REG TECHNOLOGIES INC.
(A Development Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

July 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 July 31, 2014 and the results of its operations and its cash flows for the three months ended July 31, 2014.

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

	As at July 31, 2014 $ (Unaudited)	As at April 30, 2014 $ Audited
Assets		
Current		
Cash	649,816	941,914
HST/GST and interest receivable	3,835	5,738
Prepaid expenses	1,416	1,416
Advances to REGI US (Note 7)	1,042,704	986,825
Due from Minewest (Note 7)	1,920	-
Assets held for distribution to shareholders (Note 7)	471,200	471,200
	2,170,891	2,407,093
Investment in Minewest (Note 7)	252,007	252,087
	2,422,898	2,659,180
Liabilities		
Current		
Accounts payable	104,544	173,015
Accrued liabilities	29,500	26,500
Due to related parties (Note 7)	9,657	88,730
Due to Minewest (Note 7)	-	21,732
	143,701	309,977
Shareholders' equity		
Share Capital (Note 6)	13,636,565	13,636,565
Warrants (Note 6)	1,141,249	1,141,249
Contributed Surplus	10,589,150	10,560,967
Deficit	(23,123,263)	(23,028,628)
	2,243,701	2,310,153
Non-controlling interest	35,496	39,050
	2,422,898	2,659,180

Nature and Continuance of Operations (Note 1)
Commitments (Note 8)
Subsequent events (Note 10)

On behalf of the Board:

"John Robertson"	Director	*"Suzan El-Khatib"*	Director
John Robertson		Suzan El-Khatib	

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 July 31, 2014 $	For the three months ended July 31, 2013 $
Expenses		
Interest expense	-	400
Shareholder communication	3,196	2,332
Consulting fees	-	1,350
Foreign exchange (gain) loss	7,725	(15,169)
Management and directors' fees (Note 7)	15,906	11,688
Office expenses	12,124	5,996
Professional fees	4,095	3,194
Research and development	10,463	11,735
Rent and utilities	2,810	1,334
Transfer agent and filing fees	8,848	1,861
Wages and benefits	5,592	3,100
Stock based compensation	28,183	-
Loss before other items and income taxes	(98,942)	(27,821)
Other income (expense)		
Interest income	833	-
Loss on equity investment	(80)	(2,578)
Net and comprehensive loss	(98,189)	(30,399)
Net and comprehensive loss attributable to:		
Shareholders of the Company	(94,635)	(38,058)
Non-controlling interest	(3,554)	7,659
	(98,189)	(30,399)
Loss per share – basic and diluted	(0.00)	(0.00)
Weighted average number of common shares outstanding – basic and diluted	49,329,670	36,198,793

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

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

	For the three months ended July 31, 2014 $	For the three months ended July 31, 2013 $
Cash flows used in operating activities		
Net loss	(98,189)	(30,399)
Adjustments to reconcile loss to net cash used by operating activities:		
Loss on equity investment	80	2,578
Stock based compensation	28,183	-
Changes in non-cash working capital items:		
GST and interest receivable	1,903	8,095
Bank indebtedness	-	(4,968)
Due from related parties	(57,799)	-
Accounts payable and accrued liabilities	(65,471)	1,180
Due to related parties	(79,073)	34,302
	(270,366)	10,788
Cash flows used in investing activities		
Repayment of advances from equity accounted investee	(21,732)	(10,775)
	(21,732)	(10,775)
Increase (decrease) in cash	(292,098)	13
Cash, beginning	941,914	307
Cash, ending	649,816	320
Supplemental Disclosures		
Interest paid	-	400
Income taxes paid	-	-
Supplemental Non-cash Investment Transactions	**-**	**-**

