REG TECHNOLOGIES INC.
(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

October 31, 2012

Responsibilities for Financial Statements

The accompanying consolidated financial statements of Reg Technologies Inc. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34 (Interim Financial Reporting). These consolidated financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. Management believes the consolidated financial statements are free of material misstatement and present fairly, in all material respects, the financial position of the Company as at October 31, 2012 and the results of its operations, its cash flows and changes to equity for the six months ended October 31, 2012.

Reg Technologies Inc.
(A Development Stage Company)
Interim Consolidated Statements of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)

	As at 31 October 2012 $ (Unaudited)	As at 30 April 2012 $
Assets		
Current		
Cash	201	650
HST/GST and interest receivable	10,126	15,464
Prepaid expenses	1,942	38,618
Due from related parties (Note 7)	-	1,317
Advances to REGI US (Note 7)	988,171	1,025,086
Assets held for distribution to shareholders (Note 7)	471,200	471,200
	1,471,640	1,552,335
Investment in Minewest (Note 7)	312,495	320,082
	1,783,135	1,872,417
Liabilities		
Current		
Accounts payable	155,410	105,860
Accrued liabilities	38,500	25,500
Due to related parties (Note 7)	183,627	137,135
Due to Minewest (Note 7)	174,358	179,414
Convertible debt (Note 10)	20,000	19,938
Financial instrument liability (Note 9)	4,786	9,315
	576,681	477,162
Shareholders' equity		
Share Capital (Note 5)	12,744,857	12,746,997
Warrants (Note 5)	245,647	137,661
Contributed Surplus	10,505,764	10,505,459
Equity component of convertible debt (Note 10)	-	305
Deficit	(22,317,972)	(22,015,992)
	1,178,296	1,374,430
Non-controlling interest	29,158	20,825
	1,783,135	1,872,417

Nature and Continuance of Operations (Note 1)
Commitments (Note 8)
Subsequent events (Note 11)

On behalf of the Board:

"John Robertson"	Director	*"James L. Vandeberg"*	Director
John Robertson		James L. Vandeberg	

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

Reg Technologies Inc.
(A Development Stage Company)
Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited)
(Expressed in Canadian Dollars)

	For the three months ended October 31, 2012 $	For the three Months ended October 31, 2011 $	For the six months ended October 31, 2012 $	For the six Months ended October 31, 2011 $
Expenses				
Financing fees	-	-	107,986	-
Amortization	-	544	-	1,170
Interest	400	1,791	1,159	3,664
Shareholder communication	3,001	14,181	3,646	31,376
Consulting fees	2,200	4,750	9,900	12,236
Foreign exchange loss (gain)	1,871	33,470	(11,824)	42,097
Management and directors' fees (Note 8)	11,678	22,297	23,382	48,309
Office expenses	6,169	4,529	12,390	11,101
Professional fees (Note 8)	31,895	13,427	59,360	27,406
Research and development	16,572	20,678	59,807	79,825
Rent and utilities (Note 8)	1,344	1,466	2,687	3,284
Transfer agent and filing fees	8,223	5,267	13,057	16,023
Travel and promotion	1,500	1,807	3,000	2,552
Wages and benefits	2,939	6,861	6,039	17,030
Loss before other items and income taxes	(87,792)	(131,068)	(290,589)	(296,073)
Other income (expense)				
Net gain on expiration of financial instrument liability (Note 10)	-	6,709	-	20,923
Unrealized gain on financial instrument liability (Note 10)	3,893	1,997	4,529	7,497
Loss on equity investment	(3,402)	-	(7,587)	-
Net and comprehensive loss	(87,301)	(122,362)	(293,647)	(267,653)
Net and comprehensive loss attributable to:				
Shareholders of the Company	(88,212)	(118,765)	(301,980)	(260,142)
Non-controlling interest	911	(3,597)	8,333	(7,511)
	(87,301)	(122,362)	(293,647)	(267,653)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	34,883,793	32,768,418	34,883,793	32,324,222

