

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Innovative Composites International Inc. (the "Issuer").

Trading Symbol: IC

Number of Outstanding Listed Securities: 83,216,627

Date: October 31, 2013

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Headquartered in Toronto, Canada, Innovative Composites International Inc. is a high-tech engineering and manufacturing company whose goal is to utilize its proprietary "green" composite materials and building systems to provide innovative, engineered product solutions to markets that include automotive and transportation, shelters and containers, construction and housing, and industrial applications.

The board and management of ICI are excited and encouraged by the combination of events summarized below. A lot has been accomplished in a very short time frame. The Company continues to manage its cash flow and margins aggressively to ensure that it is able to translate its sales progress into bottom line success. Management is pleased to successfully complete its first phase of business development and now turning its attention to the many opportunities that have presented themselves to ICI in each of our target industries.

2. Provide a general overview and discussion of the activities of management.

During the month of October, Management has been focused on closing its Tranche II debenture financing in the amount of \$1.1mm, working with the State of Michigan to secure a line of credit of \$1.5mm for working capital purposes, securing additional sales contracts from not only existing clients but also new ones, completing a new high value add product for a new Canadian client. In addition it has continued its aggressive cash management. The efficient operation of its plants has also been a critical focus with specific review of its inputs with regard to COGS and resulting gross margins by client.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Oasis International Inc. ("Oasis") is a new customer this month. The CEO of Oasis is also the CEO of ICI. This month marks the first project to market, and is further validation of the ICI product application. ICI has successfully delivered a unique, flexible retail space to Oasis for PlayStation 4 in the month of October across three locations including Montreal, Calgary and Scarborough.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

The Company has provided to Oasis its proprietary composite materials to be used in the creation of flexible retail environments. The first project this month was a success and the Company is currently analysing how it may broaden its relationship with Oasis in an attempt to bring higher value added products into its production process.

Oasis in conjunction with LS Travel Retail North America is actively involved in building out and the re-furbishing of transportation hubs including; 4,000 Airport retail and premium branded mobile pop up locations, plus 600 train stations globally. Oasis is a company owned and controlled by ICI CEO Mark Rivers.

Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

The Company successfully renegotiated agreements with both its Landlord in South Carolina and its creditor in relation to royalties pertaining to the Eleison acquisition. See point 12 below for greater detail.

6. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None

7. Describe the acquisition of new customers or loss of customers.

The Company has a diversified client base of 13 global customers across the automotive, transportation and industrial market segments. Many of these clients provide spot purchases through Purchase Orders (PO's) rather than fixed long-term contracts. However the history of the client base, the consistency of purchase orders and reliable volume support the Company's sales forecasts going forward across various sectors. Recent developments include:

HVAC

In July 2013 the Company's product was recognized as "innovative design of the year" at the 2013 dealer design awards for refrigeration. Confirmed purchase orders in the HVAC industry space continue.

Industrial Applications

The Company's highway barrier product received product approval from the North Carolina Department of Transportation in 2012. These panels are a unique and cost effective highway noise reduction solution that can be installed between traditional steel I-beams, concrete or glulam columns. ICI has worked with its key client who supplies the NC DOT since March 2012, supplying the Company's patented RMORskin product to the outside panels of their highway fencing; however most recently the Company has provided custom lamination services that are more efficient, faster and less expensive than previous solutions. As a result, this month, ICI was awarded their largest purchase order in in the Company's history.

8. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

The Company continues to allocate funds to support its on-going IP portfolio ensuring that relevant patents and trademarks are up to date with regard to key filings and submissions.

9. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

The Company continues to monitor its direct labor and indirect labor at both plant locations and gained approval from suppliers to allow production to take place in either facility. This provides for greater flexibility and utilization of the workforce.

10. Report on any labour disputes and resolutions of those disputes if applicable.

Nothing Material

11. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Approximately \$1.009 million of the Tranche 2 debenture offering was used in satisfaction of existing debts of the Company and specifically to eliminate the last remaining core threats to the business from creditors. Management was successful in converting concerned creditors into partners specifically:

The Company has successfully renegotiated the South Carolina Lease Agreement including: (i) applying security deposit funds to accrued amounts and then rolling in the balance plus 3 months of future rent for a total of \$400k (ii) eliminating annual rent increases and capping rent at \$3.61psf (iii) securing a sub tenant for 40,000sf and gaining Dana's approval to allow the sub tenant (iv) structuring of a performance incentive tied to share price that can potentially eliminate go forward rent.

The Company has successfully renegotiated the Eleison Royalty Payment Agreement including: (i) rolling in the accrued royalty of \$400k plus \$100k of future royalty payments (ii) extending the time to pay the remaining royalty payments from 2014 to 2015 and 2016 (iii) structuring of a performance incentive tied to share price that can be applied to future royalty payments assisting in reducing or eliminating these payments.

13. Provide details of any securities issued and options or warrants granted.

The Company has closed its tranche 2 offering of convertible debentures for an aggregate principal amount of \$1,129,000. The Debentures bear interest at a rate of 10% per annum and are convertible into common shares of the Company at a conversion price of \$0.03. Tranche 2 Debenture holders have been provided with the same security that was provided to Tranche 1 Debenture holders, being a first priority security interest over all of the assets of the Company, with subordination for accounts receivable and inventory financings. The Company has the right to prepay the Debentures upon payment of an additional three month's interest, although Debenture holders will have the right to convert should the Company seek to exercise its prepayment rights. The Debentures were issued pursuant to a trust indenture with Olympia Transfer Services Inc. ("Olympia") acting as trustee thereunder, and the Tranche 2 Debentures were also issued pursuant to a supplemental trust indenture with Olympia dated today.

Subscribers in the Offering received 1,600 share purchase warrants for every \$1,000 of principal subscribed for, each such warrant entitling the holder to purchase one additional share at a purchase price of \$0.05 for a period of two years (the "Warrants"). A total of 1,806,400 Warrants were issued in connection with the closing of the Tranche 2 Debentures today, and an aggregate total of 5,033,400 Warrants have been issued pursuant to the Offering. The Offering was non-brokered. Approximately \$1.009 million of the Tranche 2 Debentures were issued in satisfaction of existing debts of the Company, and the remaining cash proceeds (being \$120,000) shall be used for general working capital purposes. Finder's fees equal to 3% of cash subscribers sourced were paid to certain arm's length third parties. Subscribers consisted of management, existing shareholders, new shareholders, and two large suppliers from the manufacturing sector.

14. Provide details of any loans to or by Related Persons.

None

15. Provide details of any changes in directors, officers or committee members.

None

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

COMMUNICATION: Regular press releases highlighting news and performance will assist in engaging shareholders as well as generating activity and interest in the Company's stock.

FIRE RETARDANT: The Company has invested over \$800k in the commercialization of a Fire Retardant Agent that addresses a large market in the USA, Canada and Australia. This provides various opportunities to finance and bring to market.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNQ Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated the 7th day of November, 2013

Mark Rivers
Name of Director or Senior Officer


Signature

CEO
Official Capacity

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| <i>Issuer Details</i> <i>Innovative Composites International Inc.</i> | For Month End: October | Date of Report 13/11/06: |
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