

# **REG TECHNOLOGIES INC.**

## **NOTICE OF MEETING**

**AND**

## **MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS**

**To be held on Monday, November 19, 2012**



# REG TECHNOLOGIES INC.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** an annual and special meeting (the "**Meeting**") of the shareholders of Reg Technologies Inc. (the "**Corporation**") will be held at Suite 240 – 11780 Hammersmith Way, Richmond, British Columbia on Monday, November 19, 2012 at 11:00 a.m. (Pacific time) for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the fiscal year ended April 30, 2012, together with the report of the auditors thereon;
2. to set the number of directors at four (4);
3. to elect the directors for the forthcoming year;
4. to consider and if deemed advisable, to pass, with or without variation, a resolution to appoint ACAL Group., Chartered Accountants as auditors of the Corporation and to authorize the directors of the Corporation to fix the auditors' remuneration and the terms of their engagement;
5. to consider, and if thought fit, to pass an ordinary resolution to re-approve the Corporation's Incentive Stock Option Plan, as described in the Information Circular;
6. to consider, and if thought fit, to pass a special resolution to amend certain sections of the Corporation's Articles;
7. to consider, and if thought fit, to pass a special resolution to increase the authorized capital of the Corporation; and
8. to transact such further or other business as may properly come before the Meeting or any adjournment thereof.

The details of the matters proposed to be put before the Meeting is set forth in the management information circular accompanying this Notice, which is supplemental to and expressly made a part of this Notice. Shareholders of record as of the close of business on October 15, 2012 (the record date) will be entitled to vote at the Meeting and at any adjournment or adjournments thereof.

**DATED** at the City of Vancouver, in the Province of British Columbia, as of the 23<sup>rd</sup> day of October, 2012.

By Order of the Board of Directors  
of **REG TECHNOLOGIES INC.**

*/s/ John G. Robertson*

*John G. Robertson*

President

**SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING ARE REQUESTED TO COMPLETE AND DEPOSIT THE ENCLOSED FORM OF PROXY OR OTHER APPROPRIATE FORM OF PROXY WITH THE CORPORATION'S TRANSFER AGENT, COMPUTERSHARE INVESTOR SERVICES INC., 3<sup>RD</sup> FLOOR, 510 BURRARD STREET, VANCOUVER, BRITISH COLUMBIA, V6C 3B9, ATTENTION: PROXY DEPARTMENT, OR BY INTERNET VOTING ON COMPUTERSHARE'S WEBSITE AT [WWW.INVESTORVOTE.COM](http://WWW.INVESTORVOTE.COM) SUCH THAT IT IS RECEIVED AT LEAST 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS IN THE PROVINCE OF BRITISH COLUMBIA) PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT THEREOF, IN DEFAULT OF WHICH IT MAY BE TREATED AS INVALID. IN ORDER TO BE REPRESENTED BY PROXY, SHAREHOLDERS MUST COMPLETE AND SUBMIT THE ENCLOSED FORM OF PROXY OR OTHER APPROPRIATE FORM OF PROXY.**

*If you are a non-registered shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.*



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# REG TECHNOLOGIES INC.

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## MANAGEMENT INFORMATION CIRCULAR

### GENERAL PROXY INFORMATION

#### SOLICITATION OF PROXIES

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of management of Reg Technologies Inc. (the "Corporation") for use at the annual and special meeting of shareholders of the Corporation (the "Meeting") to be held on Monday, November 19, 2012, at 11:00 a.m. (Pacific time), or any adjournment thereof, at Suite 240 – 11780 Hammersmith Way, Richmond, British Columbia, V7A 5E9 for the purposes set out in the accompanying notice of meeting (the "Notice of Meeting").

The solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally, by telephone or other telecommunication by the directors, officers and certain employees of the Corporation at nominal cost. Banks, brokers, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to beneficial owners, and the Corporation will reimburse such persons for reasonable out-of-pocket expenses incurred by them in this connection. The expenses of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Corporation.

All information in this Circular is given as at October 23, 2012, unless otherwise indicated.

In this Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

#### Q&A ON PROXY VOTING

**Q: What am I voting on?**

A: Shareholders are voting on: (i) the election of directors to the board of directors of the Corporation (the "**Board**") for the forthcoming year; (ii) the appointment of auditors for the Corporation for the forthcoming year and the authorization of the directors of the Corporation to fix their remuneration and the terms of their engagement; (iii) the ratification and approval of the Corporation's existing stock option plan (the "**Stock Option Plan**"); (iv) the amendment to the Articles of the Corporation (the "**Articles Amendment**"); (v) an increase to the Corporation's authorized Capital (the "**Alteration**").

**Q: Who is entitled to vote?**

A: Shareholders as of the close of business on October 15, 2012 (the "**Record Date**") are entitled to vote at the Meeting and at any adjournments thereof. Each Common Share is entitled to one vote on those items of business identified in the Notice of Meeting.

**Q: How do I vote?**

A: There are several ways you can vote your Shares if you are a registered shareholder:

- (i) By attending the Meeting and voting;
- (ii) *By mail or fax*: complete, date and sign the enclosed form of proxy and return it to the Transfer Agent by fax within North America at 1-866-249-7775 (toll-free); or outside North America at

416-263-9524 (not toll-free), or by mail or by hand to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;

- (iii) *By phone:* using a touch-tone phone to transmit voting choices to 1-866-732-8683. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed form of proxy for the toll-free number, the Shareholder's account number and the proxy access number; or
- (iv) By using the internet through the website of the Corporation's transfer agent's website, [www.investorvote.com](http://www.investorvote.com); provided that you follow the instructions that appear on the screen and refer to the enclosed form of proxy for the holder's account number and the proxy access number.

In all cases please ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

If your Shares are held in the name of a nominee, please refer to the answer to the question "*What if my Shares are held through a brokerage account?*" to determine how you may vote your Shares.

**Q: What if I plan to attend the Meeting and vote in person?**

A: If you are a registered shareholder and plan to attend the Meeting on November 19, 2012 and wish to vote your Shares in person at the Meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the Corporation's transfer agent, Computershare Investor Services Inc., upon arrival at the Meeting. If your Shares are held in the name of a nominee and you wish to attend the Meeting, refer to the answer to the question "*What if my shares are held through a brokerage account?*" for voting instructions.

**Q: Who is soliciting my proxy?**

A: **The enclosed form of proxy is being solicited by management of the Corporation** and the associated costs will be borne by the Corporation. The solicitation will be made primarily by mail but may also be made personally, by telephone or other telecommunication by the directors, officers and certain employees of the Corporation.

**Q: What happens if I sign the form of proxy enclosed with this Circular?**

A: Completing the enclosed form of proxy gives authority to John G. Robertson, Chief Executive Officer, President and a director of the Corporation, or failing him, Susanne Robertson, a director of the Corporation, respectively, or to another person you have appointed, to vote your Shares at the Meeting.

**Q: Can I appoint someone other than these representatives to vote my Shares?**

A: Yes. **Write the name of this person, who need not be a shareholder of the Corporation, in the blank space provided in the form of proxy and return the proxy to the Corporation's transfer agent.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your Shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of Computershare Investor Services Inc.

**Q: If I change my mind, can I take back my proxy once I have given it?**

A: Yes. A registered shareholder who completes a proxy has the power to revoke it (to the extent that it has not been exercised) by depositing a written statement to that effect executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting, by telephonic or electronic means, a revocation that is signed by electronic signature, or, if the shareholder is a corporation,

by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (i) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If such written instrument is deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy;
- (ii) with the Corporation's registrar and transfer agent, Computershare Investor Services Inc., by mail or by hand delivery at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, BC, V6C 3B9, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof; or
- (iii) in any other manner permitted by law.