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

Reg Technologies Inc.
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	For the six months ended October 31, 2012 $	For the six months ended October 31, 2011 $
Cash flows used in operating activities		
Net loss	(293,647)	(267,653)
Adjustments to reconcile loss to net cash used in operating activities:		
Amortization	-	1,170
Accrued interest	62	2,864
Gain on expiration of financial instrument liability	-	(20,923)
Loss on equity investment	7,587	-
Unrealized gain on financial instrument liability	(4,529)	(7,497)
Financing cost	107,986	-
Changes in non-cash working capital items:		
GST and interest receivable	5,338	876
Prepaid expenses	36,676	76,486
Due from related parties	1,317	269
Accounts payable and accrued liabilities	62,550	(1,615)
Due to related parties	46,492	(148,521)
	(30,168)	(364,544)
Cash flows provided by (used in) investing activities		
Reclamation bond	-	(7,700)
Mineral property	-	(1,975)
Advances to (repayment from) equity accounted investee	31,859	(96,878)
	31,859	(106,553)
Cash flows provided by financing activities		
Proceeds from share subscriptions	-	92,750
Proceeds from share issuances, net of issuance costs	(2,140)	298,564
	(2,140)	391,314
Increase (decrease) in cash	(449)	(79,783)
Cash, beginning	650	88,684
Cash, ending	201	8,901
Supplemental Disclosures		
Interest paid	800	800
Income taxes paid	-	-

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

Reg Technologies Inc.
(A Development Stage Company)
Interim Consolidated Statements of Changes in Equity
(Unaudited)
(Expressed in Canadian Dollars)

	Common Shares	Common Shares $	Subscription Received $	Contributed Surplus $	Warrants $	Convertible Debt $	Non-controlling Interest $	Deficit $	Total $
Balance – April 30, 2011	**30,725,118**	**12,372,889**	**289,200**	**9,441,987**	**237,714**	**758**	**188,756**	**(21,625,225)**	**906,079**
Shares issued for cash	2,043,300	249,240	(4,500)	–	54,649	–	–	–	299,389
Equity component of convertible debt	–	–	–	758	–	(453)	–	–	305
Warrants expiration	–	–	–	237,714	(237,714)	–	–	–	–
Non-controlling interest	–	–	–	–	–	–	(7,511)	–	(7,511)
Net loss	–	–	–	–	–	–	–	(260,142)	(260,142)
Balance – October 31, 2011	**32,768,418**	**12,622,129**	**284,700**	**9,680,459**	**54649**	**305**	**181,245**	**(21,885,367)**	**938,120**
Shares issued for cash	2,115,375	124,868	–	–	83,012	–	–	–	207,880
Deconsolidation of Minewest	–	–	(284,700)	825,000	–	–	(179,926)	–	360,374
Non-controlling interest	–	–	–	–	–	–	19,506	–	19,506
Net Loss	–	–	–	–	–	–	–	(130,625)	(130,625)
Balance – April 30, 2012	**34,883,793**	**12,746,997**	**–**	**10,505,459**	**137,661**	**305**	**20,825**	**(22,015,992)**	**1,395,255**
Warrants extension	–	–	–	–	107,986	–	–	–	107,986
Share issuance cost	–	(2,140)	–	–	–	–	–	–	(2,140)
Equity component of convertible debt	–	–	–	305	–	(305)	–	–	–
Non-controlling interest	–	–	–	–	–	–	8,333	–	8,333
Net Loss	–	–	–	–	–	–	–	(301,980)	(301,980)
Balance – October 31, 2012	**34,883,793**	**12,744,857**	**–**	**10,505,764**	**245,647**	**–**	**29,158**	**(22,317,972)**	**1,207,454**

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

1. Nature and Continuance of Operations

Reg Technologies Inc. ("Reg Tech" or the "Company") is a development stage company in the business of developing and commercially exploiting an improved axial vane type rotary engine known as the Rand Cam™/Direct Charge Engine and other RandCam™ / RadMax® applications, such as compressors and pumps (the "Technology"). The worldwide marketing and intellectual rights, other than in the U.S., are held by the Company, which as at October 31, 2012 owns 3.38 million shares of REGI U.S, Inc. ("REGI") (a U.S. public company) representing a 11.00% interest in REGI. REGI owns the U.S, marketing and intellectual rights. The Company and REGI have a project cost sharing agreement whereby these companies each fund 50% of the development of the Technology.

On July 6, 2010, Reg Tech incorporated a wholly owned subsidiary Minewest Silver and Gold Inc. ("Minewest") under the laws of British Columbia. Pursuant to a Plan of Arrangement with Minewest, Reg Tech signed an asset transfer agreement (the "Transfer Agreement") on August 5, 2010 with Minewest to transfer Reg Tech's undivided 45% interest in mineral claims in the Liard Mining Division, located in northern British Columbia (the "Silverknife Claims") to Minewest for consideration of cash payment of $25,000 and issuance of 8,000,000 common shares of the Company.

