recovery of pipeline replacement and environmental remediation costs and relationships with its affiliates. These agencies regulate various aspects of our business, including customer rates, services and natural gas pipeline operations.

The Federal Energy Regulatory Commission (FERC) has regulatory authority over certain of our operations. Any Congressional legislation or agency regulation that would alter these or other similar statutory and regulatory structures in a way to significantly raise costs that could not be recovered in rates from customers, would reduce the availability of supply or capacity or that would reduce our competitiveness would negatively impact our earnings. In addition, the U.S. Senate has passed the Pipeline Transportation Safety Improvement Act and if enacted will increase federal regulatory oversight and could also increase administrative costs that may not be recovered in rates from customers, which could have an adverse impact on our earnings.

We cannot predict the impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and applicable regulations. Changes in regulations or the imposition of additional regulations could influence our operating environment and may result in substantial costs to us.

Each state is responsible for regulating the sale, installation and interconnection of alternative energy within their state. The construction of power generation projects typically is regulated at the state and provincial levels, and the operation of these projects also may be subject to state and provincial regulation as utilities. At the federal level, the ownership, operation, and sale of power generation facilities may be subject to regulation under Public Utility Holding Company Act of 2005, or PUHCA, the Federal Power Act, or FPA, and Public Utility Regulatory Policies Act of 1978, or PURPA.

New technologies may prove inappropriate and result in liability to us or may not gain market acceptance by customers.

The solar power industry (and the alternative energy industry, in general) is subject to technological change. Our future success will depend on our ability to appropriately respond to changing technologies and changes in function of products and quality. If we adopt products and technologies that are not attractive to consumers, we may not be successful in capturing or retaining a significant share of our market. In addition, some new technologies are relatively untested and unperfected and may not perform as expected or as desired, in which event our adoption of such products or technologies may cause us to lose money.

Existing regulations, and changes to such regulations, may present technical, regulatory and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products and services.

New government regulations or utility policies pertaining to solar power systems are unpredictable and may result in significant additional expenses or delays and, as a result, could cause a significant reduction in demand for solar energy systems and our services. For example, there currently exist metering caps in certain jurisdictions which effectively limit the aggregate amount of power that may be sold by solar power generators into the power grid.

We plan to expand our business in part through future acquisitions, but we may not be able to identify or complete suitable acquisitions.

Acquisitions are a significant part of our growth strategy. We plan to use acquisitions of companies or technologies to expand our project skill-sets and capabilities, expand our geographic markets, add experienced management and increase our product and service offerings. However, we may be unable to implement this growth strategy if we cannot identify suitable acquisition candidates, reach agreement with acquisition targets on acceptable terms or arrange required financing for acquisitions on acceptable terms. In addition, the time and effort involved in attempting to identify acquisition candidates and consummate acquisitions may divert members of our management from the operations of our company.

Any future acquisitions that we may make could disrupt our business, cause dilution to our stockholders and harm our business, financial condition or operating results.

If we are successful in consummating acquisitions, those acquisitions could subject us to a number of risks, including, but not limited to: the purchase price we pay and/or unanticipated costs could significantly deplete our cash reserves or result in dilution to our existing stockholders; we may find that the acquired company or technologies do not improve market position as planned; we may have difficulty integrating the operations and personnel of the acquired company, as the combined operations will place significant demands on the Company s management, technical, financial and other resources; key personnel and customers of the acquired company may terminate their relationships with the acquired company as a result of the acquisition; we may experience additional financial and accounting challenges and complexities in areas such as tax planning and financial reporting; we may assume or be held liable for risks and liabilities (including environmental-related costs) as a result of our acquisitions, some of which we may not be able to discover during our due diligence or adequately adjust for in our acquisition arrangements; our ongoing business and management s attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically or culturally diverse enterprises; we may incur one-time write-offs or restructuring charges in connection with the acquisition; we may acquire goodwill and other intangible assets that are subject to amortization or impairment tests, which could result in future charges to earnings; and

We may not be able to realize the cost savings or other financial benefits we anticipated.

We may assume or be held liable for risks and liabilities (including environmental-related costs) as a result of our acquisitions, some of which we may not be able to discover during our due diligence or adequately adjust for in our acquisition arrangements; our ongoing business and management s attention may be disrupted or diverted by transition or integration issues and the complexity of managing geographically or culturally diverse enterprises; we may incur one-time write-offs or restructuring charges in connection with the acquisition; we may acquire goodwill and other intangible assets that are subject to amortization or impairment tests, which could result in future charges to earnings; and

We may not be able to realize the cost savings or other financial benefits we anticipated.

We cannot assure you that we will successfully integrate or profitably manage any acquired business. In addition, we cannot assure you that, following any acquisition, our continued business will achieve sales levels, profitability, efficiencies or synergies that justify acquisition or that the acquisition will result in increased earnings for us in any future period. These factors could have a material adverse effect on our business, financial condition and operating results.

A drop in the retail price of conventional energy or non-solar alternative energy sources may negatively impact our profitability.

We believe that an end customer s decision to purchase or install solar power capabilities is primarily driven by the cost and return on investment resulting from solar power systems. Fluctuations in economic and market conditions that affect the prices of conventional and non-solar alternative energy sources, such as decreases in the prices of oil and other fossil fuels, could cause the demand for solar power systems to decline, which would have a negative impact on our profitability. Changes in utility electric rates or net metering policies could also have a negative effect on our business.

Failure of third parties to manufacture quality products or provide reliable services in a timely manner could cause delays in the delivery of our services and completion of our projects, which could damage our reputation, have a negative impact on our relationships with our customers and adversely affect our growth.

Our success depends on our ability to provide services and products in a timely manner, which, in part, depends on the ability of third parties to provide us with timely and reliable services and products, such as boilers, chillers, cogeneration systems, PV panels, lighting and other complex components. In providing our services we intend to rely on products that meet our design specifications and components manufactured and supplied by third parties, as well as on services performed by subcontractors. Warranties provided by third-party suppliers and subcontractors typically limit any direct harm we might experience as a result of our relying on their products and services. However, there can be no assurance that a supplier or subcontractor will be willing or able to fulfill its contractual obligations and make necessary repairs or replace equipment. In addition, these warranties generally expire within one to five years or may be of limited scope or provide limited remedies. If we are unable to avail ourselves of warranty protection, we may incur liability to our customers or additional costs related to the affected products and components, including replacement and installation costs, which could have a material adverse effect on our business, financial condition and operating results.

Moreover, any delays, malfunctions, inefficiencies or interruptions in these products or services - even if covered by warranties - could adversely affect the quality and performance of our solutions. This could cause us to experience difficulty retaining current customers and attracting new customers, and could harm our brand, reputation and growth. In addition, any significant interruption or delay by our suppliers in the manufacture or delivery of products or services on which we depend could require us to expend considerable time, effort and expense to establish alternate sources for such products and services.

We may need to assume responsibility under customer contracts for factors outside our control, including the risk that fuel prices will increase.

We do not expect to take responsibility under our proposed contracts for a wide variety of factors outside our control. However, we may sometimes need to assume some level of risk and responsibility for certain factors - sometimes only to the extent that variations exceed specified thresholds particularly with contracts for renewable energy projects. Although we intend to structure our contracts so that our obligation to supply a customer with electricity, for example, does not exceed the quantity produced by the production facility, in some circumstances we may commit to supply a customer with specified minimum quantities based on our projections of the facility s production capacity. In such circumstances, if we are unable to meet such commitments, we may be required to incur additional costs or face penalties. Despite measures to mitigate risks under these and other contracts, such steps may not be sufficient to avoid the need to incur increased costs to satisfy our commitments, and such costs could be material. Increased costs that we are unable to pass through to our customers could have a material adverse effect on our operating results.

Our business will depend on experienced and skilled personnel, and if we are unable to attract and integrate skilled personnel, it will be more difficult for us to manage our business and complete projects.

The success of our business will depend on the skill of our personnel. Accordingly, it is critical that we maintain, and continue to build, a highly experienced and specialized workforce, including engineers, project and construction management, and business development and sales professionals. In addition, our construction projects require a significant amount of trade labor resources, and other skilled workers, as well as certain specialty subcontractor skills.

Competition for personnel, particularly those with expertise in the energy services and renewable energy industries, is high, and identifying candidates with the appropriate qualifications can be costly and difficult. We may not be able to hire the necessary personnel to implement our business strategy given our anticipated hiring needs, or we may need to provide higher compensation or more training to our personnel than we currently anticipate.

In the event we are unable to attract, hire and retain the requisite personnel and subcontractors, we may experience delays in completing projects in accordance with project schedules and budgets, which may have an adverse effect on our financial results, harm our reputation and cause us to curtail our pursuit of new projects. Further, any increase in demand for personnel and specialty subcontractors may result in higher costs, causing us to exceed the budget on a project, which in turn may have an adverse effect on our business, financial condition and operating results and harm our relationships with our customers.

We operate in a highly competitive industry, and our current or future competitors may be able to compete more effectively than we do, which could have a material adverse effect on our business, revenue, growth rates and market share.

Our industry is highly competitive, with many companies of varying size and business models, many of which have their own proprietary technologies, compete for the same business as we do. Our competitors have longer operating histories and greater resources than us, and could focus their substantial financial resources to develop a competing business model, develop products or services that are more attractive to potential customers than what we offer or convince our potential customers that they should require financing arrangements that would be impractical for smaller companies to offer. Our competitors may also offer energy solutions at prices below cost, devote significant sales forces to compete with us or attempt to recruit our key personnel by increasing compensation, any of which could improve their competitive positions. Any of these competitive factors could make it more difficult for us to attract and retain customers, cause us to lower our prices in order to compete, and reduce our market share and revenue, any of which could have a material adverse effect on our financial condition and operating results. We can provide no assurance that we will continue to effectively compete against our current competitors or additional companies that may enter our markets.

In addition, we may also face competition based on technological developments that reduce demand for electricity, increase power supplies through existing infrastructure or that otherwise compete with our products and services. We also encounter competition in the form of potential customers electing to develop solutions or perform services internally rather than engaging an outside provider such as us.

We may be unable to complete or operate our projects on a profitable basis or as we have committed to our customers.

Development, installation and construction of energy efficiency and renewable energy projects, and operation of renewable energy projects, entails many risks, including:

Failure to receive critical components and equipment that meet our design specifications and can be delivered on schedule; failure to obtain all necessary rights to land access and use; failure to receive quality and timely performance of third-party services; increases in the cost of labor, equipment and commodities needed to construct or operate projects; permitting and other regulatory issues, license revocation and changes in legal requirements; shortages of equipment or skilled labor; unforeseen engineering problems; failure of a customer to accept or pay for renewable energy that we supply; weather interferences, catastrophic events including fires, explosions, earthquakes, droughts and acts of terrorism; and accidents involving personal injury or the loss of life; labor disputes and work stoppages; mishandling of hazardous substances and waste; and other events outside of our control.

Any of these factors could give rise to construction delays and construction and other costs in excess of our expectations. This could prevent us from completing construction of projects, cause defaults under financing agreements or under contracts that require completion of project construction by a certain time, cause projects to be unprofitable for us, or otherwise impair our business, financial condition and operating results.

Provisions in government contracts may harm our business, financial condition and operating results.

In the event that we are able to secure contracts with the federal government and its agencies, and with state and local governments, these contracts customarily contain provisions that give the government substantial rights and remedies, many of which are not typically found in commercial contracts, including provisions that allow the government to:

Terminate existing contracts, in whole or in part, for any reason or no reason; reduce or modify contracts or subcontracts; decline to award future contracts if actual or apparent organizational conflicts of interest are discovered, or to impose organizational conflict mitigation measures as a condition of eligibility for an award; suspend or debar the contractor from doing business with the government or a specific government agency; and pursue criminal or civil remedies under the False Claims Act, False Statements Act and similar remedy provisions unique to government contracting.

Generally, government contracts contain provisions permitting unilateral termination or modification, in whole or in part, at the government s convenience. Under general principles of government contracting law, if the government terminates a contract for convenience, the terminated company may recover only its incurred or committed costs, settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, the defaulting company is entitled to recover costs incurred and associated profits on accepted items only and may be liable for excess costs incurred by the government in procuring undelivered items from another source. The termination payment is designed to compensate us for the cost of construction plus financing costs and profit on the work completed.

In ESPCs for governmental entities, the methodologies for computing energy savings may be less favorable than for non-governmental customers and may be modified during the contract period. In the event we enter into ESPCs, we may be liable for price reductions if the projected savings cannot be substantiated.

In addition to the right of the federal government to terminate its contracts with us, federal government contracts are conditioned upon the continuing approval by Congress of the necessary spending to honor such contracts. Congress often appropriates funds for a program on a September 30 fiscal-year basis even though contract performance may take more than one year. Consequently, at the beginning of many major governmental programs, contracts often may not be fully funded, and additional monies are then committed to the contract only if, as and when appropriations are made by Congress for future fiscal years. If one or more of our government contracts were terminated or reduced, or if appropriations for the funding of one or more of our contracts is delayed or terminated, our business, financial condition and operating results could be adversely affected.

Government contracts normally contain additional terms and conditions that may increase our costs of doing business, reduce our profits and expose us to liability for failure to comply with these terms and conditions. These include, for example:

Specialized accounting systems unique to government contracting, which may include mandatory compliance with federal Cost Accounting Standards; mandatory financial audits and potential liability for adjustments in contract prices; public disclosure of contracts, which may include pricing information; mandatory socioeconomic compliance requirements, including small business promotion, labor, environmental and U.S. manufacturing requirements; and requirements for maintaining current facility and/or personnel security clearances to access certain government facilities or to maintain certain records, and related industrial security compliance requirements.

Insurance and contractual protections may not always cover lost revenue, increased expenses or liquidated damages payments.

Although we maintain insurance and intend to obtain warranties from suppliers, obligate subcontractors to meet certain performance levels and attempt, where feasible, to pass risks we cannot control to our customers, the proceeds of such insurance, warranties, performance guarantees or risk sharing arrangements may not be adequate to cover lost revenue, increased expenses or liquidated damages payments that may be required in the future.

If the cost of energy generated by traditional sources does not increase, or if it decreases, demand for our services may decline.

Decreases in the costs associated with traditional sources of energy, such as prices for commodities like coal, oil and natural gas, or electricity may reduce demand for energy efficiency and renewable energy solutions. Technological progress in traditional forms of electricity generation or the discovery of large new deposits of traditional fuels or international political developments, production and distribution policies of OPEC could reduce the cost of electricity generated from those sources and as a consequence reduce the demand for our solutions. Any of these developments could have a material adverse effect on our business, financial condition and operating results.

Our activities and operations are subject to numerous health and safety laws and regulations, and if we violate such regulations, we could face penalties and fines.

We are subject to numerous health and safety laws and regulations in each of the jurisdictions in which we will operate. These laws and regulations require us to obtain and maintain permits and approvals and implement health and safety programs and procedures to control risks associated with our projects. Compliance with those laws and regulations can require us to incur substantial costs. Moreover, if our compliance programs are not successful, we could be subject to penalties or to revocation of our permits, which may require us to curtail or cease operations of the affected projects. Violations of laws, regulations and permit requirements may also result in criminal sanctions or injunctions.

Health and safety laws, regulations and permit requirements may change or become more stringent. Any such changes could require us to incur materially higher costs than we currently have. Our costs of complying with current and future health and safety laws, regulations and permit requirements, and any liabilities, fines or other sanctions resulting from violations of them, could adversely affect our business, financial condition and operating results.

Our credit facilities and debt instruments contain financial and operating restrictions that may limit our business activities and our access to credit.

The Company and all of its wholly owned subsidiaries entered into a Credit Agreement, dated as of January 31, 2013 (the Credit Agreement) and effective February 22, 2013, with TCA Global Credit Master Fund, LP (the Lender). The material terms of the Credit Agreement are as follows:

The lender provided a credit facility of up to $10,000,000 to Blue Earth, secured by a first priority security interest in all of the assets of Blue Earth. The initial tranche of the loan was in the amount of $1,500,000 (the Initial Loan Draw) and any additional requests for an increase in the revolving credit amount would be subject to the Lender s approval based upon the intended use of proceeds. In connection with Initial Loan Draw, Blue Earth paid the Lender, among other things, $100,000 payable in common stock of Blue Earth, Inc. The Initial Loan Draw was repaid in full in accordance with the Lock Box Agreement that was entered into in conjunction with the Credit Agreement.

Subsequently, Blue Earth and the Lender entered into the First Amendment to the Credit Agreement, dated as of September 11, 2013 (the First Amendment). The material terms of the First Amendment are as follows:

The Lender increased the revolving credit facility amount to $4,000,000, of which $2,500,000 would be funded to Blue Earth (the Second Loan Draw), subject to the conditions of the First Amendment described below. The Second Loan Draw was comprised of two tranches with the initial tranche of $1,500,000 being funded upon the execution and delivery of the First Amendment at an interest rate of 12% per annum. The second tranche would be funded upon the

Lender s approval of certain transaction documents by and among Blue Earth, Inc., New Generation Power, LLC (NGP) and Talesun Solar USA, Ltd. (Talesun). To date, the second tranche has not been funded.

In connection with the Second Loan Draw, Blue Earth paid the Lender $100,000 payable in common stock of Blue Earth, Inc. The repayment of the Second Loan Draw is being paid via the existing Lock Box Agreement described above.

Pursuant to the credit agreement, all of the Company s and our subsidiaries assets, other than excluded and future projects are secured with our senior lender. Provisions in our credit facilities and debt instruments impose restrictions on our and certain of our subsidiaries ability to, among other things:

Incur additional debt; pay cash dividends and make distributions; make certain investments and acquisitions; guarantee the indebtedness of others or our subsidiaries; redeem or repurchase capital stock; create liens or encumbrances; enter into transactions with affiliates; engage in new lines of business; sell, lease or transfer certain parts of our business or property; incur any obligations for capital expenditures of $100,000 for any single transaction or $200,000 in any fiscal year for existing projects; issue any additional capital stock of the Company or any subsidiary of the Company; and merge or consolidate.

These agreements also contain other customary covenants, including covenants that require us to meet specified financial ratios and financial tests. We may not be able to comply with these covenants in the future. Our failure to comply with these covenants may result in the declaration of an event of default and cause us to be unable to borrow under our credit facilities and debt instruments. In addition to preventing additional borrowings under these agreements, an event of default, if not cured or waived, may result in the acceleration of the maturity of indebtedness outstanding under these agreements, which would require us to pay all amounts outstanding. If an event of default occurs, we may not be able to cure it within any applicable cure period, if at all. If the maturity of our indebtedness is accelerated, we may not have sufficient funds available for repayment or we may not have the ability to borrow or obtain sufficient funds to replace the accelerated indebtedness on terms acceptable to us or at all. See Management s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources.

If our subsidiaries default on their obligations under their debt instruments, we may need to make payments to lenders to prevent foreclosure on the collateral securing the debt.

We have formed subsidiaries to own and operate acquired companies. These subsidiaries may incur various types of debt. This debt may be structured as non-recourse debt, which means it is repayable solely from the revenue of the subsidiary and is secured by such subsidiary s assets, and a pledge of our equity interests in such subsidiary. Although subsidiary debt is typically non-recourse to the Company, if a subsidiary of ours defaults on such obligations, then we may from time to time determine to provide financial support to the subsidiary in order to avoid the adverse consequences of a default. In the event a subsidiary defaults on its indebtedness, its creditors may foreclose on the collateral securing the indebtedness, which may result in our losing our ownership interest in the subsidiary. The loss of our ownership interest in a subsidiary or some or all of a subsidiary s assets could have a material adverse effect on our business, financial condition and operating results.

Difficult conditions in the global capital markets and the economy generally may materially adversely affect our business and results of operations, and we do not expect these conditions to improve in the near future.

Our results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. Concerns over energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market, and the real estate market in the U.S. have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and a global recession. Domestic and international equity markets have been experiencing heightened volatility and turmoil. These events and the continuing market upheavals may have an adverse effect on our business. In the event of extreme prolonged market events, such as the global credit crisis, we could incur significant losses.

We may be exposed to product liability risks.

The Company s operations may expose it to potential product liability risks that are inherent in the sale of energy efficiency products. There can be no assurance that product liability claims will not be asserted against the Company. We plan to have product liability insurance covering sales of any prospective products, which we believe will be adequate to cover any product liability exposure we may have. However, product liability insurance is expensive and we may be unable to obtain sufficient insurance coverage at a reasonable cost to protect us against losses. An individual may bring a product liability claim against us if one of our products causes, or is claimed to have caused, an injury or is found to be unsuitable for consumer use. Any product liability claim brought against us, with or without merit, could result in:

Liabilities that substantially exceed our product liability insurance, which we would then be required to pay from other sources, if available; an increase of our product liability insurance rates or the inability to maintain insurance coverage in the future on acceptable terms, or at all; damage to our reputation and the reputation of our products, resulting in lower sales; regulatory investigations that could require costly recalls or product modifications; litigation costs; and the diversion of management s attention from managing our business.

