REG TECHNOLOGIES INC.
(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

January 31, 2014

Responsibilities for Financial Statements

The accompanying financial statements for Reg Technologies Inc. (the "Company") have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These interim 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 January 31, 2014 and the results of its operations and its cash flows for the nine months ended January 31, 2014.

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

	As at 31 January 2014 $ (Unaudited)	As at 30 April 2013 $ (Audited)
Assets		
Current		
Cash	93	307
HST/GST and interest receivable	2,799	9,562
Prepaid expenses	1,416	1,416
Advances to REGI US (Note 7)	1,066,499	1,011,748
Assets held for distribution to shareholders (Note 7)	471,200	471,200
	1,542,007	1,494,233
Investment in Minewest (7)	281,267	289,385
	1,823,274	1,783,618
Liabilities		
Current		
Bank indebtedness	419	4,968
Accounts payable	184,448	169,496
Accrued liabilities	7,250	25,600
Due to related parties (Note 7)	150,957	258,664
Due to Minewest (Note 7)	153,041	160,518
Convertible debt (Note 9)	20,000	20,000
	516,115	639,246
Shareholders' equity		
Share Capital (Note 6)	13,088,037	12,820,362
Warrants (Note 6)	576,790	461,471
Contributed Surplus (Note 6)	10,560,967	10,554,464
Deficit	(22,988,039)	(22,723,825)
	1,237,755	1,112,472
Non-controlling interest	69,404	31,900
	1,823,274	1,783,618

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 Loss
(Unaudited)
(Expressed in Canadian Dollars)

	For the three months ended January 31, 2014 $	For the three months ended January 31, 2013 $	For the nine months ended January 31, 2014 $	For the nine months ended January 31, 2013 $
Expenses				
Financing fees (Note 6)	-	-	115,319	107,986
Interest	400	400	1,200	1,559
Shareholder communication	10,469	12,705	17,204	16,351
Consulting fees	1,400	2,300	4,400	12,200
Foreign exchange gain	(40,681)	(797)	(66,218)	(12,621)
Management and directors' fees (Note 7)	11,286	11,684	34,663	35,066
Office expenses	7,024	6,188	20,005	18,578
Professional fees	10,281	(15,136)	22,918	44,224
Research and development	-	21,324	25,089	81,131
Rent and utilities (Note 7)	1,627	1,413	4,346	4,100
Transfer agent and filing fees	12,694	10,874	22,840	23,931
Travel and promotion	6,068	1,500	9,228	4,500
Stock-based compensation	-	-	6,503	-
Wages and benefits	2,375	2,929	7,831	8,968
Loss before other items and income taxes	(22,943)	(55,384)	(225,328)	(345,973)
Other income (expense)				
Gain on sale of REGI shares (Note 7)	1,415	-	6,736	-
Unrealized gain on financial instrument liability	-	3,826	-	8,355
Loss on equity investment	(2,187)	(17,410)	(8,118)	(24,997)
Net and comprehensive loss	(23,715)	(68,968)	(226,710)	(362,615)
Net and comprehensive income (loss) attributable to:				
Shareholders of the Company	(45,551)	(71,258)	(264,214)	(373,238)
Non-controlling interest	21,836	2,290	37,504	10,623
	(23,715)	(68,968)	(226,710)	(362,615)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	36,394,914	34,883,793	36,263,691	34,883,793

Reg Technologies Inc.
(A Development Stage Company)

Interim Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	For the nine months ended January 31, 2014 $	For the nine months ended January 31, 2013 $
Cash flows used in operating activities		
Net loss	(226,710)	(362,615)
Adjustments to reconcile loss to net cash used by operating activities:		
Accrued interest	-	62
Stock based compensation	6,503	-
Loss on equity investment	8,118	24,997
Unrealized gain on financial instrument liability	-	(8,355)
Financing cost	115,319	107,986
Changes in non-cash working capital items:		
Bank indebtedness	(4,549)	-
GST receivable	6,763	3,733
Prepaid expenses	-	36,971
Due from related parties	-	22,023
Accounts payable and accrued liabilities	(3,398)	131,219
Due to related parties	152,521	68,642
	54,567	24,663
Cash flows provided by (used in) investing activities		
Advances to equity accounted investee	(54,751)	(50,810)
	(54,751)	(50,810)
Cash flows provided by financing activities		
Proceeds from share subscriptions	-	29,500
Proceeds from share issuances, net of issuance costs	(30)	(2,155)
	(30)	27,345
Increase (decrease) in cash	(214)	1,198
Cash, beginning	307	650
Cash, ending	93	1,848
Supplemental Disclosures		
Interest paid	1,200	1,200
Income taxes paid	-	-
Non-cash Transactions		
Shares issued for debt settlement	267,705	-