Effective November 17, 2011 Reg Tech obtained court approval for the Plan of Arrangement. On December 14, 2011, Reg Tech declared Minewest shares as dividend for Reg Tech shareholders on the record date of December 21, 2011, whereby one Minewest shares is distributed for seven Reg Tech shares. As a result of the dividend declaration, the Company expects to retain approximately 3,287,737 shares of Minewest.

In a development stage company, management devotes most of its activities to establishing a new business. Planned principal activities have not yet produced any revenues and the Company has incurred recurring operating losses as is normal in development stage companies. The Company has accumulated losses of $22,317,972 since inception. These factors raise substantial doubt about the Company's ability to continue as a going-concern. The ability of the Company to emerge from the development stage with respect to its planned principal business activity is dependent upon its successful efforts to raise additional equity financing, receive funding from affiliates and controlling shareholders, and develop a market for its products.

Management is aware that material uncertainties exist, related to current economic conditions, which could adversely affect the Company's ability to continue to finance its activities. The Company receives interim support from affiliated companies and plans to raise additional capital through debt and/or equity financings. There continues to be insufficient funds to provide adequate working capital to fund ongoing operations for the next twelve months. The Company may also raise additional funds though the exercise of warrants and stock options.

There is no certainty that the Company's efforts to raise additional capital will be successful. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in normal operations.

2. Significant Accounting Policies

Statement of compliance

These interim consolidated financial statements of the Company and its subsidiaries, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34 (Interim Financial Reporting).

These interim consolidated financial statements were reviewed and authorized for issue by the Board of Directors on December 24, 2012.

Basis of preparation

These interim consolidated financial statements of the Company and its subsidiaries, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34 (Interim Financial Reporting).

These interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Basis of consolidation and presentation

These financial statements include the accounts of the Company, its 80% owned subsidiary Minewest Silver and Gold Inc. ("Minewest") until November 18, 2011 when the Company lost control (Note 1) and its 51% owned subsidiary, Rand Energy Group Inc. ("Rand"), which owns a 2.06% (April 30, 2012 – 2.19%) interest in REGI. The Company also owns an 8.94% (April 30, 2012 – 9.54%) interest in REGI. Prior to April 30, 2008, REGI was considered a controlled subsidiary for consolidation purposes by way of control through an annually renewable voting trusts agreement, with other affiliated companies. This trusts agreement gave the Company 50% control of the voting shares of REGI. The agreement could be cancelled by the President of the 51% owned subsidiary with seven days' written notice to the affiliated companies. Effective April 30, 2008, the voting trusts agreement was cancelled and consequently the investment in REGI has been accounted for as investment in associates.

Starting from November 18, 2011, the accounts of Minewest ceased to be consolidated as a result of Reg Tech's loss of control in Minewest and consequently were accounted for as investment in associates.

All significant inter-company balances and transactions have been eliminated upon consolidation.

New Standards and Interpretations

A number of new standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees, and amendments to standards and interpretations, are not yet effective for the six months ended October 31, 2012, and have not been applied in preparing these unaudited interim consolidated financial statements. The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Corporation has not been determined.

3. Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Depreciation for equipment

Depreciation expense is allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statements of comprehensive loss.

Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

4. Financial Instruments and Risk Management

Foreign exchange risk

The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are denominated in US dollars. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations in exchange rates will, consequently, have an impact upon the reported operations of the Company and may affect the value of the Company's assets and liabilities.

The Company currently does not enter into financial instruments to manage foreign exchange risk.

The Company is exposed to foreign currency risk through the following financial assets and liabilities that are denominated in United States dollars:

October 31, 2012	Cash	Due to Related Party	Advances to Equity Accounted Investee	Accounts Payable
	$ 24	$ 1,758	$ 604,869	$ 40,225

At October 31, 2012 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- $56,291.

Interest rate and credit risk

The Company has minimal cash balances and no interest-bearing debt other than the convertible debt of $20,000. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest any significant excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Receivables consist of goods and services tax due from the Federal Government. Management believes that the credit risk concentration with respect to receivables is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 11.

5. Common Stock

Authorized

50,000,000 Common shares without par value
10,000,000 Preferred shares with a $1 par value, redeemable for common shares on the basis of 1 common share for 2 preferred shares
5,000,000 Class A non-voting shares without par value. Special rights and restrictions apply.

Treasury Shares

At October 31, 2012, Rand owns 217,422 (April 30, 2012 – 217,422) shares of the Company valued at $43,485 that have been deducted from the total shares issued and outstanding. The value of these shares has been deducted from share capital.