A registered shareholder who has revoked a proxy may submit another form of proxy bearing a later date and duly depositing the same as described above in the answer to the question "*What do I do with my completed proxy?*"

A non-registered holder may revoke a voting instruction or a waiver of the right to receive the meeting materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

**Q: How will my Shares be voted if I give my proxy?**

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Shares, or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Shares to be voted on a particular issue, then your proxyholder must vote your Shares accordingly. If you have not specified on the form of proxy how you want your Shares to be voted on a particular issue, then your proxyholder can vote your Shares as he or she sees fit. **IN THE ABSENCE OF SUCH DIRECTIONS, HOWEVER, YOUR SHARES WILL BE VOTED IN FAVOUR OF: (I) THE ELECTION OF MANAGEMENT'S NOMINEES FOR DIRECTORS NAMED IN THIS CIRCULAR; (II) THE APPOINTMENT OF AUDITORS; (III) THE RATIFICATION AND APPROVAL OF THE STOCK OPTION PLAN; (IV) THE ARTICLES OF AMENDMENT; AND (V) THE ALTERATION.**

**Q: What if amendments are made to these matters or if other matters are brought before the Meeting?**

A: **The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.**

As of the date of this Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

**Q: How many Shares are entitled to vote?**

A: On the Record Date, there were 34,883,793 Common Shares issued and outstanding. Each shareholder has one vote for each Common Share held at the close of business on the Record Date.

**Q: How will the votes be counted?**

A: Unless otherwise required by law, each question brought before the Meeting is determined by a majority of votes cast on the question. In the case of equal votes, the Chairman of the Meeting is not entitled to a second or casting vote.

**Q: Who counts the votes?**

A: The Corporation's transfer agent, Computershare Investor Services Inc., counts and tabulates the proxies. This is done independently of the Corporation to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

**Q: What if my Shares are held through a brokerage account?**

A: If Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Shares will more likely be registered in the name(s) of the Shareholder's broker or agent of that broker (an "**Intermediary**"). Other Intermediaries include, but are not limited to, banks, trust companies, securities dealers, and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans. An Intermediary, in turn, may register Shares in the name of a clearing agency, such as CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms, or under the name of Cede & Co., which is the nominee for The Depository Trust Company, a depository for many United States brokerage firms and custodian banks.

Intermediaries are required to forward copies of proxy-related materials ("**AGM Materials**") to all Non-Registered Shareholders to seek voting instructions to ensure that all Company shareholders have the opportunity to direct the voting of their Shares. Non-Registered Shareholders have the opportunity to either:

- (a) receive a form of proxy that has already been signed by the Intermediary (usually, by a stamped, facsimile signature) that is restricted to the actual number of Shares owned by the Non-Registered Shareholder, but that is otherwise incomplete. Because the form of proxy has already been signed by the Intermediary, it does not need to be signed by the Non-Registered Shareholder. The completed and signed proxy must then be deposited with the Transfer Agent in the manner described below; or
- (b) receive a voting instruction form (a "**VIF**"), which form is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder, constitutes voting instructions that the Intermediary must follow. In order for the VIF to be considered a valid proxy authorization, the Non-Registered Shareholder must: (i) affix to the VIF the label provided that contains bar-code and other information; (ii), properly complete the VIF; and (iii) return the VIF to the Intermediary or its service company, typically Broadridge Financial Solutions, Inc.

An "**objecting beneficial owner**" or an "**OBO**" is a beneficial, Non-Registered Shareholder who has objected to its name being made known to the Corporation, while a "**non-objecting beneficial owner**" or a "**NOBO**" is a beneficial, Non-Registered Shareholder who has not objected to this information being available to the Corporation. The Corporation may obtain a list of NOBO Shareholders from Intermediaries and distribute AGM Materials directly to such NOBOs.

## VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The authorized capital of the Corporation consists of 50,000,000 Common Shares without par value, 10,000,000 Preferred Shares, with a par value of \$1.00 and 5,000,000 Class "A" Non-voting Shares without par value. As of the



date of this Circular, 34,883,793 Common Shares were issued and outstanding. Each Common Share is entitled to one vote. The Corporation will prepare or cause to be prepared, a list of shareholders (the "Shareholders List") entitled to receive notice of the Meeting not later than ten days after the Record Date. At the Meeting, the holders of Common Shares shown on the Shareholders List will be entitled to one vote per Common Share held shown opposite their names on the Shareholders List.

The outstanding Common Shares are listed for trading on the TSX Venture Exchange (the "TSX-V") under the symbol RRE.

At the close of business on the Record Date, 34,883,793 Common Shares were issued and outstanding. To the knowledge of our directors and officers, there are no persons or companies who or which beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of our Common Shares on that date, other than as set forth below.

Name of Shareholder	No of Common Shares Owned	Percentage of Outstanding Common Shares
Susanne Robertson	5,067,728 <sup>(1)</sup>	14.53%
John G. Robertson	5,221,404 <sup>(2)</sup>	14.97%

(1) Consisting of 639,975 Common Shares held directly; 4,427,753 Common Shares held indirectly by SMR Investments, Ltd.

(2) Consisting of 2,203,769 Common Shares held directly; 1,118,530 Common Shares held indirectly by Access Information Services, Inc., 1,392,905 Common Shares held indirectly by JGR Petroleum, Inc. and 506,200 Common Shares indirectly held by Rainbow Networks Ltd.

As of the date hereof, the directors and executive officers of the Corporation, as a group, owned beneficially, directly or indirectly, or exercised control or direction over, approximately 10,289,132 Common Shares, representing approximately 29.50% of the outstanding Common Shares.

## VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein, except where stated to be a special resolution of the shareholders, in which case a two-thirds (2/3) majority of affirmative votes is required to be cast at the Meeting in order to pass a special resolution.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. FINANCIAL STATEMENTS

The consolidated audited financial statements of the Corporation for the year ended April 30, 2012, together with the report of the auditors thereon, will be presented to the shareholders at the Meeting for their review and consideration.

### B. ELECTION OF DIRECTORS

The Articles of the Corporation provide that the Corporation shall have a minimum of three directors. The number of directors has previously been fixed by the Corporation's board of directors ("**Board**") at four. Accordingly, shareholders will be asked to elect four directors at the Meeting. Each director elected will hold office until the next annual meeting or until his successor is appointed, unless his office is earlier vacated in accordance with the *Business Corporations Act* (British Columbia) (the "**BCA**") and the Articles of the Corporation.

All of the nominees are currently members of the Board and have been since the dates indicated below. Management does not contemplate that any of the nominees will be unable to serve as a director. **However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote FOR the election of all of the nominees whose names are set forth below unless otherwise instructed to withhold from voting thereon on a properly executed and validly deposited proxy.**

The following table sets forth certain information concerning management's nominees for election as directors, including the approximate number of Common Shares beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction.

Name of Proposed Nominee, Province and Country of Residence	Principal Occupation	Director Since	Current Position(s) with the Corporation	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed <sup>(1)</sup>
<b>John George Robertson</b> British Columbia, Canada	President of Linux Gold Corp.; President of SMR Investments Ltd.; President of Teryl Resources Corp.; President of REGI U.S. Inc.; President of IAS Energy, Inc.; President of Minewest Silver and Gold Inc.	1982	President, Secretary and Director	5,221,404 <sup>(3)</sup>
<b>Susanne Robertson</b> <sup>(2)</sup> British Columbia, Canada	Director of Teryl Resources Corp.; Director of SMR Investments Ltd.; Director of Linux Gold Corp.	1984	Director	5,067,728 <sup>(4)</sup>
<b>James Vandenberg</b> <sup>(2)</sup> Washington, USA	Attorney; CFO of REGI U.S. Inc. and CFO of IAS Energy, Inc.	2004	Chief Financial Officer and Director	Nil
<b>Suzan El-Khatib</b> <sup>(2)</sup> British Columbia, Canada	Attorney; Director of Teryl Resources Corp. and director of Linux Gold Corp.	2011	Director	Nil

Notes:

- (1) The information as to Common Shares beneficially owned, not being within the knowledge of the Corporation, has been obtained from SEDI or furnished by the proposed directors individually. Does not include Shares issuable upon exercise of options or warrants.
- (2) Member of the audit committee of the Board (the "**Audit Committee**").
- (3) Consists of 2,203,769 Common Shares held directly, 1,118,530 Common Shares held indirectly by Access Information Services, Inc., 1,392,905 Common Shares held indirectly by JGR Petroleum, Inc. and 506,200 Common Shares held indirectly by Rainbow Networks Ltd.
- (4) Consists of 639,975 Common Shares held directly, and 4,427,753 Common Shares held indirectly by SMR Investments, Ltd.