A successful product liability claim or series of claims brought against the Company could have a material adverse effect on the Company s business, financial condition and results of operations.

We may be sued by third parties who claim that our prospective products infringe on their intellectual property rights.

We may be exposed to future litigation by third parties based on claims that our prospective products or activities infringe on the intellectual property rights of others or that we have misappropriated the trade secrets of others. Any litigation or claims against the Company, whether or not valid, could result in substantial costs, could place a significant strain on our financial and managerial resources, and could harm the Company s reputation. In addition, intellectual property litigation or claims could force us to do one or more of the following, any of which could have a material adverse effect on the Company or cause us to curtail or cease its operations:

The sale of a product material to our future operations; or obtain a license from the holder of the infringed intellectual property right, which could also be costly or may not be available on reasonable terms.

We may be subject to damages resulting from claims that the Company or our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Upon completion of any acquisitions by the Company, we may be subject to claims that our acquired companies and their employees may have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of former employers or competitors. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If we fail in defending such claims, in addition to paying money claims, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or prevent our ability to commercialize certain products, which could severely harm our business.

Rapid technological change could make any products that the Company sells obsolete.

Energy efficiency technologies have undergone rapid and significant change and the Company expects that they will continue to do so. Any products or technologies that we may acquire may become obsolete or uneconomical before the Company recovers the purchase price incurred in connection with their acquisition.

The obligations associated with being a public company require significant resources and management attention, which may divert from our business operations.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and The Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition, proxy statement, and other information. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2012, were not effective in ensuring that material information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. During the year ended December 31, 2013 we hired additional financial reporting, internal controls and other financial personnel in order to develop and implement appropriate internal controls and reporting procedures. Specifically, we added a CFO and controller and developed appropriate policies and procedures which added to our general and administrative expenses. During 2013 our management performed an assessment of our internal controls and determined that our internal controls became effective during the quarter ended September 30, 2013. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. In addition, we cannot predict or estimate the amount of additional costs we may incur in order to comply with these requirements. We anticipate that these costs will materially increase our selling, general and administrative expenses.

Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting. In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act of 2002, then we may not be able to obtain the independent account certifications required by that act, which may preclude us from keeping our filings with the SEC current, and interfere with the ability of investors to trade our securities and our shares to continue to be quoted on the OTC QB or our ability to list our shares on any national securities exchange.

If we fail to maintain an effective system of internal controls, we may not be able to report our financial results accurately or prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. With each prospective acquisition we may make we will conduct whatever due diligence is necessary or prudent to assure us that the acquisition target can comply with the internal controls requirements of the Sarbanes-Oxley Act. Notwithstanding our diligence, certain internal controls deficiencies may not be detected. As a result, any internal control deficiencies may adversely affect our financial condition, results of operations and access to capital.

Risks Related to our Securities

Public company compliance may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and rules implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, these rules and regulations increase our compliance costs and make certain activities more time consuming and costly. As a public company, these rules and regulations may make it more difficult and expensive for us to maintain our director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers, and to maintain insurance at reasonable rates, or at all.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

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Our ability to execute our business plan and complete prospective acquisitions; changes in our industry; competitive pricing pressures; our ability to obtain working capital financing; additions or departures of key personnel;

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limited public float in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock; sales of our common stock (particularly following effectiveness of this resale registration statement); operating results that fall below expectations; regulatory developments;

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economic and other external factors; period-to-period fluctuations in our financial results; and our inability to develop or acquire new or needed technologies.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid cash dividends in the past and do not expect to pay cash dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at the time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price increases. The Board of Directors set December 31, 2010 as the record date to distribute one Series A Warrant for every two shares held of record by each shareholder on such date as a result of the spin-off of Genesis Fluid Solutions. While this warrant distribution is similar to a dividend as no investment decision is necessary on the part of stockholders, it is not a dividend.

Our shares of common stock are thinly traded, the price may not reflect our value, and there can be no assurance that there will be an active market for our shares of common stock either now or in the future.

Our shares of common stock are thinly traded, our common stock is available to be traded and is held by a small number of holders, and the price may not reflect our actual or perceived value. There can be no assurance that there will be an active market for our shares of common stock either now or in the future. The market liquidity will be dependent on the perception of our operating business, among other things. We will take certain steps including utilizing investor awareness campaigns and firms, press releases, road shows and conferences to increase awareness of our business, and any steps that we might take to bring us to the awareness of investors may require we compensate consultants with cash and/or stock. There can be no assurance that there will be any awareness generated or the results of any efforts will result in any impact on our trading volume. Consequently, investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business, and trading may be at an inflated price relative to the performance of the Company due to, among other things, availability of sellers of our shares.

If an active market should develop, the price may be highly volatile. Because there is currently a low price for our shares of common stock, many brokerage firms or clearing firms are not willing to effect transactions in the securities or accept our shares for deposit in an account. Many lending institutions will not permit the use of low priced shares of common stock as collateral for any loans. Furthermore, our securities are traded on the OTC QB where it is more difficult (1) to obtain accurate quotations, (2) to obtain coverage for significant news events because major wire services generally do not publish press releases about these companies, and (3) to obtain needed capital.

Our common stock may be deemed a penny stock, which would make it more difficult for our investors to sell their shares.

Our common stock is currently subject to the penny stock rules adopted under Section 15(g) of the Exchange Act. The penny stock rules generally apply to companies whose common stock is not listed on The Nasdaq Stock Market or another national securities exchange and trades at less than $4.00 per share, other than companies that have had average revenues of at least $6,000,000 for the last three years or that have tangible net worth of at least $5,000,000 ($2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than established customers complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in these securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. If our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, including shares issuable upon the effectiveness of a registration statement, upon the expiration of any statutory holding period under Rule 144, or shares issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an overhang and, in anticipation of which, the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate. On May 2, 2013, the post-effective amendment to our registration statement on Form S-1 (No. 333-181420) was declared effective by the SEC. An aggregate of 22,083,756 shares of Common Stock including 4,029,154 shares which have already been issued upon exercise of warrants were registered for resale under such registration statement. In addition, the 1,065,000 shares of common stock issued in the 2009 Merger to the former directors and the 6,872,500 shares of common stock issued in our 2009 Private Placement which are currently issued and outstanding, as well as other shares which were prohibited from being sold for a period of 12 months from when the Company lost its former shell status which ended in November, 2010 are all available for resale.

In general, a non-affiliated person who has held restricted shares for a period of six months, under Rule 144, may sell into the market our common stock all of their shares, subject to the Company being current in its periodic reports filed with the SEC. An affiliate may sell an amount equal to the greater of 1% of the outstanding shares or, if listed on Nasdaq or another national securities exchange, the average weekly number of shares sold in the last four weeks prior to such sale. Such sales may be repeated once every three months, and any of the restricted shares may be sold by a non-affiliate without any restriction after they have been held one year.

Because our directors and officers are among our largest stockholders, they can exert significant control over our business and affairs and have actual or potential interests that may depart from those of our other stockholders.

Our directors and executive officers and/or their affiliates beneficially own or control approximately 20% of the issued and outstanding common stock and a larger percentage on a fully diluted basis. In addition, the holdings of our directors and executive officers may increase in the future upon vesting or other maturation of exercise rights under any of the options or warrants they may hold or in the future be granted or if they otherwise acquire additional shares of our common stock. As a result, in addition to their board seats and offices, such persons will have significant influence over and control all corporate actions requiring stockholder approval, irrespective of how the Company s other stockholders, may vote, including the following actions:

To elect or defeat the election of our directors; to amend or prevent amendment of our Certificate of Incorporation or By-laws; to effect or prevent a merger, sale of substantially all assets or other corporate transaction; and to control the outcome of any other matter submitted to our stockholders for vote.

In addition, these persons stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

Exercise of options and warrants and conversion of preferred stock may have a dilutive effect on our common stock.

If the price per share of our common stock at the time of exercise of any warrants, options, or any other convertible securities is in excess of the various exercise or conversion prices of these convertible securities, exercise or conversion of these convertible securities would have a dilutive effect on our common stock. The Company has no plans to issue additional warrants exercisable at $0.01 per share or otherwise below market; however reserves the right to do so when it is deemed to be in the best interest of the Company and its Shareholders. As of March 4, 2014, we had outstanding options, warrants and reserved derivative securities, which if exercised would result in the issuance of 34,671,056 shares of Common Stock, consisting (i) outstanding incentive stock options to purchase 2,250,489 shares of our common stock; (ii) warrants issued to Management, consultants and vendors to purchase an aggregate of 17,983,333 shares of common stock, including approximately 7,300,000 warrants exercisable at $0.01 per share; (iii) 518,400 shares of Series C Convertible Preferred Stock outstanding convertible into 5,184,000 shares of Common Stock; (iv) placement agent warrants to purchase 27,000 shares of Common Stock at an exercise price of $1.75 per share and 57,500 shares of Common Stock at an exercise price of $1.25 per share; (v) Class A Warrants to purchase 4,517,500 shares of common stock at an exercise price of $3.00 per share issued in our Series C Preferred Stock Offering; (vi) Class B Warrants to purchase 4,029,154 shares of Common Stock at an exercise price of $6.00 per share; and (vii) 622,080 shares of Common Stock issuable upon payment of dividends on Preferred Stock. Upon exercise of the outstanding 4,517,500 Class A Warrants, warrant holders will receive 4,517,500 Class B Warrants when combined with the outstanding 4,029,154 Class B Warrants are exercisable for an aggregate of 8,546,654 shares of common stock at an exercise price of $6.00 per share. Upon exercise of the outstanding Class B Warrants, warrant holders will receive 8,546,654 Class C Warrants to purchase 8,546,654 shares of common stock at an exercise price of $12.00 per share. Therefore, an additional 17,093,308 shares of Common Stock are issuable upon full exercise of the Series B and Class C Warrants. The Class B and C Warrants have not been registered for resale under this Registration Statement. Further, any additional financing that we secure may require the granting of rights, preferences or privileges senior to those of our common stock and which result in additional dilution of the existing ownership interests of our common stockholders.

Automatic Conversion of Preferred Stock

Each of the 518,400 shares of Series C Preferred Stock not previously converted as of March 4, 2014 by the holder shall be automatically converted by the Company at $1.00 per share upon the first to occur: (i) the fourth anniversary date of the issuance of the Preferred, or (ii) the closing price of the Common Stock trades at least $2.18 per share for 60 consecutive calendar days, provided there is an effective registration statement. In July 2013, the Company automatically converted the remaining Shares of Series A and Series B Preferred Stock when the Common Stock traded above $2.25 and $2.20 per share, respectively, for 60 consecutive calendar days.

The Company will continue to pay dividends in Common Stock up until the date of conversion. The shares issuable upon conversion, including accrued interest, shares will be registered with the SEC. However, there will be dilution to Common Stockholders from the conversion of the Preferred Stock. In addition, conversions to date, as well as upon automatic conversion by the Company may cause significant downward pressure on the price of our Common Stock as holders who converted from Preferred Stock resell their Common Stock in the open market

Redemption of Class A warrants.

The Company may redeem each of the issued and outstanding Series A, B and C Warrants at $.001 per warrant on 20 days prior written notice. On October 7, 2013, the Company issued a notice of redemption for an aggregate of 8,832,126 Class A Warrants included in the Company s Registration Statement on Form S-1 (No. 333-181420). An aggregate of 4,029,154 Class A Warrants were exercised by holders and Standby Purchasers and the balance were redeemed.

Because we became public by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

There may be risks associated with us becoming public through a reverse merger. Securities analysts of major brokerage firms may not provide coverage of us since there is no incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will, in the future, want to conduct any offerings on behalf of our company.

Our certificate of incorporation allows for our board of directors to create new series of preferred stock without further approval by our stockholders, which could act as an anti-takeover device.

Our board of directors has the authority to fix and determine the relative rights and preferences of preferred stock. On September 28, 2011, the board of directors had authorized the issuance of up to 300,000 shares of Series A Preferred Stock convertible on a ten for one basis into common stock and 297,067 shares of Series A Preferred Stock were issued. On March 30, 2012, our Board of Directors authorized the issuance of up to 300,000 shares of Series B Preferred Stock convertible on a ten for one basis into Common Stock and 283,052 shares of Series B Preferred Stock were issued. On March 28, 2013, our Board of Directors authorized the issuance of up to 500,000 shares of Series C Preferred Stock convertible on a ten for one basis into Common Stock and subsequently amended our Certificate of Incorporation to provide for 910,000 shares and 903,500 shares of Series C Preferred Stock were issued. Our board of directors also has the authority to issue preferred stock without further stockholder approval. As a result, our board of directors could authorize the issuance of series of preferred stock that would grant to holders the preferred right to our assets upon liquidation, the right to receive dividend payments before dividends are distributed to the holders of common stock and the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock. In addition, our board of directors could authorize the issuance of series of preferred stock that have greater voting power than our common stock or that are convertible into our common stock, which could decrease the relative voting power of our common stock or result in dilution to our existing stockholders. Unless the nature of a particular transaction and applicable statute require such approval, the Board of Directors has the authority to issue these shares without stockholder approval subject to approval of the holders of our preferred stock. The issuance of preferred stock may have the effect of delaying or preventing a change in control of the Company without any further action by the stockholders.

Provisions in our charter documents and Nevada law could discourage or prevent a takeover, even if an acquisition would be beneficial to our stockholders.

Provisions of our certificate of incorporation and by-laws, as well as provisions of Nevada law, could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These provisions include:

- authorizing the issuance of blank check preferred that could be issued by our Board of Directors to increase the number of outstanding shares and thwart a takeover attempt;

- prohibiting cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates; and

- advance notice provisions in connection with stockholder proposals that may prevent or hinder any attempt by our stockholders to bring business to be considered by our stockholders at a meeting or replace our board of directors.

Forward Looking Statements

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements relate to future events or future predictions, including events or predictions relating to our future financial performance, and are generally identifiable by use of the words "may," "will," "should," "expect," "plan," "anticipate," "believe," "feel," "confident," "estimate," "intend," "predict," "forecast," "potential" or "continue" or the negative of such terms or other variations on these words or comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks described under "Risk Factors" that may cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In addition to the risks described in Risk Factors, important factors to consider and evaluate in such forward-looking statements include: (i) general economic conditions and changes in the external competitive market factors which might impact the Company's results of operations; (ii) unanticipated working capital or other cash requirements including those created by the failure of the Company to adequately anticipate the costs associated with acquisitions and other critical activities; (iii) changes in the Company's corporate strategy or an inability to execute its strategy due to unanticipated changes; (iv) the inability or failure of the Company's management to devote sufficient time and energy to the Company's business; and (v) the failure of the Company to complete any or all of the transactions described herein on the terms currently contemplated. In light of these risks and uncertainties, many of which are described in greater detail elsewhere in this Risk Factors discussion, there can be no assurance that the forward-looking statements contained in this prospectus will in fact transpire.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. We do not undertake any duty to update any of the forward-looking statements after the date of this prospectus to conform such statements to actual results or changes in our expectations.

MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock has been quoted on the OTC QB under the symbol BBLU since October 29, 2010. Prior thereto, from November 23, 2009 through October 28, 2010, it was quoted under the symbol GSFL.OB. Prior to November 23, 2009, there was no active market for our common stock. As of March 17, 2014, there were 162 holders of record of our common stock.

The following table sets forth the high and low bid prices for our common stock for the periods indicated, as reported by the OTC QX. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Period		**High**		**Low**
Year Ending December 31, 2014				
January 1, 2014 through February 28, 2014	$	3.05	$	2.48
Year Ended December 31, 2013				
October 1, 2013 through December 31, 2013	$	3.44	$	1.75
July 1, 2013 through September 30, 2013	$	3.50	$	2.47
April 1, 2013 through June 30, 2013	$	3.74	$	1.10
January 2, 2013 through March 31, 2013	$	1.27	$	0.89
Year Ended December 31, 2012				
October 1, 2012 through December 31, 2012	$	1.50	$	0.99
July 1, 2012 through September 30, 2012	$	1.70	$	1.00
April 1, 2012 through June 30, 2012	$	1.45	$	1.00
January 1, 2012 through March 31, 2012	$	1.50	$	1.01

The last reported sales price of our common stock on the OTC QB on March 17, 2014 was $3.25 per share.

Dividend Policy

We have not declared nor paid any cash dividend on our common stock, and we currently intend to retain future earnings, if any, to finance the expansion of our business, and we do not expect to pay any cash dividends in the foreseeable future. The decision whether to pay cash dividends on our common stock will be made by our board of directors, in their discretion, and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors considers significant. The Board of Directors set December 31, 2010 as the record date to distribute one Series A Warrant for every two shares held of record by each shareholder on such date as a result of the spin-off of Genesis Fluid Solutions. While this warrant distribution is similar to a dividend as no investment decision is necessary on the part of stockholders, it is not a dividend. While this warrant distribution is similar to a dividend as no investment decision is necessary on the part of stockholders, it is not a dividend.

SELECTED FINANCIAL DATA

The following tables set forth a summary of our consolidated financial data as of and for the five fiscal years ended December 31, 2013. The selected financial data for the five fiscal years ended December 31, 2013, have been derived from our audited consolidated financial statements. The selected financial data presented below should be read in conjunction with our consolidated financial statements, related notes, other financial information included elsewhere in this report, including the information set forth under Management s Discussion and Analysis of Financial Condition and Results of Operations. Certain items in prior years information have been reclassified to conform to the current year s presentation. These tables have been restated for discontinued operations of HVAC for 2013, 2012 and 2011and for discontinued operations of Genesis Fluid Solutions, Ltd. for 2013, 2012 and 2011.

(in thousands, except per share data)

Year Ended December 31,	**2013**	**2012**	**2011**	**2010**	**2009**
Revenue	$ 10,306	$ 8,467	$ 4,914	$ -	$ -
Operating loss	$ (25,359)	$ (11,311)	$ (13,150)	$ (2,670)	$ (223)
Net loss	$ (25,473)	$ (9,607)	$ (14,018)	$ (3,588)	$ (2,248)
Loss per share-continuing operations	$ (0.69)	$ (0.51)	$ (0.93)	$ (0.18)	$ (0.02)
Loss per share	$ (0.70)	$ (0.51)	$ (0.93)	$ (0.24)	$ (0.19)
Cash, cash equivalents, and short-term investments	$ 8,404	$ 485	$ 505	$ 3,900	$ 4,759
Total assets	$ 86,431	$ 14,947	$ 14,083	$ 3,952	$ 5,838
Long-term obligations	$ 0	$ 0	$ 0	$ 0	$ 0
Stockholders equity	$ 79,338	$ 8,278	$ 7,245	$ 2,627	$ 3,952

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this prospectus. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to those set forth under Risk Factors .

Company Overview

Blue Earth, Inc. and subsidiaries (the Company) is a comprehensive provider of energy efficiency and alternative/renewable energy solutions for small and medium sized commercial and industrial facilities. The Company also owns, manages and operates independent power generation systems constructed in conjunction with these services. Our turnkey energy solutions enable our customers to reduce or stabilize their energy related expenditures and lessen the impact of their energy use on the environment. Our services include the development, engineering, construction, operation and maintenance and in some cases, financing of small and medium scale alternative/renewable energy power plants including solar photovoltaic (PV), Combined Heat and Power (CHP) or on-site cogeneration and fuel cells.

Results of Operations

Twelve Months Ended December 31, 2013 Compared with Twelve Months Ended December 31, 2012

The following Managements Discussion and Analysis is prepared to provide an understanding of the Company's business activities. We acquired IP Power Engineering, Inc. effective July 15, 2013, Intelligent Power, Inc. effective July 24, 2013 and Millennium Power Solutions effective August 23, 2013. We disposed of HVAC as of January 24, 2014 and have restated our financial statements. The following discussion excludes the discontinued operations of HVAC. We have also provided pro forma numbers as though the acquisitions were effective January 1, 2012 so that the numbers are comparable.