Private placements

On June 9, 2011, the Company completed a private placement, whereby 2,043,300 units at $0.15 per unit were issued for gross proceeds of $306,495. Each private placement unit consisted of one common share and share purchase warrant. Each warrant entitles the holder to purchase one additional share of common stock at a price of $0.20 per share for one year. The fair value of the warrants included in the units was estimated to be $0.05 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 1.53%, expected volatility of 144%, an expected life of 1 year and no expected dividends.

On March 20, 2012, the Company completed a private placement, whereby 2,115,375 units at $0.10 per unit were issued for gross proceeds of $211,538. Each private placement unit consisted of one common share and share purchase warrant. Each warrant entitles the holder to purchase one additional share of common stock at a price of $0.15 per share for one year. The fair value of the warrants included in the units was estimated to be $0.04 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 1.12%, expected volatility of 176%, an expected life of 1 year and no expected dividends.

Finders’ fees of $800 and other related costs of $5,463 were paid in connection with the private placements, which are included in share issuance costs.

During the six months ended October 31, 2012 filing fees of $2,140 in relation to the private placements completed in March 20, 2012 were recorded as share issue cost.

5. Common Stock (Cont'd)

Stock Options

The Company has implemented a stock option plan (the "Plan") to be administered by the Board of Directors. Pursuant to the Plan, the Board of Directors has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than five years after the grant date.

These options have the following vesting schedule:

i) Up to 25% of the option may be exercised at any time during the term of the option; such initial exercise is referred to as the "First Exercise".
ii) The second 25% of the option may be exercised at any time after 90 days from the date of First Exercise; such second exercise is referred to as the "Second Exercise".
iii) The third 25% of the option may be exercised at any time after 90 days from the date of Second Exercise; such third exercise is referred to as the "Third Exercise".
iv) The fourth and final 25% of the option may be exercised at any time after 90 days from the date of the Third Exercise.
v) The options expire 60 months from the date of grant.

Options granted to consultants engaged in investor relations activities will vest in stages over a minimum of 12 months with no more than 25% of the options vesting in any three-month period.

During the year ended April 30, 2012, the Company recorded stock-based compensation of $nil (2011 - $20,296) as a general and administrative expense.

On October 21, 2010, the Company granted 750,000 stock options from the Plan to a director of the Company exercisable at $0.14 per share, up to October 21, 2015. The fair value of options was estimated using the Black-Scholes option pricing model using the following weighted average assumptions: risk free interest rate of 1.72%, expected volatility of 106%, an expected option life of 5 years and no expected dividends. The weighted average fair value of options granted was $0.11 per option. During the year ended April 30, 2011 the Company recognized $20,296 as stock-based compensation in relation to this grant, with $60,888 to be recognized in future accounting periods as the options continue to vest.

As at October 31, 2012, as the Company believes that it is not probable that any options would vest except the first 25% of the options that vested immediately at a date of the First Exercise, the fair value of the first 25% of the options that vested were charged to the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

5. Common Stock (Cont'd)

Stock Options (Cont'd)

The following is a summary of options activities during the six months ended October 31, 2012 and year ended April 30, 2012:

	Number of options	Weighted average exercise price $
Outstanding at April 30, 2011	1,575,000	0.30
Forfeited, unexercised	(100,000)	0.40
Weighted average fair value of options outstanding at April 30, 2012 and at October 31, 2012	1,475,000	0.21

The following options were outstanding at October 31, 2012:

Expiry Date	Exercise price $	Number of options	Remaining contractual life (years)
August 1, 2013	0.40	300,000	0.76
April 22, 2014	0.21	375,000	1.48
April 19, 2015	0.21	50,000	2.47
October 21, 2015	0.14	750,000	2.98
Options Outstanding		1,475,000	
Options Exercisable		368,750	

(Expressed in Canadian Dollars)

5. Common Stock (Cont'd)

Share Purchase Warrants

On June 9, 2012, 1,063,300 warrants of the Company exercisable at $0.20 per share into the Company's common stock were extended to June 9, 2013. The fair value of warrant extension was estimated at $107,986 using the Black-Scholes option pricing model using the following weighted average assumptions: risk free interest rate of 1.03%, expected volatility of 177.89%, an expected option life of one year and no expected dividends.