All of the nominees set forth above have previously been elected directors of the Corporation at a shareholders' meeting for which a proxy circular was issued with the exception of Suzan El-Khatib. Pursuant to the requirements of applicable securities legislation, set forth below is additional biographical information for Ms. El-Khatib as she was first appointed as a director during the fiscal year ended April 30, 2012.

**Suzan El-Khatib** - Ms. El-Khatib has been a director since April, 2011. Ms. El-Khatib began her career at Bull, Houser Tupper LLP and moved on to a boutique firm before joining Wiebe Douvelos Wittmann LLP. She advises and acts for both individual and corporate clients on a broad variety of matters including corporate governance and commercial litigation. Ms. El-Khatib has experience as a corporate solicitor and as a litigator, appearing at all levels of court. She is a current member of the Law Society of British Columbia, the Canadian Bar Association, and the Trial Lawyers Association of British Columbia. Ms. El-Khatib has been a director of Linux Gold Corp. since April, 2011 and a director of Teryl Resources Corp. since April, 2011.

#### **Orders, Penalties and Bankruptcies**

To the knowledge of the Corporation and other than as set forth below, none of the foregoing nominees for director of the Corporation:

- (a) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director, CEO or CFO of any company (including the Corporation) that:
  - (i) was subject of a cease trade or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**order**") and that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity of director, CEO or CFO,
- (b) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including the Corporation), that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### **Cease Trade Orders**

On December 6, 2011 the British Columbia Securities Commission ("BCSC") issued a cease trade order against Teryl Resources Corp. ("Teryl"), a company with related directors and officers, for failure to file its interim unaudited financial statements and related Management's Discussion & Analysis ("MD&A"). The CTO was revoked on December 12, 2012 following the filing of its interim financial statements and related MD&A. In addition, Teryl received notification from the TSX Venture Exchange ("TSX.V") that it had suspended trading in Teryl's shares as a result of the CTO. The TSX.V concluded its reinstatement review to ensure Teryl had satisfactorily complied with its requirements and reinstated Teryl's shares for trading on January 27, 2012.

On September 4, 2009, the BCSC issued a cease trade order against us for failure to file our annual audited financial statements and related MD&A. We filed the required documents on SEDAR on September 11, 2009, to comply with the requirements to rectify the continuous disclosure deficiencies and the cease trade order was revoked by the BCSC on September 15, 2009.

On September 4, 2009, the BCSC issued a cease trade order against IAS Energy, Inc. ("IAS"), a company with related directors and officers, for failure to file its annual audited financial statements and related MD&A. The cease trade order was revoked on September 16, 2009 following filing of its annual financial statements and related MD&A. On October 2, 2009, a cease trade order was issued by the BCSC against IAS for failure to file its interim unaudited financial statements for the three months ended July 31, 2009. The cease trade order was revoked on November 30, 2009 following filing of its annual financial statements and related MD&A. On January 1, 2010, a cease trade order was issued by the BCSC against IAS for failure to file its interim unaudited financial statements for the six months ended October 31, 2009. The cease trade order was revoked on January 18, 2010 following filing of its interim financial statements and related MD&A. On September 7, 2010, the BCSC issued a cease trade order against IAS for failure to file its annual audited financial statements and related MD&A. The cease trade order was revoked on October 8, 2010 following filing of its annual financial statements and related MD&A. On September 8, 2011, the BCSC issued a cease trade order against IAS for failure to file its annual audited financial statements and related MD&A.

On September 9, 2008, the BCSC issued a cease trade order against the Corporation for failure to file our annual audited financial statements and related MD&A. We filed the required documents on SEDAR on September 22, 2008, to comply with the requirements to rectify the continuous disclosure deficiencies and the cease trade order was revoked by the BCSC on September 24, 2008.

On December 3, 2007, the BCSC issued a cease trade order against Linux Gold Corp. ("Linux"), a company with related directors and officers, for failure to file a technical report and non-compliant disclosure. The BCSC staff found that the technical report filed on SEDAR on February 22, 2006 was not prepared by a qualified person. The BCSC also found that Linux's disclosure in the offering memorandum dated April 5, 2007 did not disclose repayment of debt to related parties. Linux filed the required documents on SEDAR to comply with the requirements to rectify the continuous disclosure deficiencies and the cease trade order was revoked by the BCSC on February 8, 2008.

Other than as set forth above, to the knowledge of the Corporation, no nominee for director of the Corporation has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **C. APPOINTMENT OF AUDITORS**

Shareholders will be requested to appoint ACAL Group, Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix their remuneration and the terms of their engagement.

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the appointment of ACAL Group, Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors' remuneration and the terms of their engagement, unless the shareholder has specified in a proxy that his, her or its Common Shares are to be withheld from voting in respect thereof.**

### **D. RATIFICATION OF STOCK OPTION PLAN**

Shareholders of the Corporation will be asked to consider and, if deemed appropriate, to pass a resolution ratifying and approving the Stock Option Plan pursuant to the policies of the TSX-V. TSX-V policy requires annual approval by shareholders for all companies that have adopted a rolling stock option plan.

Additional information regarding the Stock Option Plan, including restrictions on grants of stock options, is set out below under the heading "*Securities Authorized for Issuance under the Equity Compensation Plan*".

The text of the resolution ratifying and approving the Stock Option Plan is as follows, subject to any amendments, variations or additions as may be approved at the Meeting:

#### **RESOLVED:**

- (1) The Stock Option Plan as set forth in Schedule "A" to this Circular, is hereby ratified and approved.
- (2) Any officer or director of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to do all things and execute and deliver all such agreements, documents and instruments necessary or desirable in connection with the foregoing resolution.

**To be approved, the affirmative vote of a majority of the votes cast on the resolution is required. The Board recommends that shareholders vote FOR the ratification and approval of the Incentive Stock Option Plan. The persons named in the accompanying form of proxy intend to vote FOR the resolution, unless otherwise instructed on a properly executed and validly deposited proxy.**

## **E. AMENDMENT OF ARTICLES**

At the Meeting, shareholders will be asked to consider a special resolution to approve the Amendment to the Corporation's Articles. The Amendment is considered necessary to ensure that the Corporation's corporate charter facilitates the use of uncertificated shares and electronic record keeping systems currently in use worldwide and which are being increasingly adopted in Canada.

The Amendment is necessary as a result of amendments to the BCA, which permit the use of electronic record-keeping and uncertificated securities. The Amendment is intended to modernize the Corporation's corporate charter to more readily permit the use of uncertificated shares and electronic trading.

The material concerns arising from the amendments to the BCA and which are reflected in the proposed Amendment include the following:

1. If the Common Shares of which a shareholder is the registered owner are not uncertificated shares, such shareholder will be entitled either to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate. Shareholders holding uncertificated shares will receive written notice of any issue or transfer of those shares.
2. Currently, the Articles provide that for a share transfer to be effective the Corporation must receive a "duly signed instrument of transfer". In electronic delivery, in certain circumstances where transfers are effected by brokers on behalf of their clients, a signed instrument of transfer is not provided to the Corporation. The amendments permit the transfer of shares to occur upon receipt by the Corporation or its transfer agent of a written instrument of transfer.
3. Currently, the Articles provide that the instrument of transfer must be in the form approved by the directors. The amendments make the acceptance of the form of instrument of transfer by providing that the instrument of transfer be in a form either approved by the directors or by the transfer agent and registrar of the Corporation.

A complete copy of the proposed amended Articles, including all deletions and additions, will be available for review at the Meeting.

At the Meeting, or any adjournment thereof, Shareholders will be asked to consider and, if though fit, pass, with or without variation, the following special resolution approving the altering of the Corporation's Articles in the manner set forth in Schedule "C" to this Information Circular.