Revenues

We recognized $10,305,736 revenue for the twelve months ended December 31, 2013, as compared to $8,466,965 for the twelve months ended December 31, 2012. Revenue represents sales from our, wholly-owned subsidiaries Castrovilla, whose sales include retrofitting refrigeration equipment with energy management systems and gasket sales from the our wholly-owned subsidiary Xnergy, Inc. which provides a wide range of energy solutions, including specialized mechanical engineering and the design, construction and implementation of energy savings products. During 2013, Castrovilla s sales ($3,366,037) for the twelve months accounted for 32.7% of total revenues, while Xnergy s sales accounted for 64.6% ($6,656,828) and other sales accounted for 2.7% ($282,871). During 2012, Castrovilla s sales ($3,444,821) for the twelve months represented 40.7% of total revenues while Xnergy s sales accounted for 59.3% ($5,022,144). Now that management has secured project financing, the Company s revenues in 2014 should exceed 2013 revenues. These expected revenues will be realized upon the completion of the cogeneration projects under contract with Blue Earth CHP.

Pro Forma Revenues

We recognized $10,466,736 of pro forma revenue for the twelve months ended December 31 2013, as compared to pro forma $8,566,660 for the twelve months ended December 31, 2012. Revenue represents sales from the Company s wholly-owned subsidiaries. Xnergy sales for the twelve months increased by 32.5% to $6,656,828 (from $5,022,144), Castrovilla s sales for the twelve months decreased by 2.3%, (from $3,444,821 to $3,366,037). The increase in Xnergy sales was the direct result of allocating most of Xnergy s resources to development of a pipeline of solar and alternative energy construction projects. Now that management has secured project finance for the cogeneration projects, revenues in 2014 should exceed 2013 revenues.

Cost of Sales and Gross Profit

Cost of sales for the twelve months ended December 31, 2013 were $7,166,464, compared to $5,609,836, for the twelve months ended December 31, 2012, resulting in a gross profit of $3,139,272, or 30.4% of revenues. Castrovilla s gross margin was $1,828,288, or 54.3% of revenues while Xnergy s gross margin was $1,122,074, or 16.9%.

Pro Forma Cost of Sales and Gross Profit

Pro forma cost of sales for the twelve months ended December 31, 2013 were $7,313,368, compared to $5,685,174 for the twelve months ended December 31, 2012, resulting in a gross profit of $3,153,368, or 30.7% of revenues. In 2012 Castrovilla s gross margin was, $1,291,127, or 37.5% of revenues while Xnergy s pro forma gross margin was $1,566,002, or 31.2%. Castrovilla s products have higher gross margins than Xnergy s construction projects.

Operating Expenses

Operating expenses were $28,497,962 for the twelve months ended December 31, 2013 as compared to $14,167,889 for the twelve months ended December 31, 2012, an increase of $14,330,073 or 101.1%, due to common stock, options and warrants granted to management and consultants. During the year ended December 31, 2013 we incurred $17,106,843 of stock based compensation expense compared to $4,805,023 during 2012. Approximately $2,782,819 of our operating expenses for the twelve months ended December 31, 2013 were from the operations of Castrovilla and $3,052,414 were from Xnergy with the balance of $22,662,729 from our corporate administrative expenses. $2,322,778 of the operating expenses for the twelve months ended December 31, 2012 were from the operations of Castrovilla and $2,531,521 were from Xnergy with the balance of $9,313,590 our administrative expenses. Our administrative expenses for 2013 include $2,617,618 from the amortization of intangible assets acquired with Castrovilla, Xnergy, IP and MPS compared to $2,319,095 for 2012.

Pro Forma Operating Expenses

Pro forma operating expenses were $30,191,653 for the twelve months ended December 31, 2013 as compared to $15,732,561 for the twelve months ended December 31, 2012, due to an increase of $12,301,820 to common stock, options and warrants granted to management and consultants. During the year ended December 31, 2013 we incurred $17,478,571 of stock based compensation expense compared to $4,805,023 during 2012. Approximately $2,782,819 of our operating expenses for the twelve months ended December 31, 2013 were from the operations of Castrovilla and $3,052,414 were from Xnergy with the balance $24,356,420 from our corporate administrative expenses. $2,322,778 of the operating expenses for the twelve months ended December 31, 2012 were from the operations of Castrovilla and $2,531,521 were from Xnergy with the balance $10,878,262 from our corporate administrative expenses. Our pro forma administrative expenses for 2013 include $3,153,666 from the amortization of intangible assets acquired with Castrovilla, Xnergy, IP and MPS compared to $3,153,078 for 2012.

Net Loss

The net loss from continuing operations for the twelve months ended December 31, 2013 was $25,277,153, a $15,636,575, or 162% increase from the $9,640,578 for the twelve months ended December 31, 2012. This translates to a loss per share of $0.69 from continuing operations in 2013 compared to $0.51 in 2012.

Pro Forma Net Loss

The pro forma net loss from operations for the twelve months ended December 31, 2013 was $27,151,643, a $15,981,335 or 143% increase over the net loss of $11,170,308 for the twelve months ended December 31, 2012. This translates to a pro forma loss per share of $0.74 in 2011 compared to $0.59 in 2012.

Results of Operations

Twelve Months Ended December 31, 2012 Compared with Twelve Months Ended December 31, 2011

The following Managements   Discussion and Analysis is prepared to provide an understanding of the Company   s business activities. We disposed of HVAC as of January 24, 2014 and have restated our financial statements. The following discussion excludes the discontinued operations of HVAC.

Revenues

We recognized $8,466,965 revenue for the twelve months ended December 31, 2012, as compared to $4,914,118 for the twelve months ended December 31, 2011 an increase of 72.3%. Revenue represents sales from our, wholly-owned subsidiaries Castrovilla, whose sales include retrofitting refrigeration equipment with energy management systems and gasket sales from the our wholly-owned subsidiary Xnergy, Inc. which provides a wide range of energy solutions, including specialized mechanical engineering and the design, construction and implementation of energy savings products. During 2012, Castrovilla   s sales ($3,444,821) for the twelve months represented 40.7% of total revenues while Xnergy   s sales accounted for 59.3% ($5,022,144). During 2011, Castrovilla   s sales ($3,861,534) for the twelve months accounted for 78.6% of total revenues, while Xnergy   s sales accounted for 21.4% ($1,052,584). Revenues increased from 2011 to due to management securing project financing for the construction of several solar projects in Hawaii.

Cost of Sales and Gross Profit

Cost of sales for the twelve months ended December 31, 2012 were $5,609,836, compared to $2,559,545, for the twelve months ended December 31, 2011, resulting in a gross profit of $2,857,129, or 33.7% of revenues during 2012. Castrovilla   s gross margin was $1,291,127, or 37.5% of revenues while Xnergy   s gross margin was $1,566,002, or 31.2%. By way of comparison cost of sales for the twelve months ended December 31, 2011 were $2,559,545, resulting in a gross profit of $2,354,573, or 47.9%. Castrovilla   s gross margin was $2,268,235, or 58.7% of revenues while Xnergy   s gross margin was $86,338, or 8.2%. The decline in total gross margin percentage was due to the increase in Xnergy   s revenues as a percentage of total revenues. Castrovilla   s products have higher gross margins than Xnergy   s construction projects.

Operating Expenses

Operating expenses were $14,167,889 for the twelve months ended December 31, 2012 as compared to $15,504,604 for the twelve months ended December 31, 2011, a decrease of $1,336,715 or 8.6%, due to cost cutting activities imposed by management. During the year ended December 31, 2012 we incurred $4,805,023 of stock based compensation expense compared to $7,774,692 during 2011 which accounts the majority of the cost reductions. $2,322,778 of the operating expenses for the twelve months ended December 31, 2012 were from the operations of Castrovilla and $2,531,521 were from Xnergy with the balance of $9,313,590 were our administrative expenses. Approximately $2,837,083 of our operating expenses for the twelve months ended December 31, 2011 were from the operations of Castrovilla and $1,022,834 were from Xnergy with the balance $11,644,687 from our corporate administrative expenses. Our administrative expenses for 2012 include $2,319,095 from the amortization of intangible assets acquired with Castrovilla and Xnergy compared to $1,209,769 for 2011 since Xnergy was acquired in August 2011.

Net Loss

The net loss from continuing operations for the twelve months ended December 31, 2012 was $9,640,578, a $4,359,770, or 31.1% decrease from the $14,000,348 for the twelve months ended December 31, 2011. This translates to a loss per share of $0.51 in 2012 compared to $0.93 in 2011.

Liquidity and Capital Resources as of December 31, 2013

Net cash used in continuing operations during the twelve months ended December 31, 2013 (Fiscal 2013) totaled $11,969,742 which resulted primarily from the operating expenses associated with the parent company related to carrying out our business plan. In addition to a net loss of $25,473,394, we recognized an increase in prepaid expenses and deposits of $1,013,109, an increase in accounts receivable and billings in excess of costs of $2,827,827 and an increase in construction in progress totaling $1,548,859. These decreases were partially offset by stock based compensation expense of $17,106,843 and $2,745,126 of depreciation and amortization expense.

Net cash used in continuing operations during the twelve months ended December 31, 2012 totaled $5,686,300 which resulted primarily from the operating expenses associated with the parent company related to carrying out our business plan. In addition to a net loss of $9,607,134, we incurred a decrease in the warrant derivative liability of $2,037,325, an increase in billings in excess of costs of $2,615,316. These decreases were partially offset by common stock, options and warrants issued for services expensed at $4,805,023 and $2,532,673 of depreciation and amortization expense.

Net cash used in continuing operations during the twelve months ended December 31, 2011 totaled $3,921,516 which resulted primarily from the operating expenses associated with the parent company related to carrying out our business plan. In addition to a net loss of $14,018,986, we incurred an increase an increase in inventory of $347,174 and a decrease in accounts payable and accrued expenses of $260,627. These decreases were partially offset by common stock, options and warrants issued for services expensed at $8,672,945, an increase in the warrant derivative liability of $749,166, and $1,209,769 of depreciation and amortization expense.

Net cash used in investing activities during Fiscal 2013 totaled $2,321,905. Of this amount, $126,351 was used to purchase property and equipment and $2,195,554 were loans made to unrelated parties to enhance our access to solar panels. Net cash used in continuing investing activities during Fiscal 2012 totaled $10,188 and resulted from the purchase of property and equipment. Net cash used in continuing investing activities during Fiscal 2011 totaled $1,403,181 and resulted from the purchase of property and equipment of $117,789, a license to technology of $100,000 and the acquisition of subsidiaries of $1,185,392.

Net cash provided by continuing financing activities during Fiscal 2013 totaled $22,138,931 and resulted from $8,517,315 of net proceeds from the sale of preferred stock, $12,396,321 from the exercise of warrants and options and $3,000,000 in proceeds from a line of credit. These proceeds were offset, in part, by payments on notes payable of $2,034,312 and related party loans of $691,853. Included in the foregoing, on October 30, 2013, David Lies, a principal stockholder and selling stockholder of the Company, purchased 333,334 shares of Common Stock upon the exercise of Class A Warrants as a standby purchaser, for a purchase price of $1,000,000 evidenced by a non-interest bearing promissory note due March 31, 2014 and the pledge of the underlying common stock. The underlying shares of common stock were purchased pursuant to an effective registration statement and the promissory note has been paid in full. A second standby purchaser, Firerock Capital, purchased 200,000 shares of registered common stock pursuant to a promissory note for $600,000 due March 31, 2014, as extended.

Net cash provided by continuing financing activities during Fiscal 2012 totaled $5,720,251 and resulted from $3,598,388 of net proceeds from the sale of preferred stock, $91,950 from the exercise of warrants, $1,605,000 from related party loans and $1,208,008 from the proceeds of notes payable. These inflows were offset, in part, by payments on notes payable of $776,481 and payments on related party loans of $6,614.

Net cash provided by continuing financing activities during Fiscal 2011 totaled $2,113,549 and resulted from $2,000,000 of proceeds from the sale of preferred stock, $16,336 from related party loans and $1,711,655 in cash received from the acquired subsidiaries. These inflows were offset, in part, by payments on notes payable of $1,614,442.

At December 31, 2013, we had working capital of $14,321,543 including $8,403,731 in cash. At December 31, 2012, we had a working capital deficit of $951,340, including $485,366 in cash. The increase in working capital was the result of the completion of common stock warrant funding and the Series C preferred stock funding.

We anticipate our revenue generating activities to continue and even increase as we seek and make acquisitions. Our ability to continue as a going concern is subject to our ability to generate profits and/or obtain necessary funding from outside sources, including by the sale of our securities, or obtaining loans from lenders, where possible. Our continued net operating losses increase the difficulty of our meeting these goals, and our efforts to continue as a going concern may not prove successful. Nonetheless, the Company expects that it has sufficient cash and borrowing capacity to meet its working capital needs for at least the next 12 months. Historically, we have financed our working capital and capital expenditure requirements primarily from the sales of our equity securities. We may seek additional equity and/or debt financing in order to implement our business plan. During 2013, we completed placement of Preferred Stock and warrants of $20,913,636, which we believe will fund our operations at least through December 31, 2014.

On February 22, 2013, we entered into a credit agreement with a $10 million line of credit of which $1,500,000 was funded and repaid during 2013. $4,000,000 is currently available upon our meeting the terms and conditions of the credit facility and a second draw of $1,500,000 was subsequently borrowed by the Company. This outstanding loan of $1,500,000 is being paid monthly with interest at 12% per annum, primarily from tax grant proceeds from five completed solar projects. The balance is expected to be fully paid by August 1, 2014. Additional draws are subject to approval of the planned use of proceeds by the lender in order to borrow against the facility. See Risk Factors -- Our credit facilities and debt instruments contain financial and operating restrictions that may limit our business activities and our access to credit.

It is reasonably possible that we will not be able to obtain sufficient financing to continue operations beyond the next 12 months. Furthermore, any additional equity or convertible debt financing will be dilutive to existing shareholders and may involve preferential rights over common shareholders. Debt financing, with or without equity conversion features, may involve restrictive covenants.

Related Party Transactions

During the years ended December 31, 2013 and 2012 we borrowed $420,000 and $1,605,000 from a director. We repaid $691,853 to the director during the year ended December 31, 2013.

Off-Balance Sheet Arrangements

Since our inception, except for standard operating leases, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities.

New Accounting Pronouncements

See Note 2 to our audited condensed consolidated financial statements for a discussion of recently issued accounting pronouncements.

Use of Estimates

Management s discussion and analysis of financial condition and results of operations is based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and assumptions, including, but not limited to valuation of accounts receivable and allowance for doubtful accounts, those related to the estimates of depreciable lives and valuation of property and equipment, valuation of derivatives, valuation of payroll tax contingencies, valuation of share-based payments, and the valuation allowance on deferred tax assets.

Accounts Receivable

The Company records accounts receivable related to its construction contracts based on billings or on amounts due under the contractual terms. Accounts receivable throughout the year may decrease based on payments received, credits for change orders, or back charges incurred.

Management reviews accounts receivable periodically to determine if any receivables will potentially be uncollectible. Management s evaluation includes several factors including the aging of the accounts receivable balances, a review of significant past due accounts, economic conditions, and our historical write-off experience, net of recoveries. The Company includes any accounts receivable balances that are determined to be uncollectible, along with a general reserve, in its allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

Revenue Recognition

The Company generates revenues from professional services contracts. Customers are billed, according to individual agreements. Revenues from professional services are recognized on a completed-contract basis, in accordance with ASC Topic 605-35, Construction-Type and Production-Type Contracts. Under the completed-contract basis, contract costs are recorded to a deferred asset account and billings and/or cash received are recorded to a deferred revenue liability account during the periods of construction. Costs include direct material, direct labor and subcontract labor. All revenues, costs, and profits are recognized in operations upon completion of the contract. A contract is considered complete when all costs except insignificant items have been incurred and final acceptance has been received from the customer. Corporate general and administrative expenses are charged to the periods as incurred. However, in the event a loss on a contract is foreseen, the Company will recognize the loss as incurred.

For uncompleted contracts, the deferred asset (accumulated contract costs) in excess of the deferred liability (billings and/or cash received) is classified under current assets as Costs in excess of billings on uncompleted contracts. The deferred liability (billings and/or cash received) in excess of the deferred asset (accumulated contract costs) is classified under current liabilities as Billings in excess of costs on uncompleted contracts. Contract retentions are included in accounts receivable.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, Income Taxes. Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year, and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity s financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if, based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized. A liability (including interest if applicable) is established in the consolidated financial statements to the extent a current benefit has been recognized on a tax return for matters that are considered contingent upon the outcome of an uncertain tax position. Applicable interest is included as a component of income tax expense and income taxes payable.

Quantitative and Qualitative Disclosures About Market Risk

None.

BUSINESS

Overview

Blue Earth, Inc. and subsidiaries (the Company) is a comprehensive provider of energy efficiency and alternative/renewable energy solutions for small and medium sized commercial and industrial facilities. The Company also owns, manages and operates independent power generation systems constructed in conjunction with these services. Our turnkey energy solutions enable our customers to reduce or stabilize their energy related expenditures and lessen the impact of their energy use on the environment. Our services include the development, engineering, construction, operation and maintenance and in some cases, financing of small and medium scale alternative/renewable energy power plants including solar photovoltaic (PV), Combined Heat and Power (CHP) or on-site cogeneration and fuel cells.

We build, own, operate and/or sell the power plants or build them for the customer to own. As we continue to expand our core energy services business to become an independent power producer we intend to sell the electricity, hot water, heat and cooling generated by the power plants that we own under long-term power purchase agreements to utilities, and long-term take or pay contracts to our industrial customers. The Company also finances alternative and renewable energy projects through industry relationships .

We provide our customers with a variety of measures to improve the efficiency of their facilities energy consumption by designing, developing, engineering, installing, operating, maintaining and monitoring their major building systems, including refrigeration, lighting and heating, ventilation and air-conditioning.

We offer our utility customers, energy efficiency programs, such as our proprietary *Keep Your Cool* refrigeration program, adopted by 19 utilities, targeted to their small and medium-sized commercial customers. Our utility based, rate- payer incentive programs, are designed to help commercial businesses use less energy through the upgrade of existing equipment with new, more efficient equipment that helps reduce demand for electricity, lower energy bills and also enable utilities to satisfy state-mandated energy reduction goals. In addition to designing and administering the utility program, we perform the technical audits, sell the program to the commercial customer and in most instances, provide the installation of the equipment.

We have continued to expand our comprehensive energy solutions business through strategic acquisitions of companies that have been providing energy solutions to an established customer base or have developed a proprietary technology that can be utilized by our customers to improve equipment reliability, reduce maintenance costs and provide a better overall operating environment. The acquired companies operational activities are being conducted through the following five business units: Blue Earth Solar; Blue Earth CHP; Blue Earth EMS; Blue Earth PPS and

Blue Earth EPS. The primary strategic objective for the respective business units is to establish and build brand awareness about the comprehensive energy solutions provided by the Company to its existing and future customers. Each of the Company s five business units is generating revenue, although Blue Earth PPS and Blue Earth CHP have limited revenues, as described below.

Proprietary technologies owned by the Company are the PeakPower® System (PPS) and the UPStealth System. The PeakPower® System is a patented demand response, cloud based technology, that allows remote, wireless monitoring of refrigeration units, lighting and heating, ventilation and air conditioning in thousands of facilities such as super markets and food processing, restaurants and C-stores, drug and discount stores. Peak power currently has a limited number of energy management systems operational in grocery stores. Revenues are expected to ramp up commencing in mid-2014, as the Company is making some system changes before a major commercial roll out in 2014. The technology enables the Company s business unit, Blue Earth PPS, to provide energy monitoring and control solutions with real-time decision support to protect our customers' assets by preventing costly equipment failures and food product losses. Our PeakPower® System also serves as a platform to enter into long-term services agreements that allow most types of refrigeration equipment failures to be predicted, thereby enabling preventive servicing based on need rather than periodic, scheduled and costly service calls.

The patent pending UPStealth energy power solution (EPS) Management believes, based on its knowledge of the industry, is the only energy efficient, intelligent digital battery backup management system that was designed to power signalized intersections during loss of utility power. UPStealth is designed as an alternative to lead-acid battery backup systems, enabling the Company s business unit, Blue Earth EPS, to provide its customers with an environmentally friendly product that is completely recyclable with no issues of hazardous out-gassing, corrosion, flammable or explosive characteristics. The UPStealth battery backup management system can be formed in various configurations that allow the intelligent battery to bend around corners and fit into spaces that cannot be accessed by traditional battery backup systems. Compared to lead-acid battery backup systems, our innovative UPStealth energy power solution s cost of ownership is less, requires less maintenance, performs several years longer, and eliminates costly hazardous disposal issues. We also offer a finance program, which allows cities and municipalities to replace existing systems without capital expenditures.

There are several other market verticals where both our proprietary technologies can be applied, separately, or in combination, as a viable, cost effect solution. Examples include: services for data centers, oil and natural gas wells, remote cell towers, risk management services, and demand response systems to decrease energy usage during peak load pricing periods charged by utilities.