The following is a summary of warrant activities during the six months ended October 31, 2012 and year ended April 30, 2012:

	Number of warrants	**Weighted average exercise price $**
Outstanding at April 30, 2011	4,089,333	0.20
Expired, unexercised	(4,089,333)	0.20
Issued	3,178,675	0.17
Outstanding at April 30, 2012	3,178,675	0.17
Expired	(1,063,300)	0.20
Extended	1,063,300	0.20
Outstanding at October 31, 2012	3,178,675	0.17

The following warrants were outstanding at October 31, 2012:

Expiry Date	**Exercise price $**	**Number of warrants**
June 9, 2013	0.20	1,063,300
March 20, 2013	0.15	2,115,375
		3,178,675

6. Equipment

	Cost	**Accumulated Amortization**	**October 31, 2012 and April 30, 2012 Net**
Computer hardware	$ 8,323	$ 8,323	$ -
Office furniture and equipment	8,849	8,849	-
Total	$ 17,172	$ 17,172	$ -

7. Equity Accounted Investees and Related Party Transactions

REGI

The Company's book value of investment in REGI was recorded at $Nil as the Company's share of past losses exceeded the carrying value of the investment in REGI.

At October 31, 2012, the Company is owed an aggregate of $988,171 (April 30, 2012 - $1,025,086) by REGI. The amounts owed are unsecured, non-interest bearing and due on demand.

Minewest

On July 20, 2010 the Company signed an asset transfer agreement with its newly incorporated wholly owned subsidiary Minewest for the purpose of acquiring and exploring mineral properties. In accordance with the agreement the Company transfers its 100% ownership in its undivided 45% interest subject to a 5% Net Profit Interest in 33 mining claims situated in the Tootsee River area in the Province of British Columbia for following consideration:

- Cash payment of $25,000 on or before August 15, 2010 (paid);
- Issuance of 8,000,000 shares of Minewest voting common shares (issued).

Effective December 15, 2010 Minewest signed a purchase agreement with Rapitan Resources Inc. ("Rapitan"), wherein Minewest purchased 100% of Rapitan's 25% interest in the Silverknife property for the following consideration:

- Cash payment of $10,000 (paid);
- Issuance of 2,000,000 shares of common stocks of Minewest (issued).

Effective November 18, 2011 Reg Tech obtained court approval for the Plan of Arrangement. On December 14, 2011, Reg Tech declared approximately 4,712,263 Minewest shares to be distributed to as dividend to Reg Tech shareholders on the record date of December 21, 2011, whereby one Minewest share is distributed for seven Reg Tech shares. As at October 31, 2012 and the date of this report, these shares have not been distributed and are recorded as assets held for distribution to shareholders of $471,200. The distribution is subject to Minewest being listed on a CNSX.

As a result of the dividend declaration, Reg Tech retains approximately 3,287,737 shares of Minewest, representing approximately 26.10% of the issued and outstanding common shares of Minewest at April 30, 2012, and has its controlling interest reduced to significant influence effective November 18, 2011.

As at October 31, 2012 the Company's investment in Minewest is recorded at $312,495 (April 30, 2012 - $320,082) under equity method (investment of $328,800 less equity loss of $16,305) and held 26.10% ownership in Minewest.

At October 31, 2012, the Company owed an aggregate of $174,358 (April 30, 2012 - $179,414) to Minewest. The amounts owed are unsecured, non-interest bearing and due on demand.

7. Equity Accounted Investees and Related Party Transactions (Cont'd)

At October 31, 2012, the Company is owed an aggregate of $Nil (April 30, 2012 - $1,317) by related parties and owed an aggregate of $183,627 (April 30, 2012 - $137,135) to related parties. The amounts owed are unsecured, non-interest bearing and due on demand. These related parties include the President of the Company and companies that are controlled or significantly influenced by the President of the Company.

During the six month period ended October 31, 2012, rent of $2,687 (2012 - $3,284) was incurred with a company having common officers and directors.

During the six month period ended October 31, 2012, management fees of $15,000 (2012 - $15,000) were accrued to a company having common officers and directors.

During the six month period ended October 31, 2012, research and development costs of $Nil (2012 - $37,500) were paid to a company controlled by a former director of the Company.