### **RESOLVED:**

- (1) pursuant to section 259(6) of the *Business Corporations Act* (British Columbia), the existing Articles of the Corporation be altered, substantially in the form as set out in Schedule "C" to the Information Circular for the Meeting, subject to such non-material requirements as may be reasonably required by legal counsel or the regulatory authorities;
- (2) any director or officer of the Corporation be authorized to execute and deliver under the seal of the Corporation or otherwise all such documents and to do all such other acts or things necessary or advisable in connection with such alterations to the Corporation's Articles, the execution of any such document or the doing of any such other act or thing by any director or officer of the Corporation being conclusive evidence of such determination; and
- (3) the directors of the Corporation have the right to revoke this resolution."

**The Amendment requires approval of the shareholders by way of a special resolution which must be passed by not less than two-thirds (2/3) of the votes cast by the shareholders who voted on that resolution at the**

**Meeting either in person or by proxy. The Board recommends that shareholders vote FOR the Amendment. The persons named in the accompanying form of proxy intend to vote FOR the resolution, unless otherwise instructed on a properly executed and validly deposited proxy.**

**The above special resolution, if passed, will become effective immediately upon the amended Articles, together with the signed Minutes approving the Articles as amended, being filed in the Corporation's corporate records book.**

#### **F. ALTERATION OF CAPITAL**

At the Meeting, shareholders will be asked to consider a special resolution to increase the authorized capital from:

- 50,000,000 Common Shares, without par value, to an unlimited number of Common Shares, without par value,
- 10,000,000 Preferred Shares, with a par value of \$1.00 to an unlimited number of Preferred Shares with a par value of \$1.00; and
- 5,000,000 Class "A" Non-voting Shares, without par value to an unlimited number of Class "A" non-voting Shares, without par value,

(collectively the "**Alteration**)

An increase to an unlimited authorized capital will provide the Corporation maximum flexibility to pursue its corporate objectives without incurring the expense of seeking shareholder authorization to amend its share capital further. The Corporation will remain subject to the policies of the TSX-V in respect of any new issuances of shares.

**"RESOLVED, as a special resolution, that:**

- (1) the authorized share capital of the Corporation be altered by increasing the authorized number of Common Shares without par value from 50,000,000 to an unlimited number;
- (2) that authorized share capital of the Corporation be altered by increasing the authorized number of Preferred Shares with a par value of \$1.00 from 10,000,000 to an unlimited number;
- (3) that authorized share capital of the Corporation be altered by increasing the authorized number of Class "A" Non-voting Shares without par value from 5,000,000 to an unlimited number;
- (4) the Notice of Articles of the Corporation be altered to reflect the alterations authorized by paragraphs 1 to 3 of this resolution;
- (5) any director or officer of the Corporation be authorized to execute and deliver under the seal of the Corporation or otherwise all such documents and to do all such other acts or things necessary or advisable in connection with such alterations to the Corporation's Articles, the execution of any such document or the doing of any such other act or thing by any director or officer of the Corporation being conclusive evidence of such determination; and
- (6) the directors of the Corporation have the right to revoke this resolution."

**The alteration requires approval of the shareholders by way of a special resolution which must be passed by not less than two-thirds (2/3) of the votes cast by the shareholders who voted on that resolution at the Meeting either in person or by proxy. The Board recommends that shareholders vote FOR the Alteration. The persons named in the accompanying form of proxy intend to vote FOR the resolution, unless otherwise instructed on a properly executed and validly deposited proxy.**

## OTHER BUSINESS

While management of the Corporation is not aware of any business other than that mentioned in the Notice of Meeting to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

The primary goal of our executive compensation program is to attract and retain the key executive necessary for our long term success, to encourage executives to further our development and our operations and to motivate top quality and experienced executives. The key elements of our executive compensation program are: (1) base salary; (ii) potential annual incentive award; and (iii) incentive stock options. Our directors are of the view that all elements of the total program should be considered, rather than any single element.

Our executive officers make recommendations to the Board regarding compensation policies and the compensation of senior officers. We do not have a Compensation Committee. The compensation of the senior executives comprises two components; namely, a base salary or consulting fees and the grant of stock options pursuant to our stock option plan. These forms of compensation are chosen to attract, retain and motivate the performance of selected directors, officers, employees or consultants of high caliber and potential. Each senior executive is employed for his or her skills to perform specific tasks and the base salary and number of options is fixed accordingly.

Senior executives generally enter into an employment agreement, with standard clauses covering salaries, termination and change of control provisions. The highlights of the employment agreements for the NEOs are outlined below under the section entitled "Management Contracts".

#### **Stock-Based Compensation**

Under the terms of the current Stock Option Plan, the Board or a committee of the Board may grant incentive stock options to the Corporation's directors, officers, employees and consultants to purchase Common Shares. The purpose of options is to provide a direct long-term incentive to improve shareholder value over time. The level of grant is determined by reference to standards of practice within the junior mining industry and the individual's level of responsibility within the Corporation.

The Corporation does not have a program or regular annual grant of options. When determining options to be allocated, a number of factors are considered, including the number of outstanding options held by an individual, the value of such options, and the total number of options available for granting.

Reference is also made to the heading "*Summary of Terms and Conditions of the Stock Option Plan*" below for further information.

#### **Salaries or Fees**

Future base executive compensation, in the form of salaries or consulting fees, will provide a fixed level of compensation for discharging the specific duties and responsibilities of the executive. The Board recognizes that the size of the Corporation may prohibit executive compensation from matching those of larger companies in the mining industry. The Board also believes that long-term equity interests, in the form of options (described above), will compensate for lower base fees. This compensation strategy is similar to the strategies of many other companies within the Corporation's peer group.

When determining executive compensation, the Board will review the compensation policies of companies engaged in businesses similar to the Corporation's. Although the Corporation has not obtained any industry reports regarding

compensation, at the appropriate time the Board will review publicly available information with respect to compensation paid to the executives of companies that are also engaged in the acquisition, exploration and development of mining properties.

In setting the base compensation levels for individuals, consideration will be given to objective factors such as the level of responsibility, experience and expertise, as well as subjective factors such as leadership and contribution to corporate performance. Fees will be reviewed annually and adjustments may be made based upon corporate and personal performance, market conditions and the level of responsibility attributed to specific executives.

## COMPENSATION OF EXECUTIVE OFFICERS

### Summary Compensation Table for Named Executive Officers

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, for the fiscal years ended April 30, 2012, 2011 and 2010 to the CEO, CFO and the next three mostly highly compensated executive officers of the Corporation whose total compensation and bonus was, individually, in excess of \$150,000 per annum (collectively the "Named Executive Officers").

Name and Principal Position	Fiscal Year Ended November 30	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$) <sup>(1)</sup>	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans			
John G. Robertson <i>President, Secretary and Director</i>	2012	Nil	Nil	Nil	Nil	Nil	Nil	42,000	42,000
	2011	Nil	Nil	Nil	Nil	Nil	Nil	42,000	42,000
	2010	Nil	Nil	Nil	Nil	Nil	Nil	42,000	42,000
James Vandenberg <i>Chief Financial Officer and Director</i> <sup>(5)</sup>	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The Company accrued annual management fees of \$42,000 to Mr. Robertson, of which \$30,000 was under the management contract with SMR Investments Ltd. and \$12,000 was accrued to KLR Petroleum Inc. , a private BC company that manages the Company's administrative duties and of which Mr. Robertson is a director.

### Incentive Plan Awards for Named Executive Officers

#### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all option-based and share-based awards for each Named Executive Officer that were granted before, and remain outstanding as of the most recently completed fiscal year ended April 30, 2012.

Name and Principal Position	Option-based Awards <sup>(1)</sup>				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
John G. Robertson <i>President, Secretary and Director</i>	750,000	0.14	October 21, 2015	Nil	562,500	Nil
	100,000	0.40	August 1, 2013	Nil	75,000	Nil



Name and Principal Position	Option-based Awards <sup>(1)</sup>				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
<b>James Vandenberg</b> <i>Chief Financial Officer and Director<sup>(5)</sup></i>	50,000	0.40	August 1, 2013	Nil	37,500	Nil

Notes:

- (1) The option-based awards relate to those stock options awarded pursuant to the Stock Option Plan.  
(2) The value of unexercised in-the-money options was calculated based on the difference between the closing price of the Common Shares underlying the options as at April 30, 2012 the last closing price prior to the Corporation's year end, which was \$0.10, and the exercise price of the option.