Corporate Strategy

Our strategic objective is to provide our customers with turnkey energy solutions and help them identify and maintain low cost or even no cost savings opportunities to reduce or stabilize their energy related expenditures and lessen the impact of their energy use on the environment.

Key components to our corporate strategy include the following:

Our primary focus in the near term is expected to be organic growth within our combined heat and power (CHP), solar engineering, procurement, and construction (EPC), energy efficiency (EE)/technology business units; although we continue to evaluate and consider strategic acquisition opportunities. Our organic growth focus in each of these areas is summarized as follows.

1)

CHP or cogeneration: Our business model is to construct and own, on site, CHP or cogeneration systems, selling the thermal power to the customer and the electricity to the customer and the utility grid under long term power purchase agreements (PPAs). We have targeted large companies within the food-processing sector, where our team has initial agreements and excellent relationships. The PPA agreements with our customers will be on a take or pay basis at a guaranteed discount rate from what they currently pay to their local utility providers. To date, Blue Earth CHP has received limited revenue from engineering work done for a large food processor. Revenues from the sale of electricity generated, which is the foundation of this business unit, is expected to commence in the third quarter of 2014, when the first power plant is scheduled to be completed. The Company raised adequate equity to build this first power plant through its $12 million warrant exercise in November of 2013. The Company has ordered the long lead time equipment. Ground breaking is expected to occur in March 2014. The units are modular, so construction is primarily assembly that is expected to be completed with power revenues commencing in or about August of 2014. Although this is the Company s first CHP power plant, Blue Earth team members have extensive experience building many, larger, more complex CHP power plants with prior employers.

2)

Solar EPC: Our strategy is to joint venture with under-financed solar developers in order to gain EPC gross margins that exceed the 8-12% common within the industry. Our joint venture agreement with NGP and Talesun enabled us to contract for a $300 million pipeline of solar EPC work with 15-20% gross margins on a cost plus basis. The pipeline is based upon the contracts obtained in the joint-venture when the Company invested $6.5 million (in cash and a note), with the panel manufacturer and solar project developer. Projects that have written customer commitments, however, have not been financed, are considered to be pipeline. It is only when project financing is arranged that projects are moved from pipeline to backlog. Historically, the Company s pipeline for acquisition was large and generally not realized due to our inability to obtain financing. The Company was granted EPC rights for over 150 megawatt (MW) of solar projects. The average price per watt is $2.20, which translates to $330 M of contractually committed solar EPC revenue.

3)

EE/Technology: Our historical EE business has focused on installing lighting, refrigeration and HVAC equipment for our customers, which we believe can reduce our customer s costs by 25-60%. We based our projected savings on our having provided energy efficiency services to approximately 11,000 small to medium sized commercial customers. The Company has verified these savings through its monitoring of customer electricity bills and by using energy monitoring equipment that measures energy consumption between the old equipment and the new more effective equipment. We anticipate cross-selling to our larger CHP food processor customers. Our two recent technology acquisitions provide us proprietary intelligent battery technology and low costs, cloud based energy management systems that are expected to give us a competitive edge with our commercial customers. The technology is being added to our proprietary Keep Your Cool utility program that has been accepted by 20 West Coast utilities, which is expected to facilitate the roll out of our utility program across the United States.

Expand Scope of Product and Service Offerings. We plan to continue to expand our offerings by including new types of energy efficiency services, products and improvements to existing products based on technological advances in energy savings strategies, equipment and materials. Through the acquisitions of Intelligent Power Inc. and Millennium Power Solutions, LLC we significantly expanded our offerings of proprietary energy management and energy power solutions, which have enhanced our capabilities to offer our customers comprehensive energy savings solutions.

Meet Market Demand for Cost-Effective, Environmentally-Friendly Solutions. Through our energy efficiency measures and products, we enable customers to conserve energy and reduce emissions of carbon dioxide and other pollutants. We plan to continue to focus on providing sustainable energy solutions that will address the growing demand for products and services that create environmental benefits for customers.

Increase Recurring Revenue. We intend to continue to seek opportunities to increase our sources of recurring revenue as we continue to expand our core energy services business to become an independent power producer, or IPP, by selling the electricity, hot water, heat and cooling generated by on-site power plants that we build and own under long term power purchase agreements, or PPA's.

Utility Programs. We intend to offer utilities energy efficiency programs such as our Keep Your Cool refrigeration program and broaden our utility program offerings to their small and medium-sized commercial and industrial customers.

Strategic Acquisitions. We will continue to identify and acquire energy management companies and technologies that will enable us to expand our capabilities in our alternative/renewable energy and energy efficiency products and services offerings.

Corporate History

On October 30, 2009, the Company entered into an Agreement of Merger and Plan of Reorganization (the 2009 Merger) with Genesis Fluid Solutions, Ltd. (GFS), a privately held Colorado corporation and upon closing of the transaction GFS, as the surviving corporation, became a wholly-owned subsidiary of the Company which changed its name to Genesis and the Company succeeded to the business of GFS as its sole line of business. GFS began operations in 1994 and is engaged in the design and development of water restoration and water remediation technology and equipment for the environmental, mining and paper industries.

As of August 31, 2010, Genesis completed a Stock Purchase Agreement (the SPA) pursuant to which the Buyers who signed the SPA, including the then Chairman and Interim Chief Executive Officer of the Company, agreed to purchase from the Company on or before August 31, 2010, all of the issued and outstanding common stock of GFS then its wholly-owned subsidiary (the GFS Spin-off). GFS had not generated sufficient revenues or earnings as a result of its activities. See Certain Relationships and Related Transactions and Director Independence for the terms of the GSF Spin-Off.

Effective October 21, 2010, Genesis Fluid Solutions Holdings, Inc. (Genesis) an operating Delaware corporation formed on March 30, 2007 under the name Cherry Tankers, Inc. merged with and into Blue Earth Inc., a Nevada corporation formed on October 6, 2010, solely as a reincorporation and name change.

Effective January 1, 2011, Blue Earth acquired Castrovilla, Inc. based in Mountain View California which manufactures, sells and installs commercial refrigeration and freezer gaskets and sells and installs motors and controls to approximately 11,000 small commercial businesses operating under our Blue Earth EMS division. See Castrovilla Acquisition below.

On September 7, 2011, Blue Earth acquired Xnergy, Inc., and its wholly owned subsidiary HVAC Controls & Specialties, Inc., a Carlsbad, California based energy services company. Simultaneously, the Company purchased ecoLegacy, LLC, which served as a financing vehicle for Xnergy. Xnergy, currently operating under our Blue Earth Solar division, provides a broad range of comprehensive energy solutions including the specialized mechanical engineering, the design, construction and implementation of energy savings projects, energy conservation, energy infrastructure outsourcing, power generation and energy supply and risk management. See Xnergy Acquisition below.

Effective January 24, 2014, the Company sold HVAC Controls and Specialties to its former owner who was a key employee during the Company s ownership of such subsidiary. The HVAC business unit was geographically isolated from the remainder of the energy efficiency and technology business units and was not expected to make significant contributions to the revenue growth of the Company as the larger projects of Blue Earth CHP and Blue Earth Solar units ramp up. The purchase price is $160,000, consisting of $70,000 of forgiveness of debt to buyer and buyer s promissory note to the Company for $90,000. The note bears interest at 6% per annum. It is payable in monthly payments of $1,757.10 over a five (5) year period, due March 1, 2019.

Blue Earth entered into a Purchase and Sale Agreement dated as of July 26, 2012, with White Horse Energy, LLC for the Company to acquire 100% of the issued and outstanding limited liability company interests in Waianae PV-02, LLC, a Hawaii limited liability company which is the owner of certain rights to construct an approximately 497 kilowatt photovoltaic solar energy system in Waianae, Hawaii. Construction began in the first quarter of 2013 and is now in the commissioning process (producing power, but yet being paid). The Company has signed a letter of intent to sell this system for $2,070,000. On August 3, 2012, Blue Earth announced it acquired the exclusive right to construct seven (now six) different solar PV projects totaling approximately 3.5 megawatt DC in Hawaii. These projects are located on the island of Oahu and are primarily ground mount solar systems. The Company intends to begin construction of two of these projects in the second quarter of 2014. See Hawaii Solar Energy Acquisitions below.

The construction of the Sunvalley solar PV projects located in California, began in the third quarter of 2012 and are completed and now Company owned. The Sunvalley Solar projects have signed engineering, procurement and construction (EPC) agreements with the owners of the businesses for each of the respective construction sites. All of the customers have agreed to assign to the Company cash grants they receive for placing in service certain renewable energy projects under Section 1603 of the American Recovery and Reinvestment Act of 2009. These utility incentives are an inducement for the utilities customers to buy energy efficient products by providing sales tax exemptions, credits or rebates on qualified products. All of the projects are 1603 Grant eligible. Cash grants have been received on two of the projects with the balance expected to be received in the second quarter of 2014. Based on a seven (7) year anticipated revenue stream from these projects and the above-described tax grants, Management has valued these projects at approximately $4 million.

On July 15, 2013, Blue Earth acquired IPS Power Engineering Inc. (IPS) an EPCM company (engineering, procurement construction and management) and an affiliated renewable energy company that specializes in the combined heat and power (CHP) alternative energy space operating under our Blue Earth CHP division. Management believes, based on its knowledge of the industry, that Blue Earth CHP will enable the Company to become a significant independent power producer. Blue Earth CHP plans to initially build seven power plants and sell the thermal and electric power to a large customer and the local utilities through long-term power purchase agreements. See IPS Acquisition below.

On July 24, 2013 Blue Earth acquired Intelligent Power Inc. (IP), which is now operating as our Blue Earth PPS division with patented demand response, cloud based technology, which allows remote, wireless monitoring of refrigeration units, lighting and heating, ventilation and air conditioning in thousands of facilities, such as, super markets, and food processing, restaurants and C-stores, drug and discount Stores. Blue Earth PPS s innovative PeakPower® System is a turnkey solution that monitors and controls energy and most of the equipment within the store. The Company holds issued patents on both the Peak Power System and the roll-lock snap-on current transformer. See Intelligent Power Acquisition below.

On August 23, 2013, Blue Earth acquired Millennium Power Solutions (MPS), an intelligent digital battery technology company. MPS designs and manufactures intelligent, digital, rechargeable battery products and backup systems with twice the energy of lead acid batteries in a smaller space operating under our Blue Earth EPS division. The environmentally friendly product is completely recyclable with no issues of hazardous out-gassing, corrosion, flammable or explosive characteristics. See Millennium Power Solutions Acquisition below.

On August 30, 2013 the Company entered into a Strategic Partnership Agreement with Talesun Solar USA, Ltd. (Talesun) and New Generation Power LLC (NGP), as amended on October 23, 2013, which includes a commitment from Talesun to grant the Company engineering, procurement and construction contracts (EPC) for 18 MW of Talesun Solar PV projects. NGP granted the Company EPC contracts for a minimum of 147 MW of projects over the next 20 months. In addition, the Company has agreed to make a $6.5 million loan in solar projects. $2,000,000 was loaned as of December 31, 2013 and the balance is due by March 31, 2014, unless extended by the parties. The loan is collateralized by safe harbored solar panels to be utilized on NGP s solar projects. NGP contracts with the Company to build the solar projects on a cost plus basis. The loan is to be repaid during the construction phase of the projects.

As of January 31, 2014, Blue Earth purchased 100% of the equity interests in Kenmont Solutions Capital GP, LLC (Kenmont), a company owned by Donald R. Kendall, Jr. Mr. Kendall, as CEO of Blue Earth Capital, Inc. (BEC), will focus on sourcing equity and debt capital for the Company s combined heat and power or co-generation projects; its solar PV projects and energy efficiency projects. The capital formation entity will also source capital for strategic acquisition and joint development opportunities.

As described above, the acquired companies operational activities are being conducted through the following five divisions: Blue Earth EMS; Blue Earth Solar; Blue Earth CHP; Blue Earth PPS, and Blue Earth EPS. The primary strategic objective for the respective divisions or business units is to build brand awareness about our comprehensive energy solutions provided by the Company to its current and future customers.

Management also intends to accelerate introduction of our PeakPower® energy demand management system and the UPStealth digital battery backup system by offering and installing them through energy management service and distribution companies, which have an established base of customers at the local, state, regional and national levels. In order to accelerate product introduction, management expects to enter into varying types of agreements with these energy management service and distribution companies, including joint development, shared revenue, private label, licensing and acquisition agreements, as may be appropriate, for each company and geographic territory.

Management has also identified several energy management and energy management service companies that have been successfully operating in the small and medium-sized commercial and industrial business segment of the energy efficiency and alternative/renewable energy sectors. These energy service companies specialize in three categories that address small commercial businesses energy efficiency needs: lighting, refrigeration and heating, ventilation and air conditioning (HVAC). The targeted acquisition candidates currently provide energy efficiency retrofit services to the small commercial and medium-sized businesses space. Management believes that these companies are ideal candidates from which to build a nationwide distribution, installation and service network through a combination of joint venture/associate relationships and/or acquisitions.

We generate all of our revenues from professional services contracts. The contracts are of three types: construction management, HVAC services and energy efficiency installation. Our customers are billed, according to individual agreements. Revenues from professional services are recognized on a completed-contract basis. Under the completed-contract basis, contract costs are recorded to a deferred asset account and billings and/or cash received are recorded to a deferred revenue liability account during the periods of construction. Costs include direct material, direct labor and subcontract labor. All revenues, costs, and profits are recognized in operations upon completion of the contract. A contract is considered complete when all costs except insignificant items have been incurred and final acceptance has been received from the customer. However, in the event a loss on a contract is foreseen, we recognize the loss as incurred. We do not manufacture any products. Our cost of sales is comprised of direct labor, parts purchased from third parties and other direct costs incurred in fulfilling the contracts.

Industry Overview

The market for energy efficiency services has grown significantly, driven largely by rising and volatile energy prices, advances in energy efficiency and renewable energy technologies, governmental support for energy efficiency and renewable energy programs and growing customer awareness of energy and environmental issues. End-users, utilities and governmental agencies are increasingly viewing energy efficiency measures as a cost-effective solution for saving energy, renewing aging facilities and reducing harmful emissions.

The clean-tech industry is a multi-billion global industry comprising several market sectors as follows: energy efficiency, including green building; water and wastewater; recycling and waste; LED lighting; energy storage; alternative energies and renewables; batteries/storage; smart grid electrical distribution system; alternative transport; and various green business, research and financial services.

According to a Clean Energy Trends 2013 report by Clean Edge, a Clean-Tech market authority, the fundamental global economic drivers for clean technology remain largely intact. Intensifying resource constraints (everything from freshwater to energy feedstocks) cannot be ignored, especially with a global population exceeding seven billion. In the aftermath of unprecedented climate interruption in the U.S. and abroad, resiliency and adaptation are becoming critical business and policy drivers as organizations scramble to meet a literally changing landscape. In the U.S. President Obama has signaled a strong commitment to expanding clean energy and energy efficiency in his second term calling for a doubling of renewable power by 2020.

We are a comprehensive provider of energy efficiency and alternative/renewable energy solutions for small and medium-sized commercial and industrial facilities. Our turnkey energy solutions enable our customers to reduce or stabilize their energy related expenditures and lessen the impact of their energy usage on the environment.

Corporate Structure

Our corporate structure for energy efficiency and alternative/renewable energy related acquisitions is designed to separate the acquired companies into five wholly owned subsidiaries/divisions of the Company, which are operated as separate business units in order to establish and build brand awareness about the comprehensive energy solutions provided by the Company.

Although our five subsidiaries operate independently, they will work in concert to develop, manage, implement and monitor our turnkey energy solutions for small and medium-sized commercial and industrial customers, as well as our specific programs developed for utilities.

We believe that the implementation and execution of our corporate strategy will benefit our shareholders and attract investors who are looking at two bottom lines: financial profitability and social or environmental benefits produced by the Company and its products and services.

Castrovilla Acquisition and Operations- part of our Blue Earth EMS Division

On January 19, 2011, Castrovilla Energy, Inc., a recently formed California subsidiary of the Company, acquired substantially all of the assets of Humitech of Northern California, LLC (Humitech), a California limited liability company and its related company, Castrovilla, Inc. (collectively, with Humitech, the Castrovilla Acquisition) with an Effective Date (as defined) of January 1, 2011. Founded in 2004, Castrovilla, doing business under our Blue Earth EMS division, based in Mountain View, California, had approximately $3.4 million in audited revenues in 2010, which is more than twice its 2008 revenues. Blue Earth EMS currently serves approximately 11,000 small commercial businesses in Northern California with its 28 employees as of February 1, 2014. Blue Earth EMS manufactures, sells and installs commercial refrigeration gaskets and strip curtains, which it sells and installs alongside many other energy efficiency products, such as EC motors, LED lights and a variety of control technologies. Blue Earth EMS strategy is to sell energy efficiency bundled retrofits (refrigeration, lighting, HVAC), to its customer base.

Blue Earth EMS participates in several ratepayer funded utility companies energy efficiency rebate programs, both through third-party programs and through its own small commercial business program, *Keep Your Cool^{TM}*. The *Keep Your Cool* program was created in response to a Request For Proposals put out by a local municipal utility, Silicon Valley Power. Castrovilla s proposal was accepted and the program funded several hundred thousand dollars. This eventually resulted in contracts with over a dozen municipal utilities throughout Northern California to provide turnkey program administration and implementation. In 2008, Castrovilla acquired the assets of Bay Area Refrigeration, a fully licensed commercial refrigeration contractor that has serviced the San Francisco Bay Area for some 30 years.

Blue Earth EMS has created a business model for sustainably generating and delivering kW and kWh that benefits both the utility and the end user. Blue Earth EMS provides energy efficiency services to small commercial businesses and delivers custom programs directly to utilities. The model is both expandable and scalable. Blue Earth EMS is well positioned in terms of capabilities and relationships with utilities and the energy service companies (ESCO) running the third-party programs. Blue Earth EMS intends to become a statewide and regional service provider.

Since acquiring Bay Area Refrigeration and the C-38 refrigeration contractor s license, Blue Earth EMS is qualified to install Electronically Commutated (EC) motors, Evaporator Fan Controllers, Anti-Sweat Heater Controllers and LED Case Lighting and other technologies. This has made the Company s retrofit projects far more comprehensive, which is a significant competitive advantage over companies that target only a single measure. In fact the largest rebate programs require comprehensive retrofits to qualify for rebates.

In addition to energy efficiency retrofits, Blue Earth EMS also has on-going contracts to provide periodic maintenance to numerous restaurants and other refrigerated facilities throughout the San Francisco Bay Area. This includes 24 x 7 emergency refrigeration services.

In mid-2009 Blue Earth EMS opened an online-store (www.bayarearefrigeration.com) to sell manufactured gaskets and strip curtains on both a wholesale and retail basis. The web site also allows us to distribute refrigeration hardware, plumbing fixtures, kitchen equipment, water filtration, electrical and tools and accessories.

On December 30, 2010, Castrovilla Energy, Inc. (CEI), a wholly-owned subsidiary of the Company s subsidiary, Blue Earth Energy Management Services, Inc. (BEEMS) entered into an Agreement and Plan of Merger (the Plan) with Castrovilla, Inc. and the Stockholders of Castrovilla, Inc. with an Effective Date of January 1, 2011. CEI merged with and into Castrovilla, Inc. on January 21, 2011, which continued its existence as a wholly-owned California subsidiary of BEEMS. Under the Plan, the Company issued an aggregate of 1,011,905 shares of its Common Stock valued at $1.68 per share, or $1,700,000, to the stockholders of Castrovilla, Inc. in exchange for all of the outstanding capital stock of Castrovilla, Inc. All of the Company s shares issued in the Castrovilla Acquisition were subject to Lock-up/Leak-out and Guaranty Agreements, as amended, which have expired. No payments were made by the Company under the Guaranty.

The purchase price for Humitech, under the Asset Purchase Agreement (APA) was $600,000. This consisted of the payment of $150,000 of affiliated debt, the issuance of 267,857 shares of restricted Common Stock of Blue Earth, Inc. with an agreed upon value of $508,928, or $1.90 per share and the assumption of approximately $121,000 of trade debt.

Blue Earth EMS Products and Services

In 2013 and 2012, Blue Earth EMS s revenues were generated primarily from sales of parts and equipment for refrigeration and LED Case Lighting, refrigeration service, preventative maintenance, consulting, and on-line sales. Currently, the only materials that are purchased in large quantities are its gasket materials. All other inventory including EC motors, Anti-Sweat heaters (ASH) controllers, LED Case Lights and other hardware are kept in low quantities or purchased on an as needed basis.