During the six month period ended October 31, 2012, administrative and management fees, included in miscellaneous office expenses, of $2,382 (2012 - $3,508) and directors' fees of $6,000 (2012 - $6,000) were paid to an officer and director or a company controlled by the officer and director for services rendered.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

8. Commitments

a) In connection with the acquisition of Rand, the Company has the following royalty obligations:

i) A participating royalty is to be paid based on 5% of all net profits from sales, licenses, royalties or income derived from the patented technology, to a maximum amount of $10,000,000. The participating royalty is to be paid in minimum annual instalments of $50,000 per year beginning on the date the first revenues are derived from the license or sale of the patented technology.

ii) Pursuant to a letter of understanding dated December 13, 1993, between the Company and REGI (collectively called the grantors) and West Virginia University Research Corporation ("WVURC"), the grantors have agreed that WVURC shall own 5% of all patented technology and will receive 5% of all net profits from sales, licenses, royalties or income derived from the patented technology.

iii) A 1% net profit royalty will be payable to a former director on all U.S. – based sales.

b) The Company is committed to fund 50% of the further development of the Rand Cam™/Direct Charge Engine Technology, with the remaining 50% funded by REGI.

(Expressed in Canadian Dollars)

9. Financial Instrument Liability

Rand's private sales of REGI shares

During March, 2010, 163,000 warrants issued in March, 2009 were exercised at US$0.35 per share of REGI shares and the additional 163,000 shares of REGI were sold by Rand for total proceeds of $58,877(US$57,050). These shares were transferred by Rand to the purchasers on May 4, 2010.

On March 12, 2010, 1,101,933 warrants issued on March 12, 2009 expired, of which 894,333 warrants were extended for one year expiring March 12, 2011. The fair value of the extended warrants on March 12, 2010 was determined using the Black-Scholes option pricing model using the following weighted average assumptions: risk free interest rate of 0.15%, expected volatility of 117%, an expected option life of 1 year and no expected dividends. These warrants expired on March 12, 2011.

As at October 31, 2012 the details of the share purchase warrants are as follows:

Closing date of sale	# of warrants	Exercise price	Expiry date
March 27, 2008 (Rand)	80,000	US$ 1.50	March 27, 2013
May 6, 2008 (Rand)	40,000	US$ 1.50	May 6, 2013

The fair value of the warrants as follows:

Expiry date	Fair value at October 31, 2012	Fair value at April 30, 2012
March 27, 2013	$ 2,334	$ 6,121
May 6, 2013	2,452	3,194
Total	$ 4,786	$ 9,315

Black-Scholes Option-Pricing Model Assumptions

The fair value of each warrant issued was calculated using the Black-Scholes option-pricing model with the following assumptions:

	October 31, 2012	April 30, 2012
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	279% - 323%	242% - 251%
Risk-free interest rate	0.99% - 1.02%	1.27%
Expected life of warrants (years)	0.40 – 0.51	0.91 – 1.02

10. Convertible Debenture

On June 1, 2010, the Company issued a convertible debenture for total proceeds of $50,000 which bears interests at 8% per annum payable monthly, is unsecured and due one year from date of issuance. The unpaid amount of principal can be converted at any time at the holder's option into shares of the Company's common stock at a price of $0.20 per share. The Company has the option to repay principal and accrued interest before the due date with 30 days' notice.

The fair value of the debt component of the convertible loan was estimated using discounted cash flow at 10% for equivalent debt without the conversion feature. The fair value of equity component was estimated to be a difference between the fair value of the debt and the face value of the instrument. The debt and equity components of the convertible loans were then measured using the residual value method and were initially recorded at $49,242 and $758 respectively.

On February 18, 2011 principal amount of $30,000 was repaid to the debt holder, with loss on early payment of $170 recorded as financing cost.

On June 1, 2011, the convertible debenture for total principal of $20,000 matured and renewed to June 1, 2012. The debenture bears interests at 8% per annum payable monthly and is unsecured. The unpaid amount of principal can be converted at any time at the holder's option into shares of the Company's common stock at a price of $0.20 per share.

On June 1, 2012, the convertible debenture for total principal of $20,000 matured and renewed to June 1, 2013. The debenture bears interests at 8% per annum payable monthly and is unsecured. The unpaid amount of principal can be converted at any time at the holder's option into shares of the Company's common stock at a price of $0.20 per share.

Due to the short-term nature, the debt component of the convertible loans approximates the principal amount of the loans.

11. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the development stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the share capital as well as cash, receivables, related party receivables and advances to equity accounted investee.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and short-term investments.

The Company expects its capital resources, which include a share offering and the sale of investee shares and warrants, will be sufficient to carry its research and development plans and operations through its current operating period.

The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the year ended April 30, 2012 and the six months ended October 31, 2012.

12. Subsequent Event

There is no subsequent event other than normal course of the business operation.