### Incentive Plan Awards – Value Vested or Earned During the Fiscal Year Ended April 30, 2012

Name	Option-based awards-Value vested during the year (\$)	Share-based awards-Value vested during the year (\$)	Non-equity incentive plan compensation-Value earned during the (\$)
Susanne Robertson	Nil	Nil	Nil
Suzan El-Khatib	Nil	Nil	Nil

### Management Contracts

Pursuant to a management agreement dated May 1, 1996, we engaged SMR Investments Ltd. ("SMR") to provide services to us. SMR is a private company which is controlled by Susanne Robertson, a director and the spouse of our President. Our President is also a director and officer of SMR. SMR provides management services for a monthly fee of \$2,500. These services consist of general management services. The agreement may be terminated by the mutual consent of the parties. During each of the years ended April 30, 2012 and 2011, we accrued to SMR the sum of \$30,000. On December 1, 2010 SMR agreed to accrue the management fees, but not to be paid until the Company is fully funded and the more urgent third party liabilities are extinguished and not to charge interest on the accrued balances.

### Pension Plan Benefits

The Corporation does not have any pension plans that provide for payments of benefits at, following or in connection with retirement or provide for retirement or deferred compensation plans for the Named Executive Officers or directors.

### Termination and Change of Control Benefits

The Corporation has no plan or arrangement whereby any Named Executive Officer may be compensated in the event of that Named Executive Officer's resignation, retirement or other termination of employment, or in the event of a change of control of the Corporation or a change in Name Executive Officer's responsibilities following such a change of control.

## COMPENSATION OF DIRECTORS

### Summary Compensation Table for Directors

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Corporation other than the Named Executive Officers, during the fiscal year ended April 30, 2012. For details of the compensation for the Named Executive Officers who are also directors of the Corporation, see disclosure in "Summary Compensation Table for Named Executive Officers".

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Susanne Robertson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Suzan El-Khatib	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Incentive Plan Awards for Directors

#### Outstanding Share – Based Awards and Option-Based Awards

Name	Option-based Awards <sup>(1)</sup>				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Suzanne Robertson	250,000	\$0.21	April 22, 2014	Nil	187,500	Nil
Suzan El-Khatib	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) The option-based awards relate to those stock options awarded pursuant to the Stock Option Plan.

#### Incentive Plan Awards – Value Vested or Earned During the Fiscal Year Ended April 30, 2012

Name	Option-based awards-Value vested during the year (\$)	Share-based awards-Value vested during the year (\$)	Non-equity incentive plan compensation-Value earned during the (\$)
Suzanne Robertson	Nil	Nil	Nil
Suzan El-Khatib	Nil	Nil	Nil

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER THE EQUITY COMPENSATION PLAN

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth aggregated information as at April 30, 2012 with respect to the Stock Option Plan, which is the only compensation plan under which equity securities of the Corporation are authorized for issuance to employees or non-employees such as directors and consultants. For further information regarding the Incentive Stock Option Plan, see the section immediately below entitled "*Summary of Terms and Conditions of the Stock Option Plan*".

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	4,653,675	0.18	2,013,379
Equity compensation plans not approved by security holders	NA	NA	NA
<b>Total</b>	<b>4,653,675</b>	<b>NA</b>	<b>2,013,379</b>

### **Summary of Terms and Conditions of the Stock Option Plan**

- the Stock Option Plan reserves, for issue pursuant to stock options, a maximum number of Common Shares equal to 10% of the outstanding Common Shares of the Corporation from time to time, with no mandatory vesting provisions;
- the number of Common Shares reserved for issue to any one person in any 12 month period under the Stock Option Plan may not exceed 5% of the outstanding Common Shares at the time of grant without Disinterested Shareholder Approval (as defined in TSX-V Policy 4.4);
- the number of Common Shares reserved for issue to any Consultant (as defined by the TSX-V) in any 12 month period under the Stock Option Plan may not exceed 2% of the outstanding Common Shares at the time of grant;
- the aggregate number of Common Shares reserved for issue to any Employee (as defined by the Exchange) conducting Investor Relations Activities (as defined by the TSX-V) in any 12 month period under the Stock Option Plan may not exceed 2% of the outstanding Common Shares at the time of grant;
- the number of Common Shares issued to any one person within a 12 month period on the exercise of stock options may not exceed 5% of the outstanding Common Shares at the time of exercise without Disinterested Shareholder Approval as such term is defined in TSX-V Policy 4.4;
- the exercise price per Common Share for a stock option may not be less than the Discounted Market Price (as calculated pursuant to TSX-V policies);
- stock options may have a term not exceeding ten years;
- stock options are non-assignable and non-transferable; and
- the Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of stock options in the event of a share consolidation, split, reclassification or other relevant change in the Common Shares, or an amalgamation, merger or other relevant change in the Corporation's corporate structure, or any other relevant change in the Corporation's capitalization.

## **CORPORATE GOVERNANCE AND OTHER MATTERS**

### **GENERAL**

The Canadian Securities Administrators have adopted National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**"), which provides guidance on corporate governance practices for issuers such as the Corporation and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

### **BOARD OF DIRECTORS**

There are currently four directors of the Corporation: John George Roberson, Susanne Robertson, James Vandenberg and Suzan El-Khatib. NP 58-201 states that the board of directors of every corporation should have a majority of independent directors. Additionally, TSX-V policies require an issuer to have at least two independent directors. One of the four directors of the Corporation is independent. Suzan El-Khatib is considered to be an independent director since she is independent of management and free from any material relationship with the Corporation. The remaining directors are not considered to be "independent" as a result of their current or former positions as officers or their relationship with a current or former officer.

To facilitate the directors of the Corporation functioning independent of management, where appropriate, during regularly scheduled meetings, non-independent directors and members of management are excluded from certain discussions.

### **DIRECTORSHIPS**

The following directors of the Corporation are also directors of other reporting issuers (or the equivalent) as set forth below:

<b>Director</b>	<b>Other Reporting Issuers</b>
John George Robertson	REGI U.S., Inc. IAS Energy Inc. Teryl Resources Corp. Linux Gold Corp. Minewest Silver and Gold Corp.
Susanne Robertson	Teryl Resources Corp. Linux Gold Corp.
James Vandeberg	REGI U.S., Inc. IAS Energy Inc. ASAP Expo Inc.
Suszan El-Khatib	Teryl Resources Corp. Linux Gold Corp.

### **ORIENTATION AND CONTINUING EDUCATION**

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors. When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for any new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Corporation's business. When required the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

### **BOARD COMMITTEES**

The only standing committee of the Board is the Audit Committee. The Board does not have any other committees. Given the size of the Corporation and the nature of its activities, the Board does not see fit at this time to create the other committees.

#### **Audit Committee**

The Audit Committee is responsible for the Corporation's financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The Audit Committee is also responsible for reviewing the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

#### **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "B" to this Circular.

## Composition of the Audit Committee

The Audit Committee is comprised of the following members of the Board:

Name	Independent	Financial Literacy
Susanne Robertson	No	Yes
Suzan El-Khatib	Yes	Yes
James Vandenberg	No	Yes

## Relevant Education and Experience

In addition to each member's general business experience, the following describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities:

*Susanne Robertson* – was a loan officer at Royal Bank for 16 years; has acted as a director of public and private companies and reviewed their financial statements for many years.

*Suzan El-Khatib* – is a securities lawyer; has acted as a director of public companies and reviewed public companies' financial statements.

*James Vandenberg* – is a securities lawyer; has acted as an executive officer and / or a director of public and private companies for many years and reviewed their financial statements.

## Reliance on Certain Exemptions

The Corporation is relying on the exemption provided in section 6.1 of NI 52-110 as the Corporation is a "venture issuer" and is exempt from the requirements of Part 5 (*Reporting Obligations*) of NI 52-110.

## Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

## Pre-Approval Policies and Procedures

The Audit Committee charter provides for the Audit Committee to establish the auditors' fees. Such fees have been based upon the complexity of the matters in question and the time incurred by the auditors. Management of the Corporation believes that the fees negotiated in the past with the auditors of the Corporation were reasonable in the circumstances and would be comparable to fees charged by other auditors providing similar services.