Our Blue Earth EMS division accesses a variety of rebate programs, always choosing the best one for a given project. The funds that pay for the rebate programs utilized by Blue Earth EMS are the result of California Public Utilities Commission (CPUC) requirements that all utilities in the State of California collect a Public Benefits charge as a percentage of the total bill. These funds are required to be invested in energy savings programs. This pool of money measures in the billions of dollars and pays for many programs. Several of these programs are provided through third-party programs, which are usually administered by ESCO and consulting companies and implemented by refrigeration, lighting, HVAC and solar companies. Each program has different eligibility requirements and/or is available in different areas. Participating in the programs in its market area allows us to provide the broadest coverage to our customers. Our financial statements reflect that revenues were negatively impacted during specific time periods. The utility rebate programs are typically three year programs. During the referenced reporting period, the utilities were in the transition period between the previous three year program and the new three year program. This transition period generally results in decreased funding for a few months. However, the new three year utility programs have more dollars allocated than the previous program. Therefore, the negative effects to our revenue were temporary and not material to our business going forward.

Our management believes that the key to sustaining and expanding its program is to take part in or take advantage of a constant stream of technological innovation. By identifying, evaluating and verifying the best new measures Blue Earth EMS is able to serve its approximately 11,000 small commercial customers and bring in new ones. In some cases Blue Earth EMS is introduced to customers through our work for other companies, which it can assimilate into Keep Your Cool.TM

Xnergy Acquisition - part of our Blue Earth Solar Division

On September 7, 2011, Blue Earth, Inc. acquired Xnergy, Inc. (Xnergy), a Carlsbad, California based energy services company (the Xnergy Acquisition), which now operates as our Blue Earth Solar division. Blue Earth Solar provides a broad range of comprehensive energy solutions including specialized mechanical engineering the design, construction and implementation of energy savings projects, energy conservation, energy infrastructure outsourcing, power generation and energy supply and risk management. The Solar EPC business unit benefits from tax incentive programs, which are in place through 2016. It is uncertain what the effect of the expiration of these tax incentive programs will have on the solar industry. Costs for solar projects, solar panels and other materials, have declined dramatically over the past few years due to the scale achieved by the solar industry. It is uncertain whether tax incentive programs will be extended and it is uncertain what the effect of the expiration will be if it occurs. Rising costs of power from traditional electric generation combined with economies of scale for solar make it difficult to predict the business consequences in 2017.

In order to maximize the effectiveness of any energy efficiency measures, the following steps should be taken:

Blue Earth Business Strategy - Energy Efficiency

Determine the energy efficiency goals and priorities. Each company or organization has different priorities with regard to their energy efficiency goals.

Reduce energy demand through Commissioning. A thorough commissioning study will ensure that a building is performing to its design intent and will look at the following:

Lighting

Mechanical / HVAC systems and controls

Refrigeration

Equipment (office, process, and manufacturing)

Building Envelope (windows, foundation, walls, ceiling roof, and insulation)

Electrical Systems

Energy audit. Energy usage, history, and costs may be gathered from the utility company which will be helpful in determining what areas of the facility could improve the most by implementing certain energy efficiency measures.

Recommend energy efficiency strategies to attain goals. Some of these recommendations may be implemented under the second bullet above. Other energy-saving measures include more efficient equipment, self-generating systems, new controls and variable speed drives.

Alternative Energy Systems / Distributed Generation.

An alternative energy system needs to suit the facility and its owner s needs. The following are several systems that Blue Earth Solar has a great deal of experience with:

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Photovoltaics / Solar Power. This popular method converts the sun's energy directly into electricity. Photovoltaics (PV) is a viable method of generating power and more panel manufacturers are constantly increasing the efficiency and effectiveness of their equipment.

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Fuel Cells. Fuel Cells use hydrogen and oxygen, the molecules that create water, to produce electricity with no pollution. A fuel cell operates like a battery, however a fuel cell does not run or require recharging. It will produce energy in the form of electricity and last as long as fuel is supplied.

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Gas Turbines. These are used for distributed generation of electricity. They are reliable and have minimal maintenance costs, and have control requirements to address air pollutants.

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Combined Heat & Power (CHP) using Fuel Cells or Other Technologies. Waste heat from the power generation process is used to create either steam or hot water which can in turn be used for heat for the building.

Energy Procurement / Finance Options / Incentives

Along with the increasing demand for energy resources there are also more and more incentives to implement energy saving strategies for traditional and alternative energy systems. Along with these incentives there are some creative methods to attain and pay for power, all of which the Company uses:

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Power Purchase Agreements (PPA's).This popular method is a long-term agreement to buy power from a source that produces electricity. Under a standard PPA, the power source assumes the risk of operating and managing the electricity. This method frees up capital that a company could use elsewhere in its business operations while still maintaining low electricity costs. Blue Earth Solar has established relationships with the financing sources and can find and broker the right deal for the facility.

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Synthetic Lease Agreements (SLA's). This method enables a lessee to obtain equipment without having the debt on the company balance sheet. The lessee can still get all the tax benefits (and burdens) of ownership, including the asset depreciation.

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PV: California Solar Initiative (CSI) Incentive: For photovoltaic/solar systems, the CSI provides an incentive - based on the system size - for a newly implemented PV system. Blue Earth Solar will help navigate the process and can assist in filling out the application and necessary paperwork needed in order to acquire the incentive.

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Tax Credits for Alternative Energy Implementation. The federal government has extended the tax credits to companies upon the implementation of alternative energy systems. This credit can exceed 30%, depending on the tax bracket.

Xnergy Plan of Merger

Pursuant to the terms and conditions of an Agreement and Plan of Merger (the Plan), the Company purchased all of the capital stock of Xnergy for a purchase price of $15,012,010. The Company issued to the two shareholders of Xnergy, D. Jason Davis and Joseph Patalano (the Xnergy Stockholders) an aggregate of 4,500,000 shares of restricted Common Stock, valued at $3.00 per share in the merger agreement. The Company also assumed payment to a former stockholder of the unpaid balance of $1,415,088 for his shares which was paid in full when the former stockholder elected to convert the note into equity.

D. Jason Davis, as CEO of Xnergy, and Joseph Patalano as COO of Xnergy, entered into five-year employment agreements with the Company. Their employment agreements included a bonus plan based upon sharing a percentage of earnings above certain minimum thresholds for the three fiscal years ending December 31, 2013, none of which were met. Effective February 17, 2014, the bonus opportunities no longer exist as Messrs. Davis and Patalano currently serve as consultants and are no longer officers and directors or employees of Xnergy. They will focus their business time on development, rather than construction of projects. They will be paid a success fee on projects they develop. All of their shares are subject to a new lock up/leak out agreement, which will result in the 500,000 escrowed shares being released from escrow over a nine month period. Mr. David is permitted to sell 10,000 shares per week and Mr. Patalano is permitted to sell 3,000 shares per week through the nine month period. The 566,400 warrants held by Davis and 83,600 warrants held by Patalano were vested and the exercise price was reduced from $1.16 per share to $0.60 per share. The non-competition and non-solicitation agreement for Davis and Patalano extend until two years after voluntary separation from employment. All Xnergy employees, other than Messrs. Davis and Patalano, are eligible to participate in the Company s employee stock option plan. Certain key employees, selected by Jason Davis, received a total 66,667 shares issuance based on a formula of years of services and salary and restricted shares of the Company s Common Stock.

Fiscal 2013 Acquisitions

We have continued to expand our comprehensive energy solutions business through the strategic acquisitions of IPS Power Engineering Inc. (IPS), Intelligent Power Inc.(IP) and Millennium Power Solutions LLC (MPS), during th third quarter of 2013. Our acquisition of IPS, whose operations are now conducted under our Blue Earth CHP division, expands our alternative energy services offerings to private sector commercial customers including upgrades to a facility s energy infrastructure and the design, construction, operation and maintenance of smaller-scale combined heat and power or CHP energy power plants. IP, whose operations are conducted through our Blue Earth PPS division, developed our patented PeakPower® energy management system, which enables us to offer our utility customers and our small to medium-sized commercial and industrial customers a turnkey solution that helps them achieve their respective energy reduction goals. MPS, whose operations are conducted through our Blue Earth EPS division, developed our proprietary UPStealth battery backup system, we believe based on Management s knowledge of the industry, is the only lead-acid free, energy efficient, intelligent digital battery backup system designed to power signalized traffic intersections during loss of power.

IPS Power Engineering Acquisition - under our Blue Earth CHP division

On July 15, 2013 Blue Earth completed an Agreement and Plan of Merger (the Agreement) with IPS Power Engineering Inc. (IPS), Global Renewable Energy Group, Inc. (GREG) and the stockholders of IPS and GREG (the IPS Acquisition). IPS is operated as a wholly owned subsidiary of Blue Earth under our Blue Earth CHP division. Pursuant to the terms of the Agreement, an aggregate of 15,550,000 shares of Blue Earth Common Stock (the Merger Consideration) was issued to the former stockholders of IPS and GREG (the Stockholders). The Merger Consideration was determined by the parties based on the mutually agreed upon future revenues and earnings forecast prepared by management of IPS and GREG. The Merger Consideration consisted of: 5,000,000 Blue Earth shares issued at closing to the Stockholders, which vested immediately, but are subject to lock-up agreements; 150,000 Blue Earth shares issued as finders fees; and 10,500,000 Blue Earth shares issued at closing to the stockholders, and held in escrow, and which will vest at the rate of 1,500,000 Blue Earth shares on the date that each of the seven (7) CHP or co-generation power plants as mutually agreed to by Blue Earth and IPS, commences producing commercial power.

Intelligent Power Acquisition - under our Blue Earth PPS division

On July 24, 2013 Blue Earth completed an Agreement and Plan of Merger (the Agreement) with Intelligent Power, Inc. (IP), and the Stockholders of IP (the IP Acquisition). IP is operated as a wholly-owned subsidiary of Blue Earth under our Blue Earth EPS division. Pursuant to the terms of the Agreement, an aggregate of 1,383,400 shares of Blue Earth Common Stock was issued to the former stockholders of IP. The merger consideration was based on the ten-day average closing price of $2.88 for Blue Earth shares through June 8, 2013 when the agreement in principle was reached.

Millennium Power Solutions Acquisition - under our Blue Earth EPS division

On August 23, 2013, Blue Earth completed an Agreement and Plan of Merger (the Agreement) with Millennium Power Solutions, LLC (MPS) and the Key Members of MPS (the MPS Acquisition). MPS is operated as a wholly-owned subsidiary of Blue Earth under our Blue Earth EPS division. Pursuant to the terms of the Agreement, an aggregate of 3,694,811 shares of Blue Earth Common Stock was issued to the former members of MPS. In addition, the principals of MPS shall be entitled to receive a per-year earnout equal to ten (10%) percent of the profits of MPS as a separate wholly-owned subsidiary of Blue Earth payable in Blue Earth shares of Common Stock valued at the then current fair market value. The earnout is limited to a five year period and has an aggregate cap of $3,572,199.

Hawaii Solar Energy Acquisitions

Blue Earth entered into a Purchase and Sale Agreement (the PSA) dated as of July 26, 2012, with White Horse Energy, LLC. The PSA provided for the Company to acquire 100% of the issued and outstanding limited liability company interests in Waianae PV-02, LLC, a Hawaii limited liability company (the SPE). The SPE is the owner of certain rights to construct an approximately 497 kilowatt photovoltaic solar energy system in Waianae, Hawaii. Construction began in the first quarter of 2013 and is now in the commissioning process (producing power, but not yet being paid). The project was valued at approximately $2 million and consists of a solar PV system mounted on the ground. The Company has signed a letter of intent to sell this facility for $2,070,000; however, no sale has been completed. The SPE has a fully executed 20 year power purchase agreement with Hawaiian Electric Company (HECO). The power generated by the plant will be sold to HECO in the form of kilowatt-hours (electricity).

Hawaii has the largest Renewable Portfolio Standard in the US, requiring 40% of the state s energy be supplied by renewable energy by 2030. HECO s Feed-In-Tariff (FIT) program is designed to encourage the addition of more renewable energy projects in Hawaii. Pre-established FIT rates and standardized FIT contract terms facilitate the process of selling renewable energy to HECO.

On August 3, 2012, Blue Earth announced that it acquired the exclusive rights to construct seven (now six, as amended) different solar PV projects totaling approximately 3.5 megawatts DC in Hawaii. The projects are located on the island of Oahu and are primarily ground mount solar systems. The Company intends to begin construction of two of the plants in the second quarter of 2014. Six projects acquired by BBLU meet the requirements of the Renewable Energy Feed-in Tariff offered by HECO. The planned projects will employ local trade people during their construction. Blue Earth Solar, Inc. will provide the engineering procurement and construction (EPC) for the respective projects.

Market Size

Blue Earth, Inc. is a comprehensive provider of energy efficiency and alternative/renewable energy solutions for small and medium sized commercial and industrial facilities. We also own, operate and manage independent power generation systems constructed (distributed solar PV generation systems and cogeneration systems) in conjunction with these services.

According to a July 2012 report from Pike Research titled Energy Efficiency Retrofits for Commercial and Public Buildings , the market for energy efficiency retrofits in commercial buildings will nearly double by 2020, reaching $152 billion worldwide. Western Europe will remain the largest market for energy efficiency retrofits in commercial and public buildings, but its share of world revenues will drop from 41% in 2011 to 37% in 2020. Essentially equaling Western Europe, Asia Pacific, which represented 32% ($26 billion) of the revenue stream in 2011, will increase to 36% ($54.6 billion) by 2020. North American energy efficiency revenues will more than double over the remainder of the decade, increasing to $35.3 billion by 2020.

As with other power sources, demand for solar power is driven by residential, commercial, and industrial electricity demand, which increases with population and economic growth. Additionally, growing concern over environmental and geopolitical issues surrounding fossil fuels has boosted interest in renewable energy sources such as solar. The revenue earned from distributed solar power sales is expected to reach $112 billion annually by 2018, according to a 2013 report titled Distributed Solar Energy Generation report from cleantech market research firm Navigant Research.

Combined heat and power (CHP) systems, also known as cogeneration systems are used for the simultaneous generation of both electricity and heat energy. Driven by low natural gas prices, CHP for commercial buildings will surpass $11 billion in market value by 2022, according to the above described report from Pike Research. Current installations of combined heat and power (CHP) systems in commercial buildings are mostly confined to developed markets in Europe, South Korea, Japan, and the United States. The market has been limited, until recently, by high upfront capital costs associated with CHP systems. Today, though, a growing number of commercial users from hospitals to schools to business parks are installing CHP systems as a means of reducing operating expenses, improving power reliability, and reducing carbon emissions.

Additional Market Drivers

Utility Rebate Programs. In a number of markets throughout the U.S., local electrical utilities and related organizations are offering rebates for the purchase and installation of energy efficient products and systems. Ratepayer funded programs are offered by utilities to encourage load reductions by its customers. These incentives may be structured as one-time up-front rebates on energy efficient equipment or may consist of payments per measured kWh saved over a course of several years. Small commercial businesses can leverage the cost of retrofits with incentives received through ratepayer-funded energy efficiency programs.

Rebate incentives are typically used to buy down utility *retrofit* project costs for energy efficiency programs. The customer can receive the rebate directly from the utility, or the energy service company may assist in identifying programs that the small commercial business may qualify for and may collect the rebate on the customer s behalf.

Many utility companies employ demand side management programs to help reduce energy consumption. These regulated programs benefits the customer by subsidizing the first cost of capital improvements that provide long - term energy and operational cost savings. Currently, energy efficiency rebates are only offered by specific electrical utilities and the respective rebate programs and requirements change frequently.

Aging and Inefficient Facility Infrastructure. Many organizations continue to operate with an energy infrastructure that is significantly less efficient and cost-effective than what is now available through more advanced technologies applied to lighting, heating, cooling and other building systems. As these organizations explore alternatives for renewing their aging facilities, they often identify multiple areas within their facilities that could benefit from the implementation of energy efficiency measures, including the possible use of renewable sources of energy.

Movement Toward Industry Consolidation. As energy efficiency solutions continue to increase in technological complexity and customers look for service providers that can offer broad geographic and product coverage, we believe smaller niche energy efficiency companies will continue to look for opportunities to combine with larger companies such as the Company that can better serve their customers needs. Increased market presence and size of energy efficiency companies should, in turn, create greater customer awareness of the benefits of energy efficiency measures.

Increased Use of Third-Party Financing. Many organizations desire to use their existing sources of capital for core investments or do not have the internal capacity to finance improvements to their energy infrastructure. These organizations often require innovative structures to facilitate the financing of energy efficiency and renewable energy projects.

Blue Earth EMS Sales and Marketing

Blue Earth EMS s key markets in 2013 and 2012 were third-party utility rebate programs, Keep Your Cool™ rebate program, restaurant and convenience store maintenance and service, consulting and wholesale and Internet sales. Blue Earth EMS services the San Francisco Bay Area, California s Central Valley region, Sacramento and San Diego, California and Spokane, Washington.

Blue Earth EMS Customers

Blue Earth EMS s key customers, in 2013 were PECI, City of Riverside Utilities, City of Pasadena Utilities, Asuza Power and Ecology Action in 2012; were KEMA, Keep Your Cool, Ecology Action-Right Lights utility program and the barefrigeration.com web site, and in 2011, the key customers were KEMA, Keep Your Cool, Ecology Action - Right Lights Program and PECI - Energy Smart Jobs Program.

Blue Earth Solar Sales and Marketing

Since Blue Earth Solar is a multi-faceted company with more service offerings than most, there are several unique sales and marketing strategies that are used. These can be both very positive to the business model while being challenging to properly implement. A summary of our sales approach for our varying capabilities is as follows:

As an ESCO, our sales and marketing approach is to offer customers customized and all-encompassing energy efficiency solutions tailored to meet their economic, operational and technical needs. The sales process for these opportunities can take up to 24 months, with public agency / governmental customers tending to require the longest sales processes. We identify project opportunities through referrals, conferences, warm leads, cold calls and occasionally through requests for proposals. Our direct sales force develops and follows up on customer leads and, in some cases, works with customers to develop their facility s energy strategies.

The Blue Earth Solar plan involves decreasing a facility s energy consumption and demand first through identification of Energy Conservation Measures (ECM s). Through our knowledge of the federal, state, local governmental and utility environment, we assess the availability of energy, utility or environmental-based incentives for usage reductions, which helps us optimize the economic benefits of a proposed project for a customer.

After we have identified and implemented these ECM s, the facility demand has been reduced and now we move on to the self-generation options that would benefit the customer. We can provide these projects turn-key to the customer. Depending on the particular scenario, we can engineer, install, commission, and maintain the system after it is installed. We also are able to offer financing options via lease or PPA s. Through a PPA, we would finance the project, then sell the power to the client at a rate less than and/or more consistent than what they get from the utility.

After the project has been completed our Operations & Maintenance group can service and maintain the equipment that was installed. This added value helps ensure our clients that Blue Earth wants to be a partner for life and will stand by our projects.

General Contractor

Blue Earth Solar offers engineering, construction, and construction management services to a variety of industries. Blue Earth Solar has tradesmen that perform the majority of work for most projects. The trades which are most prevalent for us:

Mechanical

Pipefitting/plumbing

ElectricalFraming/drywallConcrete

Our ability to self-perform these trades enables us to keep costs down for our customers by not having the third-party markups adding margin into projects.

Having certain engineering and construction capabilities in-house enables us to provide turn-key projects to our clients. Having these abilities also makes it a natural fit for us to perform design-build projects, which save our customers money while also enabling the projects to have the minimum number of challenges/issues.

Knowing our strengths and the types of facilities that most benefit from our services allow us to concentrate sales and marketing efforts on industries such as life sciences, semi-conductor, and other high-technology organizations. We are active participants in associations that involve professionals from these target companies, and use these as networking opportunities to help increase sales leads.

Service: Operations & Maintenance (O & M)

Blue Earth Solar offers O&M services for HVAC and energy systems. We offer traditional HVAC services including repairs, retrofits, and preventive maintenance contracts. These contracts can be year-to-year or multi-year. We also offer agreements which essentially provide the client warranty coverage if any of the components we are maintaining break down.

Commissioning

Our sales and marketing approach for commissioning is similar to our General Construction and Service segments in terms of the target markets. The Blue Earth Solar commissioning group, labeled Benchmarcx®, performs energy audits, HVAC testing and balancing, and system start-up for all construction and energy projects. Benchmarcx® is able to target other general and mechanical contractors that do not have the in-house commissioning capabilities so Benchmarcx® can market itself to them. This is done through direct sales and marketing efforts. In addition to these targets, Benchmarcx® also focuses on the end-users directly. These include clients occupying space where commissioning is more critical, such as labs, clean rooms, and manufacturing suites.