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 $	Deficit $	Total Shareholders' Equity $	Non-Controlling Interest $
Balance – April 30, 2012 (Audited)	**34,883,793**	**12,746,997**	**-**	**10,505,459**	**137,661**	**305**	**(22,015,992)**	**1,374,430**	**20,825**
Subscription received	–	–	29,500	–	–	–	–	29,500	–
Warrants extension	–	–	–	–	**107,986**	**–**	**–**	107,986	–
Share issuance cost	–	(2,140)	–	–	–	–	–	(2,140)	–
Equity component of convertible debt	–	–	–	305	–	(305)	–	–	–
Non-controlling interest	–	–	–	–	–	–	–	–	10,623
Net Loss	–	–	–	–	–	–	(373,238)	(373,238)	–
Balance – January 31, 2013 (Unaudited)	**34,883,793**	**12,744,857**	**29,500**	**10,505,764**	**245,647**	**-**	**(22,389,230)**	**1,136,538**	**31,448**
Warrants extension	–	–	–	–	161,869	–	–	161,869	–
Share issued	1,315,000	77,545	(29,500)	–	53,955	–	–	102,000	–
Share issuance cost	–	(2,040)	–	–	–	–	–	(2,040)	–
Stock-based compensation	–	–	–	48,700	–	–	–	48,700	–
Net loss	–	–	–	–	–	–	(334,595)	(334,595)	452
Balance – April 30, 2013 (Audited)	**36,198,793**	**12,820,362**	–	**10,554,464**	**461,471**	**–**	**(22,723,825)**	**1,112,472**	**31,900**
Shares for debt	2,230,877	267,705	–	–	–	–	–	267,705	–
Stock-based compensation	–	–	–	6,503	–	–	–	6,503	–
Warrant extension	–	–	–	–	115,319	–	–	115,319	–
Share issuance cost	–	(30)	–	–	–	–	–	(30)	–
Net loss	–	–	–	–	–	–	(264,214)	(264,214)	37,504
Balance – January 31, 2014 (Unaudited)	**38,429,670**	**13,088,037**	–	**10,560,967**	**576,790**	**–**	**(22,988,039)**	**1,237,755**	**69,404**

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

Reg Technologies Inc.
(A Development Stage Company)
Notes to Interim Consolidated Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)
For the Nine Months Ended January 31, 2014 and 2013

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 January 31, 2014 together with its 51% owned subsidiary Rand Energy Group Inc. ("Rand") owns a 10.38% interest in REGI U.S, Inc. ("REGI") (a U.S. public company). 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 share is to be distributed for every seven Reg Tech shares subject to Minewest being listed on CNSX. 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 $22,988,039 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 through 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. Statement of compliance

These unaudited interim financial statements ("interim financial statements") are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2013.

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 1, 2014.

3. Significant Accounting Policies

Basis of preparation

The preparation of financial statements in accordance with IAS 34 and 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 4.

Basis of consolidation and presentation

These financial statements include the accounts of the Company, its 80% owned subsidiary Minewest until November 17, 2011 when the Company lost control and its 51% owned subsidiary Rand, which owns a 1.83% (April 30, 2013 – 2.00%) interest in REGI. The Company also owns an 8.55% (April 30, 2013 – 8.66%) 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 trust 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 trust 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.

3. Significant Accounting Policies (Cont'd)

New standards and interpretations

New standards, amendments and interpretations not yet effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective May 1, 2013

IFRS 1 – First time adoption of IFRS - In March 2012, the IASB issued an amendment to this standard, which a new exception was included in respect of government loans. Measurement of below-market rate government loans is allowed to be applied prospectively at date of transition. In addition, if the entity had obtained the information to measure the loan at its fair value at the inception of the loan, it could re-measure the loan on transition. This exception is to be applied on a loan-by loan basis. This amendment is not expected to affect the Company.

IFRS 7 - Financial Instruments: Disclosures - In December 2011, the IASB issued an amendment to this standard, which requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. This amendment is not expected to affect the Company.

IFRS 10 Consolidated Financial Statements - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 Joint Arrangements - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers.

3. Significant Accounting Policies (Cont'd)

New standards and interpretations (cont'd)

IFRS 12 Disclosure of Interests in Other Entities - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 Fair Value Measurement - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1 – Presentation of Financial Statements - In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether or not they may be recycled to profit or loss in future periods.

IAS 19 – Employee Future Benefits - In June 2011, the IASB issued an amendment to IAS 19, which changes the recognition, measurement and presentation of defined benefit pension expense and provides for additional disclosures for all employee benefits.