## External Auditor Service Fees

The following table sets forth the aggregate fees billed to the Corporation by ACAL Group, Chartered Accountants, for services rendered in the fiscal years ended April 30, 2012 and 2011.

Service	Fiscal Year Ended April 30, 2012 (\$)	Fiscal Year Ended April 30, 2011 (\$)
Audit fees <sup>(1)</sup>	20,000	18,000
Audit-related fees	Nil	Nil
Tax fees <sup>(2)</sup>	Nil	Nil
All other fees <sup>(3)</sup>	Nil	Nil

Notes:

(1) Audit and review services included quarterly reviews, audits and consultation work.

- (2) Tax services included tax compliance, tax advice and tax planning.
- (3) Other fees included expenses reimbursed for services rendered to the Corporation and its services, other than the services described above.

## **ETHICAL BUSINESS CONDUCT**

### **Interests of Directors**

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However the small size of the Board and number of officers and consultants allows the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. The Board views good corporate governance as an integral component to its success and to meet its responsibilities to shareholders. As we do not have a large number of officers and consultants, the Board is able to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As we grow in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

The Board must comply with conflict of interest provisions in Canadian corporate law and relevant securities regulatory instruments in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings which involve such conflict.

## **NOMINATION OF DIRECTORS**

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of the Corporation's development. While there are not specific criteria for board membership, the Corporation attempts to attract and maintain directors with business knowledge, which assists in guiding management of the Corporation.

## **COMPENSATION**

The Corporation does not have a compensation committee. The Board reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Corporation.

## **ASSESSMENTS**

The Board does not have any formal policies to evaluate the effectiveness of the Board, and its committees and the individual directors. The Board may appoint a special committee of the directors to evaluate the Board, its committees and assess the contribution of its individual directors and to recommend any modifications to the functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committees of directors to perform such analysis.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No individual who is or, at any time during the most recently completed financial year, was a director or executive officer of the Corporation, and no person who is a proposed nominee for election as a director of the Corporation, and no associate of any such director, executive officer or proposed nominee is, or at any time since the beginning of the last completed financial year, was indebted to the Corporation or any of its subsidiaries.

## **INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AND INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management is not aware of any material interest, direct or indirect, of any "informed person" of the Corporation, insider of the Corporation, proposed director, or any associate or affiliate of any informed person or proposed

director, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries. An "**informed person**" means: (i) a director or executive officer of the Corporation or of a subsidiary of the Corporation; (ii) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation; (iii) a director or officer of a company that is itself an informed person of the Corporation or of a subsidiary of the Corporation or (iv) any person who has been a director or officer of the Corporation at any time since the beginning the Corporation's last fiscal year.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be obtained by accessing the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation at Suite 240 – 11780 Hammersmith Way, Richmond, British Columbia V7A 5E9 to request copies of the Corporation's financial statements and management's discussion and analysis, free of charge.

Financial information is provided in the Corporation's financial statements and management's discussion and analysis for its most recently completed financial year.

#### **APPROVAL**

The contents and the sending of this Circular have been approved by the Board.

**DATED** at Vancouver, British Columbia this 23<sup>rd</sup> day of October, 2012.

By Order of the Board of Directors  
of **REG TECHNOLOGIES INC.**

/s/ John G. Robertson  
John G. Robertson  
President

**Schedule "A"**  
**STOCK OPTION PLAN**



# **REG TECHNOLOGIES INC.**

## **2009 STOCK OPTION PLAN**

Pursuant to the authority granted by a resolution of the Board of Directors of the Company dated December 9, 2002, adopted by the Shareholders of the corporation on January 6, 2003, and approved by the TSX Venture Exchange ("TSX") on January 22, 2003, the 2009 Stock Option Plan (herein called the "Plan") for directors, officers, employees and consultants or employees of a company providing management services is hereby established for Reg Technologies Inc., or any of its subsidiaries (collectively, hereinafter referred to as the "Company").

### **Purpose**

1. The purpose of the Plan is to advance the interests of the Company by encouraging the directors, officers, employees and consultants (as defined in BC Instrument 45-507, or any successor legislation thereto) of the Company or employees of a company providing management services to the Company to acquire shares in the Company, (herein referred to as the "Optionee(s)"), thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of their affairs.

### **Administration and Granting of Options.**

2. The Board of Directors, or any committee thereof specifically designated by the Board of Directors to be responsible therefor, shall from time to time by resolution:
  - a) allot common shares for issuance in connection with the exercise of the options;
  - b) designate those Optionees who, in the opinion of the Board of Directors, are largely responsible for the management and growth of the Company; and who, as an additional incentive to promote the best interests of the Company, are entitled to participate in the Plan; and
  - c) determine the extent and terms of such participation by the Optionees.

The judgment of the Board of Directors or committee thereof in designating Optionees and the extent of their participation shall be final and conclusive; provided however, that each designated Optionee shall have the right not to participate in the Plan and any decision not to participate therein shall not affect his employment by or engagement with the Company.

3. The Company shall pay all costs of administering the Plan.
4. For stock options granted to employees or other service providers, the Company is required to represent that the proposed optionee is a bona fide employee or service provider, as the case may be, of the Company or of any of its affiliates in the Company's correspondence with the TSX.
5. Each Optionee shall execute a Stock Option Commitment in substantially the form annexed hereto as Exhibit "A" prior to the grant of any stock option to a Optionee becoming effective, showing the number of optioned shares, the term of the Option, a reference to vesting terms, if any, and the exercise price.

6. No options can be granted under the Plan if the Company is designated "Inactive" (as defined in the TSX Venture Policies) by the TSX.

#### **Eligibility.**

7. Options to purchase Common Shares may be granted hereunder to Optionees from time to time by the Board of Directors. Optionees that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX and the Company is obtained.

#### **Shares Subject to Plan.**

8. The total number of authorized but unissued shares allocated to and made available to be granted to Optionees under the Plan shall not exceed ten per cent (10%) of the shares, as such may from time to time be issued and outstanding in the capital stock of the Company as the same is presently constituted. As the number of shares reserved for issuance under the Plan increases with the issue of additional shares by the Company, the Plan is considered to be a "rolling" stock option plan. This "rolling" plan requires Shareholder approval annually pursuant to the policies of the TSX. The shares offered under the Plan are subject to adjustment as provided in sections 39 to 41 inclusive hereof.

#### **Options not Exercised.**

9. In the event an Option granted under the Plan expires unexercised or it terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issue.

#### **Number of Optioned Shares.**

10. The grant issuance to any one Optionee, with the exception of those persons who are consultants or provide investor relations services to the Company as set out further in sections 11 to 13 inclusive herein, within any 12 month period, of options to purchase a number of common shares may not exceed 5% of the issued common shares at the time of grant, unless otherwise approved by a majority of disinterested shareholders.
11. The aggregate number of options granted to all Optionees employed to provide investor relations activities shall not exceed 2% of the issued shares of the Company in any 12 month period, calculated at the date the option was granted.
12. The total number of common shares reserved for issuance to Insiders, as that term, is defined by the TSX, within a one-year period, may not exceed 10% of the issued common shares at the time of grant unless disinterested shareholder approval is obtained.
13. The issuance of options to any consultant, within a one-year period, of a number of shares may not exceed 2% of the issued common shares.

### **Vesting.**

14. The Directors shall have the authority to determine and vary vesting terms and conditions of each option grant, with the exception of those vesting provisions designated by the TSX policies.
15. Unless specified in the individual option agreement, each option granted hereunder is exercisable and the shares acquired thereunder shall vest pursuant to the following terms and conditions:
  - (a) no more than 25% of an option may be exercised during any 90 day period during the term of the option; and
  - (b) each Optionee is restricted from selling more than 25% of the shares that may be acquired upon exercise of an option during any 90 day period.
16. Options granted to a Optionee who is a consultant performing investor relations activities shall vest in stages over 12 months with no more than  $\frac{1}{4}$  of the options vesting in any three month period, or such longer vesting period as the Board of Directors may determine.
17. If the Company is a Tier 2 Issuer and the Plan Shares exceed 10% of the Listed Shares, Options granted under the Plan will vest in accordance with the vesting schedule as determined by the TSX Policies.