Blue Earth EPS Sales and Marketing

Blue Earth EPS s key market for its proprietary UPStealth intelligent digital battery backup system technology users is the traffic industry. For the traffic industry, Blue Earth EPS will be the manufacturer, offering inside sales and distribution support to authorized distributors. The Traffic UPStealth has been introduced to end users, such as Departments of Transportations, city and county agencies agencies , design firms, contractors and distributors through over 200 webinars. We are also considering private labeling of our UPStealth products to large scale traffic equipment manufacturers through licensing agreements.

Blue Earth PPS Sales and Marketing

Blue Earth PPS s marketing strategy for our patented PeakPower® energy management system is to use a concentrated segmentation strategy to focus primarily on large supermarket chains. Blue Earth PPS has a three pronged strategy with supermarket executives on its Advisory Board making direct sales introductions at high levels. We intend to leverage the large sales forces, and installed bases of major refrigeration equipment manufacturers by signing OEM deals with select companies and co-marketing. Then, given the geographic dispersion of the individual stores, Blue Earth PPS is establishing relationships with regional refrigeration contractors to assist with installation and become our first level of support.

Pricing strategy will include options for leasing, purchasing and a no-cost option that involves sharing energy savings with customers. A lynchpin of the marketing plan is the communications strategy. A combination of tools including PR, trade shows, digital, social, and advertising will be utilized to create awareness and solidify the PeakPower® brand

The potential applications for our PeakPower® technology span numerous industries and apply globally. The following is a breakdown of the primary and secondary markets.

Primary: Heavy users of refrigeration equipment-food industry

Food Retailing (including convenience stores)

Food distribution and storage

Food processing

Refrigerated food transport (including fishing vessels)

Restaurants·

Secondary: Other users of refrigeration and heavy HVAC users

Restaurants

Convenience Stores

Pharmaceutical manufacturing, storage and distribution

Commercial and Industrial HVAC (including data centers)

Measurement and Verification like LEED, Green Globes and Energy Star.

Blue Earth CHP Sales and Marketing

There is a large opportunity for implementing co-generation systems if the systems are marketed correctly. Trying to sell this as a standalone capital expenditure project in this economic environment will result in very few sales although the projects will probably have tremendous cash flows, quick pay backs, and excellent long-term rate of returns. Companies that have not allocated budgets or want to spend capital on large co-generation projects, but want lower electricity and lower heat generation rates that co-generation systems can provide are excellent candidates. There is too much uncertainty and several companies would rather preserve capital to spend on core business projects. However, they also want the redundancy that these systems provide, described as follows:

1) On -site electricity generator maintains power even if the power company grid fails.

2) Co-generating system provides more efficient running steam/hot water with the current boiler systems in place as a backup.

3) Reduced cost of energy overall to lower manufacturing costs.

We implement our proprietary design procedure in order to properly size and provide redundant energy source solutions that have positive ROIs. In order to successfully market a co-generation system the base proposition to the manufacturer is that this is a rate change to lower utility rates, lower current maintenance labor, and eliminate maintenance parts costs by shutting down old inefficient systems and providing for redundant sources. BE CHP covers the cost of the equipment, system installation, and ongoing maintenance so there is no capital expenditure to the customer.

We are profiling customers that have large thermal (heat) loading processes that are part of their manufacturing process. Ideally, the customer will already have boilers that provide steam generation with the entire process infrastructure such as pipes, valves, and system controls in place and functioning within the original design specification. Because of the standard inefficiencies of boilers and furnaces, we can generate steam to match heat requirements and generate electricity the same fuel cost the customer is currently paying to only generate steam. In essence, the fuel required to run the turbine generator is free since the company is already paying to generate the hear from the fuel. This allows us to sell the electricity and hear to the end user at a lower rate than that they currently use. The net savings effect is between 8-20% lower utility costs, based on the Company s historical experience.

Competition

Blue Earth EMS

The clean-tech industry is highly competitive. The energy efficiency segment for small commercial businesses is also highly competitive. Blue Earth EMS competes with various types and sizes of companies ranging from local and national service providers, local refrigeration contractors, such as Egain and Energywise and rebate program administrators. Blue Earth EMS differentiates itself as the only fully-licensed, comprehensive contractor in Northern

California which sells and installs energy efficiency projects through utility rebate programs, and which contracts directly with utilities, allowing it to perform retrofit services and secure rebates for its small and large customers who operate locations served by multiple utilities.

Few contractors in our market area actually participate in the third-party program process. The reluctance is attributable to the considerable amount of paperwork required for each project. Having completed thousands of applications, however, Blue Earth EMS is accustomed to preparing the appropriate documents. Because of the new comprehensiveness requirement for refrigeration projects, several of the previously participating companies are no longer qualified. Finally, both the utilities and the third-party administrators have become stricter about contractor participation requirements, which is actively removing unqualified and unscrupulous vendors. As a contractor who is regularly contacted by the utilities and the third-party program administrators to repair issues left behind by others, Blue Earth EMS s reputation is among the best.

We intend to compete based on the following:

Comprehensive Service Provider. We offer to our customers expertise in addressing almost all aspects of energy efficiency. Our staff from acquired companies is expected to provide the capability and flexibility to determine what energy efficiency measures are best suited to achieve the customer s energy efficiency and environmental goals.

Independence. We are an independent company with no affiliation to any equipment manufacturer, utility or fuel company. Unlike affiliated service companies, we have the freedom and flexibility to be objective in selecting particular products and technologies available from different acquisition candidates and suppliers in order to optimize our solutions for customers particular needs.

Experienced Management. Our executive officers each has almost 30 years of experience in founding, acquiring and operating publicly held companies in diverse business sectors.

Federal and State Qualifications. The federal governmental program under which federal agencies and departments can enter into ESPCs requires that energy service providers have a track record in the industry and meet other specified qualifications. Over 20 states require similar qualifications. We intend to acquire companies which meet these qualifications. This will provide us with the opportunity to continue to grow our business with federal, state and other governmental customers and differentiates us from energy efficiency companies that have not been similarly qualified.

Federal. In 2007, the United States enacted the Energy Independence and Security Act which mandates that federal buildings reduce energy consumption by 30% by 2015 compared to their 2003 baseline and contains multiple provisions promoting long-term ESPCs. The U.S. Department of Energy also has a number of research, development, grant and financing programs - most notably the DOE Loan Guarantee Program - to encourage energy efficiency and renewable energy. Additionally, the United States has adopted federal incentives for renewable energy, including the production tax credit, investment tax credit and accelerated depreciation.

State. At the state level, the American Council for an Energy-Efficient Economy stated in its 2012 State Energy Efficiency Scorecard that significant measures to support energy efficiency have been implemented, including as of October 2012, the following:

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Annual savings from customer-funded energy efficiency programs topped 18 million MWh in 2010, a 40% increase over a year earlier. This is roughly equivalent to amount of electricity the State of Wyoming uses each year.

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Utility budgets for electric and natural gas efficiency programs rose to almost $7 billion in 2011, a 27% increase over a year earlier. Of this amount $5.9 billion went to electric efficiency programs, with the remaining $1.1 billion for natural gas programs. These represent 29% and 18% increases, respectively, over 2010 budgets.

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Twenty-four states have adopted and adequately funded an Energy Efficiency Resource Standard, which sets long-term energy savings targets and drives investments in utility-sector energy efficiency programs. The states with the most aggressive savings targets include Arizona, Hawaii, Maryland, Massachusetts, Minnesota, New York, Rhode Island and Vermont.

Economic Stimuli. Governments worldwide have allocated significant portions of economic stimuli to clean energy.

Recovery and Reinvestment Act of 2009 allocated $67 billion to promote clean energy, energy efficiency and advanced vehicles. Additionally, the Emergency Economic Stabilization Act instituted a grant program that provides cash in lieu of the investment tax credit for eligible renewable energy generation sources which commence construction in 2010.

Key factors in the award of contracts include system and service performance, quality, price, design, reputation, technology, application engineering capability and energy management services. Competitors for contracts in the small commercial businesses marketplace include many local, regional, national and international companies with greater resources than we have.

The domestic energy services market for small commercial businesses is highly fragmented, which we believe, provides a viable point-of-entry for acquiring established, reputable, profitable energy services companies who are seeking access to growth capital and innovative, commercially proven, cost-effective energy efficient technologies.

There are three principal types of energy efficiency companies:

Independent Energy Services Companies - Energy efficiency companies such as the Company, which are not associated with an equipment manufacturer, utility or fuel company. Most of these companies are small and focus either on a specific geography or specific customer base.

Utility-Affiliated Energy Services Companies - Companies owned by regulated North American utilities, many of which were traditionally focused on the service territories of their affiliated utilities, but have since expanded their geographical markets. Examples include Constellation Energy Projects and Services and ConEdison Solutions.

Equipment Manufacturers - Companies owned by building equipment or controls manufacturers. Many of these companies have a national presence through an extensive network of branch offices. Examples include Honeywell, Johnson Controls and Siemens.

Blue Earth Solar

The energy services segment for non-residential customers and utility scale projects is highly fragmented and also highly competitive on a local, regional and national basis. Blue Earth Solar competes with various types and sizes of companies ranging from local energy and mechanical services providers including Pacific Rim Mechanical and Apex Mechanical and national energy services providers such as Johnson Controls, Inc. and Ameresco. Blue Earth Solar has only a few competitors in the Life Sciences portion of its business including Pacific Building Group and DBC Inc. on a local basis and DPR Construction on a regional and national basis. The competitors in the engineering, procurement and construction (EPC)/alternative energy segment of its business include AECOM, Chevron Energy Solutions on a national basis and solar project installers including Borrego Solar, Helio Power and Sullivan Solar among others on a local basis. Also, several Chinese solar panel manufacturers have begun to provide EPC services as part of their vertical market strategy. The competitors for our commissioning business activities include KEMA, Inc. and MBO, Inc.

Blue Earth Solar differentiates itself from its competitors in a number of ways, including providing its customers with an in-depth array of turnkey services and energy efficient products. Blue Earth Solar is technology neutral and diligently seeks to locate and provide its clients with the most beneficial technology that is currently available. We are unique in our capability to install solar, cogeneration, fuel cells, geothermal and wind-powered systems. The majority of our competitors specialize in designing or installing only one of these types of energy systems. Also in contrast to several of our competitors, we offer complete engineering and energy analysis (energy auditing or retro-commissioning) to ensure its clients are using their existing energy in the most efficient manner prior to designing an alternative energy option. We also differentiate ourselves by being fully licensed and self-performing most of the major and critical trades including electrical, piping, HVAC, plumbing and general construction work. Being vertically integrated with our Service Group allows us to offer complete after construction O & M services through the life of the energy asset.

Blue Earth EPS

The battery backup system market segment for traffic intersections is highly fragmented an**d** is also highly competitive on a local, regional and national basis. Blue Earth EPS competes primarily with lead-acid based battery backup and uninterrupted power systems manufacturers including Alpha Technologies, Clary Corp, Sensata Technologies (Dimensions), Tesco and Meyers. The sales channel primarily consists of distributors/resellers of lead-acid based battery back and uninterrupted power systems. Blue Earth EPS differentiates itself by offering a nickel/zinc based battery with its proprietary UPStealth intelligent digital battery backup system.

Blue Earth PPS

The refrigeration controls market segment including compressor controller systems is highly competitive on a local regional and national basis. Blue Earth PPS competes primarily with refrigeration compressor controller systems manufacturers such as Emerson Einstein, E2, Novar (Honeywell) and Danfoss. The Blue Earth PPS patented PeakPower® system differentiates itself from its competitors products based on exacting performance criteria, pricing and ease of system installation. The PeakPower ® system Thermal Sensors are simply placed at each end of coolers and freezers, much less complex than our competitors.

Blue Earth CHP

The combined heat and power (CHP) market segment is highly competitive on a local, regional and national basis. Competitors vary widely in terms of CHP developer engineering firms that only provide design and feasibility studies to full service ESCO companies that will design/build/maintain. Several are fringe competitors that provide just back-up generators and not full CHP solutions -- however, they do provide a distributed generation solution. IPS Power Engineering competes with the following as well as other companies: AltaGen Energy Corp., Concentric Power, Inc., FOG Energy Corporation, Green Tech Energy Solutions, LLC and Duke Energy Generation Services. National energy services providers such as Johnson Controls, Inc. and Ameresco. Xnergy has only a few competitors in the Life Sciences portion of its business including Pacific Building Group and DBC Inc. on a local basis and DPR Construction on a regional and national basis. The competitors in the engineering, procurement and construction (EPC)/alternative energy segment of its business include AECOM, Chevron Energy Solutions on a national basis and solar project installers including Borrego Solar, Helio Power and Sullivan Solar among others on a local basis. Also, several Chinese solar panel manufacturers have begun to provide EPC services as part of their vertical market strategy. The competitors for our commissioning business activities include KEMA, Inc. and MBO, Inc.

Government and Environmental Regulation

Energy Efficiency

Various regulations will affect the conduct of our business. Federal and state legislation and regulations enable us to enter into ESPCs with government agencies in the United States. The applicable regulatory requirements for ESPCs differ in each state and between agencies of the federal government.

Our projects must conform to all applicable electric reliability, building and safety, and environmental regulations and codes, which vary from place to place and time to time. Various federal, state, provincial and local permits are required to construct an energy efficiency project or alternate renewable energy plant.

Intellectual Property

The Company owns an issued patent on its PeakPower® energy management system and an issued patent for its roll-lock snap-on current transformer. The Company has several patents filed and in the pending stage. While the Company believes patents are important to its business operations and in the aggregate constitute a valuable asset, Management believes based on their knowledge of the industry that no single patent or group of patents is critical for the success of the business.

The Company has applied for trademark for the name eecoStationTM. The Company has been issued a registered service mark in the name of Benchmarcx®. The Company was issued a registered service mark in the name of Peak-Power®. Trademarks have been applied for UPStealthTM, Keep Your CoolTM and eecoBlueTM.

Employees

As of February 21, 2014, Blue Earth, Inc. had seven employees, consisting of four executive officers and three administrative persons at the parent level and 77 full-time employees on a Company-wide basis. Blue Earth EMS had 28 full-time, non-union employees, including its President, John Pink and two part-time employees. Blue Earth EMS employees include 2 key management, 7 in administration, 11 technicians who perform product installation and field service, 5 engaged in sales and marketing and 3 in shop/gasket manufacturing.

Blue Earth Solar had 20 full-time non-union employees, and 9 part-time employees. Blue Earth Solar employees include 3 key management, including 2 in sales and business development, 6 in service operations, 9 in construction operations and 9 part-time employees.

Blue Earth CHP had 6 full-time employees and 1 part-time employee. Blue Earth CHP employees include 2 key management, 1 in administration, and 3 in engineering. Blue Earth PPS had 5 full-time employees and 3 part-time employees. Blue Earth PPS employees include 1 key management and 4 engineers.

Blue Earth EPS had 10 full time employees and 3 part time employees. Blue Earth EPS employees include 2 key management, 2 in administration, 1 technician, 3 in sales and marketing, 1 in engineering and 6 in manufacturing.

Blue Earth Capital had 1 full-time employee including 1 key management.

The Company expects to continue to use subcontractors and independent consultants until such time as further acquisitions are made.

Properties

The Company s executive offices are located at 2298 Horizon Ridge Parkway, Suite 205, Henderson, NV 89052; Tel (702) 263-1808. The Company entered into a 37 month lease for the facility expiring December 31, 2016 at a monthly rental of $3,000 for approximately 2,500 square feet of office space.

Blue Earth EMS s executive offices are located at 253 Polaris Avenue, Mountain View, California under a lease ending on June 30, 2014. The monthly rental is $5,000 for approximately 7,300 square feet of space, which features one conference room and shop and can accommodate three crews per day manufacturing gaskets.

Blue Earth Solar s executive offices are located at 2721 Loker Avenue, West Carlsbad, CA 92010. The monthly rental is $22,000 for approximately 19,332 square feet of manufacturing and office space. The Company is paying Jeff Gosselin, a co-founder of Xnergy $22,000 per month for rent on its premises.

Blue Earth CHP s executive offices are located at 4778 N. 300 W., Suite 230, Provo, UT 84604 for approximately 3,400 square feet of space. The monthly rental is $1,630 under a 36 month lease ending June of 2016.

Blue Earth PPM and EPS share executive offices located at 27120 SW 95th Street, Suite 3230, Wilsonville, OR 97010. The facility has 14,754 square feet of space. The monthly rental is $8,331 under a five-year lease ending in 2018.

Legal Proceedings

From time to time, the Company may become involved in litigation relating to claims arising out of its operations in the normal course of business. Except as described below, no legal proceedings, government actions, administrative actions, investigations or claims are currently pending against us or involve the Company which, in the opinion of the management of the Company, could reasonably be expected to have a material adverse effect on its business or financial condition.

There are no proceedings in which any of the directors, officers or affiliates of the Company, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to that of the Company.

MANAGEMENT

Set forth below is certain information regarding our executive officers and directors. Each of the directors listed below was elected to our board of directors to serve until our next annual meeting of stockholders or until his (her) successor is elected and qualified. All directors hold office for one-year terms until the election and qualification of their successors. The following table sets forth information regarding the members of our board of directors and our executive officers:

Name	**Age**	**Position with the Company**
Laird Q. Cagan	55	Chairman of the Board of Directors
Johnny R. Thomas, Ph.D.	72	Chief Executive Officer and a Director
Robert Potts	53	President, Chief Operating Officer and Director
Brett Woodard	62	Chief Financial Officer
Donald R. Kendall, Jr.	61	Chief Executive Officer of Blue Earth Capital
William (Bill) Richardson	66	Director
James A. Kelly	56	Director
Michael W. Allman	53	Director

Laird Q. Cagan, Director. Mr. Cagan has served as a director of the Company since February 21, 2011. He is an investor in the Company who has served as a director and officer of several publicly traded companies. He has 20 years of experience in investing in and building high growth technology companies as well as 5 years in the investment banking industry. During the 1990 s he invested in and helped build 15 high tech companies with over

$500 million of equity capital invested in those companies. He is a co-founder and Managing Director of Cagan McAfee Capital Partners, LLC (CMCP) a private investment firm and merchant bank he founded in 2002. CMCP has founded, funded and taken public 10 companies in a variety of industries including energy, alternative energy, healthcare, information technologies, and environmental. CMCP portfolio companies have raised over $600 million of equity capital and over $2 billion of capital has been invested in those companies or their projects. Mr. Cagan previously worked for two of the largest investment banks in the world, Goldman, Sachs & Co. and Drexel Burnham Lambert. In all, he was involved in over 30 transactions valued at more than $15 billion, bankruptcy work-out transactions of more than $2 billion, and a variety of equity, high-yield bond and senior debt financings. Mr. Cagan was the founding Chairman of Evolution Petroleum Corporation (NYSE MKT: EPM), a company he founded to develop mature oil & gas fields with advanced technologies. He is a director and founder of Calpian, Inc. (CLPI.OB) and a former director of AE BioFuels, Inc. (n/k/a Aemetis (AMTX)) and Pacific Asia Petroleum (n/k/a Camac Energy, Inc. (NYSE MKT: CAK). He held Series 24, 7 and 63 licenses, however, he is not currently registered with any FINRA firm. He was a registered representative and Managing Director of Colorado Financial Services Corporation (CFSC), a FINRA-licensed broker-dealer from 2008 to 2012 and other firms dating back to 2003. He served an administrative suspension from December 15-29, 2008 for violation of a FINRA rule, failure to provide copies of personal brokerage statements from his prior broker-dealer to his new broker-dealer. CFSC is not affiliated with CMCP. Mr. Cagan attended M.I.T. and received a BS, MS and MBA from Stanford University. He is a graduate of the UCLA Director s Training Program. He is the founding Chairman of the SF Bay chapter of the Young Presidents Organization and is currently Chairman of the San Francisco Chapter of the World Presidents Organization. He is a former member of the Stanford University Athletic Board and is a member of the Olympic Club, the oldest athletic club in America. As a result of Mr. Cagan s extensive experience in finance and start-up companies, as well as experience in the energy industry, he has provided the Company with a wealth of expertise that has enabled the Company to carry out its business plans and continue to strengthen the Board s collective qualifications, skills and experience.