IAS 27 – Separate Financial Statements - As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

IAS 28 – Investments in Associates and Joint Ventures - As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provided the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

The following standard will be effective for annual periods beginning on or after May 1, 2014:

IAS 32 – Financial Instruments: Presentation
In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

3. Significant Accounting Policies (Cont'd)

<u>New standards and interpretations (Cont'd)</u>

The following standard will be effective for annual periods beginning on or after May 1, 2015:

IFRS 9 – Financial Instruments
In November 2009, as part of the IASB project to replace IIAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

Unless otherwise noted, the extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

4. Critical Accounting Estimates and Judgments

<u>Use of Estimates</u>

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations. Significant areas requiring the use of management estimates include determination of accrued liabilities, deferred tax assets and stock-based compensation. Actual results could differ from the estimates made.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

<u>Use of judgements</u>

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year.

(i) <u>Determination of functional currency</u>

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.

4. Critical Accounting Estimates and Judgments (Cont'd)

Use of judgements (Cont'd)

(ii) 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.

(iii) 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.

(iv) 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.

5. 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:

January 31, 2014	Cash	Advances to Equity Accounted Investee	Accounts Payable
	$ 74	$ 604,921	$ 37,953

At January 31, 2014 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- $64,280.

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 10.

(Expressed in Canadian Dollars)

6. Share Capital

Authorized

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

Treasury Shares

At January 31, 2014, Rand owns 217,422 (April 30, 2013 – 217,422) shares of the Company valued at $19,568 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 February 27, 2013, the Company completed a private placement, whereby 585,000 units at $0.10 per unit were issued for gross proceeds of $58,500. 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 1.01%, expected volatility of 223%, an expected life of one year and no expected dividends.

On March 21, 2013, the Company completed a private placement, whereby 730,000 units at $0.10 per unit were issued for gross proceeds of $73,000. 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 1.02%, expected volatility of 215%, an expected life of 1 year and no expected dividends.

Shares for Debt

In December, 2013 the Company signed debt settlement agreements with certain related parties to issue 3,230,877 shares at $0.12 per share to settle outstanding balance of $387,705, of which 2,230,877 shares and 1,000,000 shares received approval by the TSX Venture Exchange in January, 2014 and March, 2014 respectively.

6. Share Capital (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.

On April 11, 2013, the Company granted 1,850,000 stock options to the directors and certain consultants of the Company at $0.11 per share, up to April 11, 2018. 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 1.24%, expected volatility of 180%, an expected option life of 5 years and no expected dividends. The weighted average fair value of options granted was $0.11 per option.

On August 1, 2013, 300,000 options exercisable at $0.40 per share into the Company's common stock expired without being exercised.

On August 21, 2013, the Company granted 300,000 stock options to the directors and certain consultants of the Company at $0.10 per share, up to August 21, 2018. 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 1.98%, expected volatility of 187%, an expected option life of 5 years and no expected dividends. The weighted average fair value of options granted was $0.09 per option.

As at January 31, 2014, 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)

6. Share Capital (Cont'd)

Stock Options(Cont'd)

The following is a summary of options activities during the nine months ended January 31, 2014 and the year ended April 30, 2013:

	Number of options	Weighted average exercise price
		$
Outstanding at April 30, 2012	1,475,000	0.21
Granted	1,850,000	0.11
Outstanding at April 30, 2013	3,325,000	0.16
Expired without being exercised	(300,000)	0.40
Granted	300,000	0.10
Outstanding at January 31, 2014	3,325,000	0.13

The following options were outstanding at January 31, 2014:

Expiry Date	Exercise price	Number of options	Remaining contractual life (years)
	$		
April 22, 2014	0.21	375,000	0.22
April 19, 2015	0.21	50,000	1.22
October 21, 2015	0.14	750,000	1.72
April 11, 2018	0.11	1,850,000	4.20
August 21, 2018	0.10	300,000	4.56
Options Outstanding		3,325,000	
Options Exercisable		831,250	

(Expressed in Canadian Dollars)

6. Share Capital (Cont'd)

Share Purchase Warrants

On May 28, 2012, 1,063,300 warrants of the Company exercisable at $0.20 per share into the Company's common stock were extended from June 9, 2012 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.

On March 6, 2013, 2,115,375 warrants of the Company exercisable at $0.15 per share into the Company's common stock were extended from March 20, 2013 to September 20, 2013. The fair value of warrant extension was estimated at $161,869 using the Black-Scholes option pricing model using the following weighted average assumptions: risk free interest rate of 0.99%, expected volatility of 259.93%, an expected option life of one year and no expected dividends.