### **Terms or Amendments Requiring Disinterested Shareholder Approval.**

18. The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:
  - a) the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could result at any time in:
    - (i) the aggregate number of shares reserved for issuance under stock options granted to Insiders exceeding 10% of the Listed Shares;
    - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Listed Shares; or
    - (iii) in the case of a Tier 1 Issuer only, the issuance to any one Optionee, within a 12-month period, of a number of shares exceeding 5% of Listed Shares; or
  - b) any reduction in the Exercise Price of an Option previously granted to an Insider.

### **Maintenance of Sufficient Capital.**

19. The Company shall at all times during the term of this Plan reserve and keep available such numbers of shares as will be sufficient to satisfy the requirements of the Plan.

### **Exercise Price.**

20. The minimum exercise price of an incentive stock option shall be set by the Board at such time such Option is allocated under the Plan, and must not be less than the Discounted Market Price, as defined by Policy 1.1 of the TSX Venture Exchange. If the Company does not fix the price of the option by way of news release, the Discounted Market Price is the last closing price of the Company's shares before the date of the stock option grant, less the applicable discount.

### **Duration of Option.**

21. Each option granted hereunder shall be for a term not exceeding five (5) years, providing that the option period shall be reduced with respect to any option as provided in sections 31 to 35 inclusive and, unless the Board of Directors determines otherwise, shall be exercisable in whole or in part at any time during the term subject to such terms, conditions or limitations as are herein contained and as the Board may from time to time impose in the option.
22. Each option and all rights thereunder shall be expressed to expire on the date set out in the Option agreements and shall be subject to earlier termination as provided in sections 31 to 35 inclusive.

### **Option Amendment.**

23. The Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, or the date of the last amendment of the Exercise Price, subject to such terms, conditions or limitations as are herein contained, and the policies of the TSX Venture Exchange.
24. An Option must be outstanding for at least one year before the Company may extend its term, subject to the limitations contained in sections 21 and 22 herein.
25. Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

### **Notice of Exercise; Consideration and Payment.**

26. Subject to the provisions of the Plan, the options granted hereunder may be exercised from time to time by delivery to the Company at its head office of a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in full of the purchase price of the shares then being purchased by way of cash or certified cheque in favour of the Company. Such notice shall contain the Optionee's undertaking to comply, to the satisfaction of the Company and its counsel, with all applicable requirements of any stock exchange or exchanges upon which any securities of the Company are from time to time listed and any applicable regulatory authorities. This Notice of Exercise is set out in substantially the form attached hereto as Schedule "B".

### **Delivery of Certificate and Hold Periods**

27. As soon as practicable after receipt of the notice of exercise described in section 26 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws. Further, if the Company is a Tier 2 Issuer, or the Exercise Price is set below the then current market price of the Common Shares on the TSX, the certificate will also bear a legend stipulating that the Optioned Shares are subject to a four-month TSX hold period commencing the date of the Option Commitment.

### **Rights of Optionee.**

28. No Optionee or his legal representatives, will be, or will be deemed to be, a holder of any shares or shall have any of the rights or privileges of a shareholder of the Company in respect of any shares issuable upon exercise of such Option, unless and until the certificates for such shares are issued and delivered to such persons under the terms of the Plan.
29. No resident of the United States of America or any territory or possession thereof may be a Optionee in the Plan unless such is done in accordance with and without violating any securities or other legislation of the United States of America or any state, territory or possession thereof. The Optionee shall bear all responsibility for compliance.

### **Transferability.**

30. Except as provided hereof or by the laws of the descent and distribution, the rights of any Optionee hereunder are personal to him and are non-assignable and non-transferable.

### **Ceasing to be a Director, Officer, Employee or Consultant**

31. In the event the Optionee ceases to be employed by the Company (other than the result of termination with cause or death) or ceases to act as a director or officer of the Company or a subsidiary of the Company any option held by such Optionee may be exercised within 90 days after the date such Optionee ceases to be employed as an officer, director, employee or employee of a company providing management services to the Company, as the case may be, or within 30 days if the Optionee is engaged in investor relations activities and ceases to be employed to provide investor relations activities in respect of which such option has not been previously exercised, and thereafter his option shall expire and all rights to purchase shares hereunder shall cease and expire and be of no further force or effect.
32. In the case of a Optionee being dismissed from employee or services for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

### **Death of Optionee.**

33. In the event of the death of the Optionee, the Optionee's heirs or administrators may exercise any portion of the outstanding option up to a period of one year from the date of the Optionee's death or the termination date of the option, whichever is earlier; after which date

the option shall forthwith expire and terminate and be of no further force or effective whatsoever.

#### **Change of Control.**

34. Options may provide that, in the event of the sale by the Company of all or substantially all of the property and assets of the Company as an entity prior to the expiry time of an Option, such Option may be exercised, as to all or any of the common shares in respect of which such Option has not previously been exercised (including in respect of a right to purchase common shares not otherwise vested at such time), by the Optionee at any time up to and including (but not after) a date thirty (30) days following the date of the completion of such sale or prior to the expiry time of such Option, whichever is earlier.
35. Options may provide that, in the event the Company's common shareholder receive a "take-over" bid as defined in the Securities Act (British Columbia), as amended from time to time, or any successor legislation thereto, pursuant to which the "offeror" as a result of such take-over bid, if successful, would beneficially own in excess of 50% of the outstanding common shares of the Company, (a "Successful Bid"), such Option may be exercised, as to all or any of the common shares in respect of which such Option has not previously been exercised (including in respect of common shares not otherwise vested at such time), by the Optionee (the "Acceleration Right"). The Acceleration Right shall commence on the date of the take-over bid and end on the day following the expiry date of the Successful Bid. Notwithstanding the foregoing, the Acceleration Right may be extended for such longer period as the Board of Directors may resolve.

#### **Amendment and Termination of the Plan.**

36. The Board of Directors, or a committee thereof may, at any time, subject to regulatory approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the written consent of all Optionees, alter or impair any Option previously granted under the Plan unless as a result of a change in TSX Policies or the Company's tier classification thereunder.
37. Disinterested shareholder approval must be obtained for any reduction in the exercise price if the Optionee is an insider of the Company at the time of the proposed amendment.

#### **Proceeds from Sale of Shares.**

38. The proceeds from the sale of shares issued upon exercise of Options shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as Board of Directors may determine and direct.

#### **Adjustments.**

39. In the event of any subdivision or subdivisions of the shares of the Company as said shares were constituted at the time any options granted hereunder were granted, into a greater number of shares, the Company will thereafter deliver at the time of exercise thereof, in addition to the number of shares in respect of which the option is then being exercised, such additional number of shares as a result from said subdivision or subdivisions of the shares

for which the option is being exercised, without the Optionees exercising the option making any additional payment or giving any other consideration thereof.

40. In the event of any consolidation or consolidations of the shares of the Company as said shares were constituted at the time while any options granted hereunder were granted, into a lesser number of shares, the Optionee shall accept, at the time of the exercise thereof, in lieu of the number of shares in respect of which the option is then being exercised, the lesser number of shares as a result from such consolidation or consolidations of the shares for which the option is being exercised.
41. In the event of any change of the shares of the Company as said shares are constituted at the time while any options granted hereunder were granted, the Company shall thereafter deliver at the time of the exercise thereof the number of shares of the appropriate class resulting from the said change as the Optionee exercising the option would have been entitled to receive in respect of the number of shares so purchased had the option been exercised before such change.
42. The Company shall not be obligated to issue fractional shares in satisfaction of any of its obligations hereunder.
43. If at any time the Company grants to the holders of its capital stock rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the Optionee shall remain unaffected.