Johnny R. Thomas, Chief Executive Officer and President. Dr. Thomas has been a director of the Company since February 22, 2011. He has been employed by the Company as Chief Executive Officer since September 1, 2010, and also served as President from September 1, 2010 until May 16, 2013. Prior thereto, he served as Chairman of the Board, Chief Executive Officer and President of Consolidation Services, Inc. (OTCBB:CNSV) from that company s inception on January 26 ,2007 until April 2, 2010. The company was engaged in the acquisition of land and mineral rights in Eastern Kentucky and is now engaged in oil and gas production. From January 2000 until September 2010, Dr. Thomas was self-employed as an investor in securities, real estate and limited custom home development. Prior thereto, he was a founder and served as Chairman of the Board and CEO of AgriBioTech, Inc. from September

1993 until February 1999. AgriBioTech and several of its subsidiaries filed a voluntary petition for bankruptcy in January 2000 (and was subsequently liquidated in Chapter 7), approximately eleven months following Dr. Thomas s departure from the Company. Dr. Thomas received his Ph.D. in genetics/plant breeding from Oregon State University in 1966. For more than 30 years, Dr. Thomas has successfully guided start-up companies from their formation through commercialization. His experience in finance and the public securities markets has provided the Board with the necessary guidance to acquire, integrate and manage acquired companies and act as a liaison with the Company s independent advisors, all of which strengthens the Board s collective qualifications, skills and experience.

Robert C. Potts, *President and Chief Operating Officer*. Robert Potts was appointed President and Chief Operating Officer of the Company on May 16, 2013 and a director on January 1, 2014. Since February, 2010, Mr. Potts has been a founder, director, CEO and President of IPS Engineering Inc. (IPS). IPS is a Provo Utah based engineering, procurement and construction management (EPCM) company specializing in combined heat and power (CHP) alternative energy space, which was acquired by the Company in May 2013. From February, 2008 until December 2009, Mr. Potts was President and an owner of Heavy Equipment Parts, Orem, UT, a ground engaging parts and fabrication services company. From 2001, until he formed IPS, he was the President and CEO of several portfolio companies for a private equity firm. These include: Prinexus, Finlay Systems, Color By Pergament, Direct Group, Direct Fulfillment, Mack Color Graphics, Halo Design Systems, and Tukan. He has broad experience with successful start-up and turnaround ventures and has particular knowledge and experience in the energy industry and finance, which strengthens the Board s collective qualifications, skills and experience. Mr. Potts earned his B.S. Mechanical Engineering, at Brigham Young University and an M.B.A. - Finance at Lehigh University.

Brett Woodard, Chief Financial Officer. Mr. Woodard was appointed Chief Financial Officer of the Company on May 16, 2013. He served as a founder, director and CFO of IPS Engineering, Inc. from 2012 until its acquisition by the Company in May 2013. Prior thereto, from 2007, Mr. Woodard served as the CFO of Wasatch Wind, Inc., an enterprise that developed wind energy projects in the Western US and Eastern Canada. With over 25 years experience in structuring turnkey project finance transactions throughout the Americas, Europe and Asia in roles with Nokia (large telecommunications infrastructure), GE Capital and Nortel Networks, he has worked extensively with international financing organizations including several Export Credit Agencies. Mr. Woodard holds an MBA, Finance from the University of Utah and Post Graduate Studies (PhD. Program), Finance, Wharton School, PA.

Donald R. Kendall, Jr., CEO of Blue Earth Capital, Inc. Mr. Kendall was elected Chief Executive Officer and a director of BEC as of January 31, 2014. He had been the Chief Executive Officer of Kenmont Solutions Capital GP, LLC (Kenmont), an investment management firm specializing in alternative investments and private equity from 1998 until its acquisition by the Company in January 2014. Mr. Kendall also utilized his extensive background in the power, energy and clean energy industries overseeing event driven, distressed, capital structure arbitrage and private equity investments in these sectors for Carlson Capital, L.P, while overseeing Kenmont's private equity and venture capital fund of funds. From 1993 to 1998, Mr. Kendall was President of Cogen Technologies Capital Company, L.P. His responsibilities included acquisitions, domestic and international project development, project and corporate financings, asset management, strategic planning and the initiation of Cogen's planned reorganization, initial public offering and ultimate sale for $1.1 billion. In addition to his duties at Cogen, Mr. Kendall was the founding Chairman and Chief Executive Officer of Palmetto Partners, Ltd., a family office and investment management company for a Forbes 400 family. Mr. Kendall's duties included identifying, analyzing, structuring, investing, monitoring and exiting investments in private equities on a direct basis and through private equity funds. In addition, Mr. Kendall managed various public equity hedge fund and fixed income portfolios for affiliated entities and three charitable foundations. He also serves as a director of American Midstream Partners, LP (NYSE: AMID), Solar City Corporation (NASDAQ: SCTY), Stream Energy and Tangent Energy Solutions, Inc. Mr. Kendall received a B.A. degree from Hamilton College and an M.B.A. from The Amos Tuck School of Business Administration at Dartmouth

College.

Governor Bill Richardson, Director Governor Richardson was elected to the Company s Board of Directors effective January 1, 2014. Governor Richardson brings to the Board his unparalleled knowledge of the energy industry and regulatory affairs, as well as his experience serving on numerous boards of directors, which greatly strengthens the Board s collective qualifications, skills and experience. Governor Richardson is a leading proponent of energy, efficiency, technology as evidenced by the green initiatives he passed as Governor of New Mexico. As a former Secretary of Energy, he has extensive knowledge on all aspects of our business model, including distributed generation, energy efficiency and technologies. Furthermore, he is an ideal person to advise the Company on political issues at the state and federal level. Political initiatives are continually on the agenda of most states and the federal government that can affect the Company s business. Governor Richardson currently serves as Senior Fellow for Latin America at Rice University s James A. Baker III Institute for Public Policy, and participates on several non-profit and for-profit boards including Abengoa s International Advisory Board, the fifth largest biofuels producer in the United States, WRI World Resources Institute, and the National Council for Science and the Environment. Governor Richardson is also currently serving as Chairman of Global Political Strategies for APCO Worldwide. From January 2003 through January 2011, he was the Governor of New Mexico. Prior to his governorship, Governor Richardson was the U.S. Secretary of Energy (1998-2001), U.S. Ambassador to the United Nations (1997-1998) and a member of the U.S House of Representatives for New Mexico (1983-1997). Governor Richardson has a BA from Tufts University and an MA from Tufts University Fletcher School of Law and Diplomacy. In addition to his service as member of the Board of Abengoa Solar and Tecnicas Reunidas. He is currently serving on the following Boards:

Afina

American Progress/Enough Fellow

AMP Holding

Aside/EAG

CarCharging

Dallas National Insurance

DayStar Technologies

Ergo

EX-IM Bank

Foundation to Preserve New Mexico Wildlife

National Council for Science and Environment (NCSE)

P3GM

PT Capital

Refugees International

Richardson Center for Global Engagement

Ryan Governmental Services

Viridis Learning

V-Me

Vola LLC

World Resources Institute (WRI)

James A. Kelly, Director was elected to the Company s Board of Directors effective January 1, 2014. James Kelly has over thirty-eight years of experience in the energy industry. Mr. Kelly possesses particular knowledge and experience in accounting, management and the energy industry to strengthen the Board s collective qualifications, skills and experience. The grid experience of Mr. Kelly with a major utility is relevant to all of our combined heat and power and solar business units, as distributed generation projects all involve direct interaction with utilities. Mr. Kelly also has extensive knowledge and experience in all of the technology activities of the Company, since utilities generally see new, emerging technologies at an early stage as new technologies are submitted for potential inclusion in rebate programs. Mr. Kelly has served on the Management Committee of a Fortune 500 Company. Mr. Kelly has had exclusive responsibility for multiple external audits and management reviews of energy company operations.

Mr. Kelly was Senior Vice President for Southern California Edison Co. from November 1973 through July 2011, which is the electric utility company for Southern California. Mr. Kelly obtained his Bachelor of Science from California State University, Long Beech in 1977 and a Masters of Science from California State Polytechnic University in 1978. Mr. Kelly also serves as a director of Muni-Fed Streetlight Solution, Coachella Partners, the Don Bosco Technical Institute and as CEO and Director of ARES.

Michael W. Allman, Director was elected to the Company s Board of Directors effective January 1, 2014. Mr. Allman has experience as a CEO and CFO of various renewable energy companies and with a global consulting firm, with exceptional breadth of experience in business strategy design and implementation, operations, finance, risk management, investor communications, business development, mergers and acquisitions and internal business. The grid experience of Mr. Allman with a major utility is relevant to all of our combined heat and power and solar business units, as distributed generation projects all involve direct interaction with utilities. Mr. Allman also has extensive knowledge and experience in all of the technology activities of the Company, since utilities generally see new, emerging technologies at an early stage as new technologies are submitted for potential inclusion in rebate programs. As a result of this experience, Mr. Allman possesses particular knowledge and experience in each of the above areas to serve as the Company s Audit Expert and strengthens the Board s collective qualifications, skills and experience. Mr. Allman previously served as President and CEO of Sempra Generation between October 2006 and March 2010. Sempra Generation was an electrical division of Sempra Energy, a Fortune 300 energy services company. From March 2010 through June 2012, Mr. Allman served as Chairman, President and CEO of Southern California Gas Company, a gas distribution company in the United States. Mr. Allman received his bachelor of science in Chemical Engineering from Michigan State University in 1982 and obtained his MBA from the University of Chicago in 1985, with a specialization in finance.

There are no family relationships among any of our directors and executive officers.

Energy Efficiency Advisory Board

The Company has organized an Energy Efficiency Advisory Board (EEAB) although there are not currently any members. The members of the EEAB are expected to have different energy efficiency backgrounds. These categories include, but are not limited to, HVAC, lighting and refrigeration, international relationships, energy management programs and verification, technologies, political/public regulatory commission experience (both State and Federal), utilities contacts and expertise.

The members of the EEAB will advise and consult with Management, and the Board of Directors, on an informal basis from time to time on business matters in their respective areas of expertise and will be reimbursed for expenses in attending meetings. Each advisor will receive non-qualified stock options at the then current fair market value as their compensation and are expected to sign three-year agreements. Members will also be paid consulting fees normally charged by such persons for additional work performed at the Company s request.

Each member of the EEAB is expected to devote only a small portion of his time to the Company s affairs. Members of the EEAB are employed by employers other than the Company (or are retired) and accordingly will have no fiduciary duty to the Company. The Company s need for the expertise of a particular member of the EEAB will depend on the development of the Company s technologies and any acquisitions made. Accordingly, members of the EEAB as such, have no formal duties, authority or management obligations. Each of the members of the EEAB will agree to keep confidential information provided to them.

Director or Officer Involvement in Certain Legal Proceedings

Our directors and executive officers were not involved in any legal proceedings as described in Item 401(f) of Regulation S-K in the past ten years.

Directors and Officers Liability Insurance

We have directors and officers liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers, subject to certain exclusions. Such insurance also insures us against losses which we may incur in indemnifying our officers and directors. In addition, we have entered into indemnification agreements with key officers and directors and such persons shall also have indemnification rights under applicable laws, and our certificate of incorporation and bylaws.

Board Leadership Structure and Role in Risk Oversight

Although we have not adopted a formal policy on whether the Chairman and Chief Executive Officer positions should be separate or combined, we have determined that it is in the best interests of the Company and its shareholders to keep these roles separate.

Our Audit Committee is primarily responsible for overseeing our risk management processes on behalf of our board of directors. The Audit Committee receives and reviews periodic reports from management, auditors, legal counsel, and others, as considered appropriate regarding our company s assessment of risks. In addition, the Audit Committee reports regularly to the full Board of Directors, which also considers our risk profile. The Audit Committee and the full Board of Directors focus on the most significant risks facing our company and our company s general risk management strategy, and also ensure that risks undertaken by our Company are consistent with the Board s appetite for risk. While the Board oversees our company s risk management, management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our company and that our Board leadership structure supports this approach.

Independent Directors

We believe Laird Cagan is an independent director, as that term is defined by listing standards of the national securities exchanges and SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee director definition of Rule 16b-3 of the Exchange Act. The Company s Board of Directors has elected Michael W. Allman, James A. Kelly and Governor Bill Richardson to its Board of Directors. Each serves as an independent investor for a two-year term which commenced on January 1, 2014. Each of these three persons will serve as an independent director and where noted on the respective committees listed below.

We believe that our Board of Directors should be composed of individuals with sophistication and experience in many substantive areas that impact our business. We believe that experience, qualifications, or skills in the following areas are most important: experience in the energy industry; regulatory; accounting and finance; capital markets; strategic planning; business development practices; and board practices of other corporations. These areas are in addition to the personal qualifications described above for each director. We believe that all of our current Board members possess the professional and personal qualifications necessary for Board service, and have highlighted particularly noteworthy attributes for each Board member in the individual biographies above.

Committees of the Board of Directors

In June 2013, the board of directors adopted charters relative to its audit committee, compensation committee and nominating committee. Until January 1, 2014, the entire Board determined all matters and no Committees had been formed.

Audit Committee

The audit committee s duties are to recommend to our board of directors the engagement of independent auditors to audit our financial statements and to review our accounting and auditing principles. The audit committee reviews the scope, timing and fees for the annual audit and the results of audit examinations performed by independent public accountants, including their recommendations to improve the system of accounting and internal controls. The audit committee oversees the independent auditors, including their independence and objectivity. However, the committee members are not acting as professional accountants or auditors, and their functions are not intended to duplicate or substitute for the activities of management and the independent auditors. The audit committee is empowered to retain independent legal counsel and other advisors as it deems necessary or appropriate to assist the audit committee in fulfilling its responsibilities, and to approve the fees and other retention terms of the advisors. Our audit committee members possess an understanding of financial statements and generally accepted accounting principles. Michael W. Allman serves as Chairman of the Audit Committee, which also consists of James A. Kelly and Laird Q. Cagan.

Audit Committee Financial Expert. The Board of Directors has determined that Michael W. Allman is an audit committee financial expert as such term is defined by the SEC. As noted above, Mr. Allman, as well as the other members of the Audit Committee, has been determined to be independent within the meaning of SEC and exchange regulations.

Compensation Committee

The compensation committee has certain duties and powers as described in its charter, including but not limited to periodically reviewing and approving our salary and benefits policies, compensation of our executive officers, administering our stock option plans, and recommending and approving grants of stock options under those plans. James A. Kelly serves as Chairman of the Compensation Committee, which also consists of Michael W. Allman and Laird Q. Cagan.

Nominating Committee

The nominating and corporate governance committee considers and makes recommendations on matters related to the practices, policies and procedures of the board of directors and takes a leadership role in shaping our corporate governance. As part of its duties, the nominating and corporate governance committee assesses the size, structure and composition of the board of directors and its committees, coordinates evaluation of board performance and reviews board compensation. The nominating and corporate governance committee also acts as a screening and nominating committee for candidates considered for election to the board of directors. Michael W. Allman serves as Chairman of the Nominating and Corporate Governance Committees, which also consists of James A. Kelly and Laird Q. Cagan.

Compensation Committee Interlocks and Insider Participation

None of our directors or executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our board of directors.

Executive Compensation

The table below sets forth, for the last three fiscal years, the compensation earned by (i) each individual who served as our principal executive officer or principal financial officer, and (ii) our most highly compensated executive officers, other than those listed in clause (i) above, who was serving as executive officers at the end of the last fiscal year (together, the Named Executive Officers). No other executive officer had annual compensation in excess of $100,000 during the last fiscal year.

Name and				**Option**	**All Other**	
Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Awards ($)**	**Compensation ($)**	**Total ($)**
Dr. Johnny R. Thomas,	2013	$174,000	-	$4,184,437	-	$4,358,437
Chief Executive Officer						
	2012	$174,000	-	-	-	$174,000
	2011	$167,792	-	-	-	$167,792
John C. Francis, Executive	2012	$150,000	-	-	-	$150,000
V.P. Corporate Development						
Robert Potts,	2013	$77,405(3)	-	$2,360,345	-	$2,437,750
President and Chief Operating Officer						
Brett Woodard	2013	$76,202(3)	-	$2,360,345	-	$2,436,547
Chief Financial						
Officer						

(1) Consists of $ 150,000 cash paid to Dr. Thomas and $2,000 per month, or an aggregate of $24,000, withheld in the payment of the excise price of 24,000 warrants.

(2) On September 1, 2010, Johnny R. Thomas was elected Chief Executive Officer of the Company. Consists of $25,000 cash paid to Dr. Thomas and $2,000 per month, or an aggregate of $8,000, withheld in payment of the exercise price of 8,000 warrants.

(3) Messrs. Potts and Woodard each commenced employment on May 16, 2013 under employment agreements which pay them $300,000 per year, although they agreed to a reduced salary of $120,000 each for the first year.

Outstanding Equity Awards at Fiscal Year-End

Other than as set forth below, there were no outstanding unexercised options, unvested stock, and/or equity incentive plan awards issued to our named executive officers as of December 31, 2013.

				Option Award					Stock Award	
Name	Number of Securities Underlying Unexercised Warrants Exercisable	Number of Securities Underlying Unexercised Warrants Unexercisable	Number of Securities Underlying Unexercised Warrants Unexercis-able	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Warrants	Warrant Exercise Price ($)	Warrant Expiration Date	Number of Shares or Units of Stock That Have Not Vested #	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not	Equit Incenti Plan Award Mark or Pay Value Unearn Share Units Othe Right That

									Vested	Have N
									(#)	Veste
										($)
Johnny R. Thomas	-0-	100,000	-0-	-0-	$.01	March 1, 2021	-0-	-0-	-0-	-0- (2
							-0-	-0-	-0-	-0-
John C. Francis	-0-	360,000	-0-	-0-	$.01	March 1, 2021	-0-	-0-	-0-	-0- (2
							-0-	-0-	-0-	-0-

(1) On April 15, 2013, each of Johnny R. Thomas and John C. Francis were issued new warrants for exercised warrants.

(2) The Closing Price of the Company s Common Stock on March 28, 2013 was $1.18 per share.

(3) Shares issuable upon exercise of 1,000,000 performance warrants assigned by each of Johnny R. Thomas and John C. Francis to effectuate for estate planning purposes and for which warrants and underlying shares Messrs. Thomas and Francis disclaim beneficial ownership, although included in the above table, since the warrants were issued for services rendered. These warrants were granted on March 1, 2011 and are exercisable for ten (10) years at $0.01 per share, as amended. These Warrants, as amended, vest and become exercisable according to the same terms as set forth for the warrants described in Note (1) above. These warrants also vest when the holders exercise the warrants and purchase Common Stock.

Employment Agreements

There are no material plans, contracts or arrangements pursuant to which any executive officer is a party or in which he participates other than those available to all officers and directors of the Company.

On August 31, 2010, the Company entered into an "at will" employment agreement, effective as of September 1, 2010, with Dr. Johnny R. Thomas, as Chief Executive Officer and President of the Company. Dr. Thomas' base salary was initially ninety nine thousand dollars ($99,000.00) per annum. He is eligible to receive a bonus to be established by the Compensation Committee of the Board of Directors for extraordinary performance. The agreements provides for a non-competition and non-solicitation period of one-year from the termination of employment. In the event that an officer is terminated without cause: (i) he shall receive a cash settlement of $75,000, and (ii) 50% of all unvested warrants issued under his employment agreement, as amended, shall vest immediately. Dr. Thomas was granted warrants to purchase an aggregate of one (I) million shares of Common Stock, exercisable for ten (l0) years at $1.00 per share, all of which have vested.

On August 31, 2010, the Company entered into an at will employment agreement, effective as of September 1, 2010, with John C. Francis, as Vice-President, Corporate Development and Investor Relations of the Company. Mr. Francis's base salary was initially seventy-five thousand dollars ($75,000.00) per annum. All other terms of employment are the same as set forth in Dr. Thomas' agreement described above.

On March 1, 2011, the Board of Directors of the Company amended the employment agreements of Dr. Johnny R. Thomas and John C. Francis. Each of their employment agreements dated September 1, 2010 were amended effective February 1, 2011, to increase their annual salaries by $75,000. Johnny R. Thomas s salary increased from $99,000 to $174,000 and John Francis s salary from $75,000 to $150,000. Effective as of May 16, 2013, upon the Company entering the employment agreements with Robert Potts and Brett Woodard, John Francis was no longer deemed to be an executive officer of the Company.

Johnny R. Thomas and John C. Francis were each awarded five-year performance warrants to purchase 1,000,000 shares each at an exercise price of $1.25 per share. In November 2012 the warrant exercise price was reduced to $0.01 per share, the warrants was extended to ten years and the vesting criteria was amended to remove the milestone criteria. All of these warrants also vest when the holders exercise the warrants and purchase Common Stock and are therefore deemed to be currently exercisable. All of these warrants are fully vested.