On June 9, 2013, 1,063,300 warrants exercisable at $0.20 per share into the Company's common stock expired without being exercised.

On September 6, 2013, 2,115,375 warrants of the Company exercisable at $0.15 per share into the Company's common stock were extended from September 20, 2013 to September 20, 2013. The fair value of warrant extension was estimated at $5,237 using the Black-Scholes option pricing model using the following weighted average assumptions: risk free interest rate of 0.00%, expected volatility of 248.29%, an expected option life of 0.04 years and no expected dividends. On September 6, 2013, the same 2,115,375 warrants were further extended to September 20, 2014. The fair value of warrant extension was estimated at $115,319 using the Black-Scholes option pricing model using the following weighted average assumptions: risk free interest rate of 1.12%, expected volatility of 243.06%, an expected option life of 1.04 years and no expected dividends.

The following is a summary of warrant activities during the nine months ended January 31, 2014 and the year ended April 30, 2013:

	Number of warrants	Weighted average exercise price $
Outstanding at April 30, 2012 and 2013	3,178,675	0.17
Expired, unexercised	(1,063,300)	0.20
Outstanding at January 31, 2014	2,115,375	0.15

(Expressed in Canadian Dollars)

6. Share Capital (Cont'd)

Share Purchase Warrants

The following warrants were outstanding at January 31, 2014:

Expiry Date	Exercise price $	Number of warrants
September 20, 2014	0.15	2,115,375
	0.15	2,115,375

7. Equity Accounted Investees and Related Party Transactions

REGI

The Company's investment in REGI is recorded at $nil as the Company's share of past losses exceeded the carrying value of the investment in REGI. During the nine months ended January 31, 2014, the Company sold 44,916 shares of REGI and recorded gain on sale of $5,321 (2013 - $nil).

At January 31, 2014, the Company is owed an aggregate of $1,066,499 (April 30, 2013 - $1,011,748) 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 transferred its 100% ownership in its undivided 45% interest subject to a 5% net smelter return in 33 mining claims situated in the Tootsee River area in the Province of British Columbia for the 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).

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

Minewest (Cont'd)

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 as dividend to Reg Tech shareholders on the record date of December 21, 2011, whereby one Minewest share is to be distributed for every seven Reg Tech shares of holders with a minimum of 100 shares and cash payment to be made to shareholders with fewer than 100 shares. As at January 31, 2014 and the date of this report, these shares have not been distributed and are recorded as assets held for distribution to shareholders, $471,200. The distribution and cash payment is subject to Minewest being listed on the 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 January 31, 2014 (April 30, 2013 – 26.10%), and has its controlling interest reduced to significant influence effective November 18, 2011.

As at January 31, 2014 the Company's investment in Minewest is recorded at $281,267 under equity method (investment of $328,800 less equity loss of $47,533) and held 26.10% ownership in Minewest.

At January 31, 2014, the Company owed an aggregate of $153,041 (April 30, 2013 - $160,518) to Minewest. In March 31, 2014 the Company issued 1,000,000 common shares at $0.12 per share to Minewest as settlement for balance owed of $120,000.

The amounts owed are unsecured, non-interest bearing and due on demand.

Other Related Parties

At January 31, 2014, the Company is owed an aggregate of $nil (April 30, 2013 - $nil) by related parties other than REGI and owed an aggregate of $150,957 (April 30, 2013 - $258,664) to related parties other than Minewest. The amounts owed are unsecured, non-interest bearing and due on demand. These parties are companies that the President of the Company controls or significantly influences.

During the nine months ended January 31, 2014, management fees of $22,500 (2013 - $22,500) were accrued to a company having common officers and directors.

During the nine months ended January 31, 2014, management fees of $3,463 (2013 - $3,566) and director fees of $9,000 (2013 - $9,000) were paid or accrued to officers, directors and companies controlled by officers and directors 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.

9. 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.

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 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 proportional or relative fair value method and were initially recorded at $19,695and $305 respectively.

On June 1, 2013, the convertible debenture for total principal of $20,000 matured and renewed to June 1, 2014. 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

During the nine months ended January 31, 2014, interest of $1,200 (2013 - $1,200) was paid for the debt.

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

10. 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, 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 nine months ended January 31, 2014.

11. Subsequent Events

On March 13, 2014, upon approval by the TSX Venture Exchange the Company issued 1,000,000 shares valued at $0.12 per share to Minewest as settlement for $120,000 owed to Minewest (Note 6 and 7).

On March 26, 2014 the Company issued 2,200,000 units of private placement at $0.12 per unit for gross proceeds of $264,000, with each unit comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of $0.15 per share for a period of three years.