**Necessary Approvals.**

44. The ability of the Options to be exercised and the obligation of the Company to issue and deliver shares in accordance with the Plan is subject to any approvals which may be required from the shareholders of the Company (disinterested or otherwise), any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any shares cannot be issued to any Optionee for whatever reason, the obligation of the Company to issue such shares shall terminate and any Option exercise price paid to the Company will be returned to the Optionee.
45. Disinterested shareholder approval must be obtained for any reduction in the exercise price if the Optionee is an insider of the Company at the time of the proposed amendment.

**Prior Plans.**

46. The Plan shall entirely replace and supercede prior share options plans, if any, enacted by the Board of Directors of the Company.

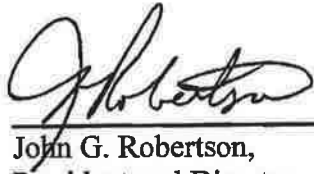
**Effective Date of Plan.**

47. The Plan has been adopted by the Board of Directors subject to the approval by the TSX or any subsequent stock exchange on which the shares of the Company are listed, if necessary, or other regulatory body having jurisdiction and, if approved, the Plan shall become effective upon the approval by the Shareholders of the Company.

IN WITNESS WHEREOF the Company has caused its corporate seal to be affixed hereto in the presence of its officers duly authorized in that behalf as of the 4<sup>th</sup> day of January, 2010.

**REG TECHNOLOGIES INC.**

Per:



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John G. Robertson,  
President and Director



SCHEDULE A  
STOCK OPTION PLAN  
OPTION COMMITMENT

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date") **Reg Technologies Inc.** (the "Company") has granted to \_\_\_\_\_ (the "Optionee"), an option to acquire \_\_\_\_\_ common shares ("Optioned Shares") up to 5:00 p.m. Vancouver Time on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (the "Expiry Date") at an Exercise Price of CDN\$ \_\_\_\_\_ per share.

At the date of the Option, the Company is classified as a Tier \_\_\_\_\_ company under TSX Venture Exchange policies.

Optioned Shares shall vest and may be exercised as follows:

[mark box which applies]

	Vest immediately upon granting.
	<p>(a) no more than 25% of an option may be exercised during any 90 day period during the term of the option; and</p> <p>(b) each Optionee is restricted from selling more than 25% of the shares that may be acquired upon exercise of an option during any 90 day period.</p>
	Options granted to a Optionee who is a consultant performing investor relations activities shall vest in stages over 12 months with no more than ¼ of the options vesting in any three month period, or such longer vesting period as the Board of Directors may determine

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's Stock Option Plan, the terms and conditions of which are hereby incorporated herein.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with cash or a certified cheque payable to the Company for the aggregate Exercise Price to the Company. A certification for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and will bear a minimum fourth month non-transferability legend from the date of this Option Commitment.

The Company and the Optionee represent that the Optionee under the terms and conditions of the Plan is a bona fide [EMPLOYEE / CONSULTANT / MANAGEMENT COMPANY EMPLOYEE ] \_\_\_\_\_ of the Company, entitled to receive options under TSX Venture Exchange Policies.

REG TECHNOLOGIES INC.

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Optionee

SCHEDULE B  
STOCK OPTION PLAN  
NOTICE OF OPTION EXERCISE

TO:           REG TECHNOLOGIES INC.  
              (the "Company")

The undersigned stock option Optionee hereby gives notice to the Company of exercise of \_\_\_\_\_ options for common shares (the "Shares") of the Company at a price of Cdn\$ \_\_\_\_\_ per Share, on the terms specified in the Company's Stock Option Plan. This Notice of Option Exercise Form is accompanied by a certified cheque or bank draft payable to or to the order of the Company for the whole amount of the purchase price of the Shares.

The undersigned Optionee undertakes to comply, to the satisfaction of the Company and its counsel, with all applicable requirements of any stock exchange or exchanges upon which any securities of the Company are from time to time listed and any applicable regulatory authorities.

The undersigned hereby directs that the Shares be registered as follows:

Name in Full	Addresses(s)	Number of Shares
_____	_____	_____
	_____	
	_____	
	<b>TOTAL:</b>	_____

*(Please print full name in which share certificates are to be issued, stating whether Mr., Mrs. or Miss is applicable).*

DATED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

In the presence of:

\_\_\_\_\_  
*Signature of Witness*

\_\_\_\_\_  
*Signature of Optionee*

## Schedule "B"

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

#### Mandate

The primary function of the Audit Committee ("Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the following: (a) the financial reports and other financial information provided by the Company to regulatory authorities and shareholders; (b) the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting; and (c) financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;

(ii) review and appraise the performance of the Company's external auditors; (iii) provide an open avenue of communication among the Company's auditors, financial and senior management and the board of directors; and (iv) to ensure the highest standards of business conduct and ethics.

#### Composition

The Committee shall be comprised of three directors as determined by the board of directors, the majority of whom shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full board of directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Executive Officer and/or the Chief Financial Officer and the external auditors in separate sessions.

#### Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

##### Documents/Reports Review

- a) Review and update this Charter annually.
- b) Review the Company's financial statements, MD&A, any annual and interim earning statements and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.

### External Auditors

- a) Review annually the performance of the external auditors who shall be ultimately accountable to the board of directors and the Committee as representatives of the shareholders of the Company.
- b) Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.
- c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- d) Take or recommend that the full board of directors take appropriate action to oversee the independence of the external auditors.
- e) Recommend to the board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### **Financial Reporting Process**

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review certification process for certificates required under NI 52-109.
- (i) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**Other**

- (a) Review any related party transactions.
- (b) Review reports from persons regarding any questionable accounting, internal accounting controls or auditing matters ("Concerns") relating to the Company such that:
  - i. an individual may confidentially and anonymously submit their Concerns to the Chairman of the Committee in writing , by telephone, or by email
  - ii. the Committee reviews as soon as possible all Concerns and addresses same as they deem necessary; and
  - iii. the Committee retains all records relating to any Concern reported by an individual for a period the Committee judges to be appropriate.

All of the foregoing in a manner that the individual submitting such Concerns shall have no fear of adverse consequences.

## Schedule "C"

### ALTERATIONS TO THE ARTICLES OF REG TECHNOLOGIES INC.

At the Meeting, or any adjournment thereof, Shareholders will be asked to consider, and if deemed fit, pass, with or without variation, a special resolution to approve alteration of the Corporation's current Articles pursuant to section 259(6) of the *Business Corporations Act* (British Columbia). The alterations contemplated are as follows:

**1. *Deleting Part 2 in its entirety and substituting the following:***

#### PART 2 – SHARES AND SHARE CERTIFICATES

2.1 Each share certificate issued by the Company must comply with, and be signed as required by, the Business Corporations Act.

2.2 Each shareholder is entitled, without charge, to (a) one certificate representing the share or shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment, and delivery of a share certificate or acknowledgment, for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.3 Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate to which a shareholder is entitled may be sent to the shareholder by mail and neither the Company nor any agent is liable for any loss to the shareholder because the certificate or acknowledgment sent is lost in the mail or stolen.

2.4 If the directors are satisfied that a share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the certificate or acknowledgment and on such other terms, if any, as they think fit,

- (a) order the certificate or acknowledgment, as the case may be, to be cancelled, and
- (b) issue a replacement share certificate or acknowledgment as the case may be.

2.5 If a share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that certificate or acknowledgment if the directors receive:

- (a) proof satisfactory to them that the certificate or acknowledgment is lost, stolen or destroyed, and
- (b) any indemnity the directors consider adequate.

2.6 If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name 2 or more certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate, so surrendered, the Company must cancel the surrendered certificate and issue replacement share certificates in accordance with that request.

2. *Deleting Part 4 in its entirety and substituting the following:*

PART 4 –SHARE TRANSFERS

4.1 A transfer of a share of the Company must not be registered

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (c) if a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

4.2 The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time or by the transfer agent or registrar for those shares.

4.3 If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer, or, if no number is specified, all the shares represented by share certificates deposited with the instrument of transfer, or if the shares are uncertificated shares, then all of the shares registered in the name of the shareholder on the central securities register:

in the name of the person named as transferee in that instrument of transfer, or

- (d) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the share certificate is deposited for the purpose of having the transfer registered.

4.4 Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

4.5 There must be paid to the Company, in relation to the registration of any transfer, the amount determined by the directors.