On August 5, 2013, the Board of Directors of the Company approved a three-year extension to Dr. Thomas employment agreement through August 31, 2016. Dr. Thomas salary remained at $174,000 per annum. The Board approved the grant of ten (10)-year warrants to purchase 1,000,000 shares at an exercise price of $.01 per share. The warrants vested one quarter (250,000 shares) upon grant and 62,500 shall vest quarterly on the last day of each calendar quarter until the remaining 750,000 warrants vest on September 30, 2016.

On August 5, 2013, the Board of Directors of the Company approved a three-year extension to Mr. Francis employment agreement through August 31, 2016. The Board approved the grant of ten (10)-year warrants for services rendered to purchase 400,000 shares at an exercise price of $.01 per share which vest over a three-year period.

On October 5, 2013, the Board of Directors granted Mr. Francis ten-(10) year warrants to purchase 200,000 shares at an exercise price of $.01 per share for services rendered, all of which were fully vested. All of the foregoing issuances were simultaneous with the assignment of a part of the warrants for estate planning purposes. The Board evaluated the performance of Mr. Francis relative to his compensation and determined that his contributions to the Company warranted bonus compensation. Mr. Francis was a critical manager in the development and implementation of the business model, the acquisitions, investor relations and capital formation. The Company has raised over $20 Million in equity in 2013, which would not have been possible without the efforts of Mr. Francis, the Chairman and Dr. Thomas.

The Company entered into an Employment Agreement effective May 16, 2013, with Robert Potts. Under this Agreement, Mr. Potts will serve as Chief Operating Officer of the Company for a five-year period. The Agreement is automatically renewable for one-year periods on the same terms and conditions unless the Company gives written notice to Mr. Potts at least one-year before May 15, 2018. Mr. Potts base salary is $300,000 per annum, however, he agreed to reduce his first year salary to $120,000. Mr. Potts will be entitled to bonus compensation based upon certain agreed to criteria. Mr. Potts will forfeit 25% per year (up to 75% in total) of the 3,070,000 shares of the Company s Common Stock which he received upon the acquisition of IPS, subject to vesting as 7 initial power plants are turned on, if he terminates the Agreement without good reason on at least two months prior notice. Mr. Potts also received warrants to purchase 1,200,000 shares exercisable at $1.18 per share for ten years. If the Agreement is terminated by Mr. Potts for good reason he will be entitled to an amount equal to his annual base salary for one year, any earned but unpaid bonus and any deferred compensation. The Agreement is also terminable by the Company for cause. The Agreement provides for a one-year restricted period following termination of employment, from engaging in a competitive business, or for soliciting employees from and terminating their employment with the Company or hiring any person previously employed by the Company within 90 days of such hiring.

The Company entered into an employment agreement effective May 16, 2013 with Brett Woodard to be the Chief Financial Officer of the Company. It is a five-year agreement with substantially the same terms as Mr. Potts' agreement.

On January 31, 2014, the Company entered into a two-year employment agreement with Donald R. Kendall, Jr. which shall be automatically extended for one-year periods unless terminated by either party on at least thirty (30) days prior written notice. There is no specific time requirement under the contract. Mr. Kendall is being compensated at the rate of $120,000 per annum. He received an aggregate of 1,300,000 stock options under his employment contract exercisable at $2.00, the fair market value of the Company s common stock, when the purchase price was agreed to on December 4, 2013. The Company agreed to negotiate in good faith success fees for transactions he introduces or for which Kendall is actively involved. Mr. Kendall is entitled to a year s severance pay, plus earned bonuses if his contract is terminated by him for good reason or if he is terminated without cause. Kendall is subject to a non-compete and non-solicitation for the longer of the period he is employed by the Company or for two years from the execution of his agreement.

Simultaneously with entering into Mr. Kendall s employment, the Company purchased 100% of the equity interests in Kenmont Solutions Capital GP, LLC (Kenmont), the Company owned by Donald Kendall. The Company issued 25,000 shares of its restricted common stock pursuant to an Equity Exchange Agreement. The Company simultaneously entered into a Sale of Goodwill Agreement to purchase Kendall s personal goodwill. The purchase price for Kendall s goodwill was 1,725,000 shares of restricted common stock of the Company and options to purchase 200,000 shares of common stock at an exercise price of $2.00 per share. The above-described 1,750,000 restricted shares of the Company s common stock are subject to an eighteen (18)-month lock-up period and for a leak-out provision for the following twelve (12)-month period ending thirty (30) months from January 31, 2014.

Consulting Agreements

In connection with the Company s acquisition of IPS Engineering, Inc. it entered into substantially similar Independent Contractor and Service Agreements with Broadway Family Group LLC and Planet Investment Consultants, affiliates of IPS Engineering, Inc. on June 3, 2013, and July 1, 2013, respectively. The agreements are for three years to provide consulting services to the Company. The consultants each received warrants to purchase 1,200,000 shares exercisable at $1.18 per share for ten years. The Warrants vest when the various power plants commence production and produce revenues. The consultants are subject to non-solicitation and non-compete provisions during their consulting and for a one-year period thereafter.

The Company entered into an Independent Consulting Agreement effective as of November 15, 2011 with Remanco Inc., an entity controlled by David Lies, a principal shareholder of the Company. On October 12, 2013, the Agreement was extended until November 14, 2014. Mr. Lies was granted warrants to pursuant 100,000 shares of Common Stock at $.01 per share for five years. See Certain Relationships and Related Transactions and Director Independence below for information concerning various warrants issued to Members of Management.

Equity Compensation Plan Information

Equity Incentive Plan

On October 30, 2009, our board of directors and stockholders adopted the 2009 Equity Incentive Plan. The purpose of the 2009 Equity Incentive Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship, and to stimulate an active interest of these persons in our development and financial success. Under the 2009 Equity Incentive Plan, we are authorized to issue up to 4,542,000 shares of Common Stock, including incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and long term incentive awards. The 2009 Equity Incentive Plan will be administered by our board of directors until authority has been delegated to a committee of the board of directors. On the closing date of the 2009 Merger, certain of our executive officers, directors and other persons were granted options to purchase common stock exercisable at prices ranging from $0.90 to $1.00 per share.

On December 14, 2010, the Company granted Dale Gustavson and Robert Leebern each options to purchase 15,000 shares of Common Stock, exercisable for ten (10) years at $1.70 per share upon their joining the EEAB.

Effective January 1, 2011, upon the Castrovilla Acquisition, 23 employees of Castrovilla were granted an aggregate of 54,459 incentive stock options with one and three year vesting schedules exercisable for ten (10) years at $1.68 per share. John Pink, President of Castrovilla, was granted a performance based incentive stock option to purchase 30,000 shares of Common Stock, exercisable for ten years at $1.68 per share. As long as he is employed by Castrovilla, Mr. Pink s option remains exercisable in three equal installments of 10,000 shares each on December 31, 2011, 2012 and 2013, only if Castrovilla operations as currently situated achieve EBITDA levels of $870,000, $1,044,000 and $1,252,000, respectively, which did not occur. Mr. Pink was also granted an option to purchase 13,332 shares of Common Stock exercisable for ten years at $1.68 per share exercisable in three equal installments of 4,444 shares which vested on December 31, 2011, 2012 and 2013, respectively.

Effective September 1, 2011, upon the Xnergy and HVAC Controls & Specialties, Inc. Acquisition, 27 employees of Xnergy, Inc. and 11 employees of HVAC Controls & Specialties, Inc. were granted an aggregate of 135,250 incentive stock options with one and three year vesting schedules exercisable for ten (10) years at $1.72 per share.

On October 4, 2011, the Company granted John Pink options to purchase 450,000 shares of Common Stock exercisable at $1.72 per share for ten (10) years with one-third vested upon grant, one-third upon billing of 500 petroleum sites and one-third vested upon billing of an additional 1,000 petroleum sites, the latter of which two-thirds have not vested.

On January 1, 2012, the Company granted Philip Kranenburg options to purchase 1,000,000 shares of Common Stock as described above. As a result of the termination of Mr. Kranenburg s employment, he is currently able to exercise an aggregate of 52,740 options and the remaining 947,260 were returned to Treasury.

On October 16, 2012, the Company granted Edith Vasquez, a Company employee, options to purchase 10,000 shares of Common Stock exercisable at $1.23 per share for ten (10) years with one third-vested at grant and one-third vested annually thereafter.

On December 5, 2012, the Company granted three Xnergy, Inc. employees and one HVAC Controls & Specialties, Inc. employee an aggregate of 175,000 ten (10) year options to purchase Common Stock at $1.27 per share with one-half of the options vested on December 1, 2013 and the other one-half vesting on December 14, 2014.

As a result of the foregoing, there were options to purchase an aggregate of 960,761 shares of Common Stock issued and outstanding as of December 31, 2012.

On August 23, 2013, the Company granted 17 Millennium Power Solutions employees an aggregate of 100,000 incentive stock options with a vesting schedule of 1/3 vested after six months and 1/3 on the anniversary of the initial vesting and 1/3 on the vesting of the second anniversary of the initial vesting, exercisable for ten years at an exercise price of $2.90 per share.

On January 31, 2014, the Company granted Donald R. Kendall, Jr. incentive stock options under the 2009 Equity Incentive Plan to purchase 100,000 shares of Common Stock at $2.00 per share, the price on December 4, 2013 when the purchase price for his company was agreed upon and non-qualified stock options to purchase 1,400,000 shares of Common Stock at $2.00 per share. The incentive stock options vest 50,000 shares on February 28, 2014 and 50,000 shares vest on February 28, 2015. The non-qualified stock options vest 200,000 immediately and 1,200,000 at the end of eight (8) three-month periods in 150,000 share increments commencing upon the third month anniversary date of the date of grant.

As of March 4, 2014, the Company had a total of 2,250,489 options issued and outstanding.

DIRECTOR COMPENSATION

During 2011, 2012 and 2013, the entire Board of Directors consisted of Laird Cagan, Chairman of the Board and Johnny Thomas, Chief Executive Officer. As stated above, the Company believed that Laird Cagan is an independent director, as that term is defined by listing standards of the national securities exchanges and SEC rules. Effective January 1, 2014, the Board of Directors elected Governor Bill Richardson, James A. Kelly and Michael W. Allman, as independent directors, as well as Robert Potts.

Upon his joining the Board of Directors, Laird Cagan was granted 100,000 restricted shares of Common Stock with one-half vested immediately and one-half upon the first anniversary date. Mr. Cagan also entered into a two-year consulting agreement under which he was granted warrants to purchase 500,000 shares of Common Stock (of which 62,500 were assigned to his then employer) exercisable at $1.24 per share (the average closing market price for the prior ten trading days). The warrants vested 62,500 per quarter for the two-year-period beginning on the effective date of the consulting agreement and are exercisable for ten years, as amended. Mr. Cagan also entered into a services agreement dated November 6, 2012, under which he was granted warrants to purchase 1,000,000 shares of Common Stock exercisable at $0.01 per share and are exercisable for ten years. Mr. Cagan was granted ten year warrants exercisable at $0.01 per share to purchase 212,500 shares of Common Stock as equity compensation in conjunction with a $650,000 loan to the Company which has been repaid. Mr. Cagan was granted ten-year warrants as of April 17, 2013, exercisable at $0.01 per share to purchase 1,000,000 shares of Common Stock in consideration of his serving as an emergency financing source. Mr. Cagan was also granted ten-year warrants as of January 1, 2014 exercisable at $.01 per share to purchase 1,000,000 shares of Common Stock in consideration of services rendered. See "Certain Relationships and Related Transactions and Director Independence".

					Change in		
					Pension Value		
					and		
	Fees Earned			Non-Equity	Nonqualified		
	or Paid in	Stock	Option	Incentive Plan	Deferred	All other	
	Cash	Awards	Awards	Compensation	Compensation	Compensation	Total
Name	($)	($)	($)	($)	Earnings	($)	($)
(a)							

(b)

(c)

(d)

(e)

(f)

(g)

(h)

Laird Cagan

$155,448 (1)

$3,634,483(2)

(1)

Consists of accrued interest at the rate of 12% per annum paid to Mr. Cagan pursuant to a demand promissory note dated February 22, 2013 in the amount of $913,147, which includes prior amounts loaned to the Company. Mr. Cagan has never received any cash director s fees from the Company.

(2)

Mr. Cagan was granted ten-year warrants as of April 17, 2013, exercisable at $0.01 per share to purchase 1,000,000 shares of Common Stock in consideration of his serving as an emergency financing source. Mr. Cagan was granted ten-year warrants as of December 19, 2013, exercisable at $0.01 per share to purchase 1,000,000 shares of Common Stock in consideration of his performance as a director.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information as of March 4, 2014 regarding the beneficial ownership of our common stock, by (i) each person or entity who, to our knowledge, owns more than 5% of our common stock; (ii) our executive officers named in the Summary Compensation Table above; (iii) each director; and, (iv) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person s address is c/o Blue Earth, Inc., 2298 Horizon Ridge Parkway, Suite 205, Henderson, NV 89052 Shares of common stock subject to options, warrants, or other rights currently exercisable or exercisable within 60 days of the date of this prospectus, are deemed to be beneficially owned and outstanding for computing the share ownership and percentage of the stockholder holding the options, warrants or other rights, but are not deemed outstanding for computing the percentage of any other stockholder.

	Number of Shares	**Percentage**
Name of Beneficial Owner	**Beneficially Owned**	**Beneficially Owned(1)**
Executive Officers and Directors:		
Johnny R. Thomas	1,132,000 (2)(3)	1.8 %
Laird Q. Cagan	4,105,000(4)	6.4%
Brett Woodard	4,270,000(5)	6.7%
Robert Potts	4,270,000(5)(6)	6.7%
Donald R. Kendall, Jr.	1,780,000(7)	2.8%
William (Bill) Richardson	100,000(8)	*
James A. Kelly	100,000(8)	*
Michael W. Allman	100,000(8)	*
All executive officers and directors as a group eight (8) persons)	13,777,000(2)(3)(4)(5)	19.7%
5% Owners		
Ray Lundberg 1917 Prairie Road Saratoga Springs, UT 84048	4,270,000(5)	6.7%
Broadway Family Group LLC 1350 E. Flamingo Road # 77	4,329,000 (5)(9)	6.8%

Las Vegas, FL 33180 (9)		
Green Planet Consultants LLC		
20533 Biscayne Blvd., Suite 4-321	4,329,000 (5)(9)	6.8%
Miami, FL 33180 (10)		
D. Jason Davis		
2721 Loker Avenue West	3,391,092(12)	5.3%
Carlsbad, CA 92010		
David Lies		
1701 E. Lake Avenue, Suite 260	5,398,559(13)	8.4%
Glenview, IL 60025		

(1) Based on 62,630,652 shares of our common stock outstanding on March 4, 2014. Does not include shares of our common stock issuable upon exercise of outstanding options, warrants and warrants issuable upon grant and full exercise of Series C Warrants or conversion of Preferred Stock.

(2) Represents shares issuable upon exercise of management warrants assigned by Johnny R. Thomas to JRT Trust for which he claims beneficial ownership. Does not include any other warrants or shares issued under warrants issued pursuant to his employment agreement, as amended, and assigned to affiliates for estate planning purposes over which shares he does not have the power to vote or dispose of the shares and accordingly disclaims beneficial ownership. See Executive Compensation above.

(3) Dr. Thomas intends to establish a Rule 10b5-1 Plan under the Exchange Act to sell shares of Common Stock held in the name of JRT Trust. The plan will be implemented when he is not in possession of any material non-public information.

(4) Includes (a) 300,000 shares beneficially owned by Cagan Capital LLC, a company that Mr. Cagan beneficially owns; (b) 100,000 shares beneficially owned by Mr. Cagan s minor children; (c) 100,000 shares received by Mr. Cagan as a director (d) 437,500 warrants issued to Mr. Cagan that are exercisable at $0.01 per share; (e) 1,000,000 warrants exercisable at $0.01 per share issued as of April 17, 2013, in consideration of his serving as an emergency financing source; (f) 955,000 warrants issued under a consulting agreement in November 2012 at an exercise price of $.01 per share, (g) 212,500 warrants exercisable at $0.01 per share issued as compensation for a $650,000 loan to the Company, and (h) 1,000,000 warrants exercisable at $0.01 per share issued as of January 1, 2014 for services rendered as set forth under Certain Relationships and Related Transactions and Director Independence below.

(5) Consists of 3,070,000 shares issued in exchange for shares owned in IPS Engineering, Inc. and also includes 1,200,000 shares issuable upon the exercise of the warrants issued pursuant to employment and consulting agreements dated May 16, 2013, at an exercise price of $1.18 per share and shall vest in accordance with the terms thereof.

(6) The 3,070,000 shares described in Note (5) above were acquired by Robert Potts and assigned to Apiary Investment LLC, an entity of which the reporting person is a principal and beneficially owns.

(7) Does not include an aggregate of 1,500,000 shares of common stock issuable upon exercise of options, none of which are currently exercisable.

(8) Consists of restricted shares issued upon election to the Board of Directors which vest one-half on January 1, 2015 and one-half on January 1, 2016.

(9) Includes 84,000 shares issued under a consulting agreement.

(10) Allison Panos holds the power to vote and dispose of these shares.

(11) Beatrice S. Beke holds the power to vote and dispose of these shares.

(12) Includes 2,824,692 shares of Common Stock held by a trust of which Mr. Davis is the executor and beneficiary, and 566,400 shares of Common Stock issuable upon exercise of currently exercisable warrants held by Mr. Davis exercisable at $1.16 per share.

(13) Consists of (a) 160,000 shares of Series C Preferred Stock convertible into 1,600,000 shares of common stock exclusive of any accrued dividends payable in common stock; (b) 182,000 shares of common stock held by Remanco Inc. of which Mr. Lies is a control person, 8,750 shares held by an IRA account and 3,507,609 shares held by Mr. Lies directly; and (c) 100,000 shares issued upon exercise of consulting warrants held by Mr. Lies. Does not include 800,000 shares issuable upon exercise of Class A warrants issued in connection with the Company s Series C Preferred Stock Offering; 1,310,720 shares issuable upon exercise of Class B warrants which Mr. Lies and the Company have entered into a Blocking Amendment to such warrants, and 333,333 shares held in escrow by the Company pursuant to a promissory note and pledge agreement entered into by Mr. Lies. Mr. Lies does not have the power to vote and dispose of shares under the Blocking Amendment.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as set forth below, during the past three years, there have been no transactions, whether directly or indirectly, between the Company and any of its officers, directors and 5% or greater shareholders, or their family members.

Employment Agreements/Warrants

The Company has entered into substantively similar employment agreements effective September 1, 2010, as last amended on August 5, 2013, with Dr. Johnny R. Thomas as Chief Executive Officer and President and John Francis as Vice President of Corporate Development and Investor Relations. Pursuant to their contracts, Messrs. Thomas and Francis were each awarded warrants to purchase 1,000,000 shares of Common Stock in August 2010; 1,000,000 warrants in April 2013 and 1,000,000 warrants to Dr. Thomas and 400,000 warrants to Mr. Francis in August 2013 and 200,000 warrants to Mr. Francis in October 2013, as set forth above under Executive Compensation - Employment Agreements.

On April 19, 2013, the Board of Directors awarded ten-year warrants to Laird Cagan, Johnny R. Thomas and John C. Francis, to each purchase 1,000,000 shares of Common Stock at $0.01 per share, with a combined value of $3,717,865. The warrants issued to Johnny R. Thomas and John C. Francis were issued in consideration of the early exercise and/or assignment (without compensation) of management warrants granted to them in September 2010. The Warrants were assigned and exercised by non-affiliated third parties to assist the Company with its cash flow needs. An aggregate of approximately $1,734,000 was paid to the Company and zero cash was received by Johnny R. Thomas, John C. Francis or their affiliates. Since all of the prior warrants were assigned and/or exercised, Messrs. Thomas and Francis did not increase their ownership position through the grant of new warrants. Mr. Cagan s warrants were awarded in consideration of his serving as an emergency funding source and having relinquished his first lien position on Orange Center and Sun Valley projects to the Company s senior lender.

Effective May 16, 2013, upon the Company s acquisition of IPS Engineering, Inc., the Company entered into substantially similar five-year employment agreements with Robert Potts and Brett Woodard as Chief Operating Officer and Chief Financial Officer of the Company, respectively. The Company also entered into a substantially similar five-year employment agreement with Ray Lundberg, to serve as a non-executive officer of the Company. Each of these three officers were granted ten-year warrants to purchase 1,200,000 shares of Common Stock exercisable at $1.18