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 $	Contributed Surplus $	Warrants $	Deficit $	Total Shareholders' Equity $	Non-Controlling interest $
Balance – April 30, 2013 (Audited)	**36,198,793**	**12,820,362**	**10,554,464**	**461,471**	**(22,723,825)**	**1,112,472**	**31,900**
Net loss	–	–	–	–	(38,058)	(38,058)	7,659
Balance – July 31, 2013 (Unaudited)	**36,198,793**	**12,820,362**	**10,554,464**	**461,471**	**(22,761,883)**	**1,074,414**	**39,559**
Warrants extension	–	–	–	112,319	–	112,319	–
Private placement	9,900,000	620,541	–	567,459	–	1,188,000	–
Share issuance cost	–	(90,426)	–	–	–	(90,426)	–
Stock-based compensation	–	–	6,503	–	–	6,503	–
Shares issued for debt settlement	3,230,877	286,088	–	–	–	286,088	–
Net loss	–	–	–	–	(266,745)	(266,745)	(509)
Balance – April 30, 2014 (Audited)	**49,329,670**	**13,636,565**	**10,560,967**	**1,141,249**	**(23,028,628)**	**2,310,153**	**39,050**
Stock based compensation	–	–	28,183	–	–	28,183	–
Net loss	–	–	–	–	(94,635)	(94,635)	(3,554)
Balance – July 31, 2014 (Unaudited)	**49,329,670**	**13,636,565**	**10,589,150**	**1,141,249**	**(23,123,263)**	**2,243,701**	**35,496**

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 July 31, 2014 owns a 10.17% 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 two 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 seven Reg Tech shares. The distribution will take place upon Minewest shares being listed on the Canadian Securities Exchange (the "CSE"). 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 $23,123,263 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. 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, 2014.

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on September 29, 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 Silver and Gold Inc. ("Minewest") until November 18, 2011 when the Company lost control and its 51% owned subsidiary, Rand Energy Group Inc. ("Rand"), which owns a 1.80% (April 30, 2014 – 1.99%) interest in REGI. Reg Tech also owns an 8.37% (April 30, 2014 – 8.61%) 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.

3. Significant Accounting Policies (Cont'd)

New standards and interpretations

The accounting policies applied in preparation of these interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended April 30, 2014. In addition, the Company adopted the following accounting policies effective 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.

IAS 36 - Impairment of Assets – In May 2013, the IASB issued an amendment to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

IAS 39 - Financial Instruments: Recognition and Measurement – In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria are met.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 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 IFRS 9 on the consolidated financial statements of the Company has not been determined.

4. Critical Accounting Estimates and Judgments

Use of Estimates

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.

Use of judgements

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) 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.

(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:

July 31, 2014	Cash	Advances to Equity Accounted Investee	Accounts Payable
	$ 7,132	$ 604,869	$ 22,892

At July 31, 2014 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- $62,063.

Interest rate and credit risk

The Company has minimal cash balances and no interest-bearing debt. 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 9.

(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 July 31, 2014, Rand owns 217,422 (April 30, 2014 – 217,422) shares of the Company valued at $19,567 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 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. The fair value of the warrants included in the units was estimated to be $0.08 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 1.23%, expected volatility of 204%, an expected life of 3 years and no expected dividends.

On April 30, 2014 the Company issued 7,700,000 units of private placement at $0.12 per unit for gross proceeds of $924,000, 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. The fair value of the warrants included in the units was estimated to be $0.11 using the Black-Scholes option pricing model using the following assumptions: risk free interest rate of 1.18%, expected volatility of 206%, an expected life of 3 years 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 to settle outstanding balance of $387,705, of which 2,230,877 shares with a fair value of $0.10 per share and 1,000,000 shares with a fair value of $0.085 per share received approvals by the TSX Venture Exchange in January, 2014 and March, 2014, respectively. (Note 7). A gain on debt settlement of $79,671 was recorded in relation to the debt settlement.

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.

During the year ended April 30, 2014, the Company recorded stock-based compensation of $6,503 (2013 - $48,700) as a general and administrative expense.

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 and April 22, 2014, 300,000 options exercisable at $0.40 per share and 375,000 options exercisable at $0.21 per share into the Company's common stock expired without being exercised respectively.

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.

(Expressed in Canadian Dollars)

6. Share Capital (Cont'd)

Stock Options(Cont'd)

On July 10, 2014, the Company granted to certain directors and consultants 1,175,000 options exercisable at $0.10 per share into the Company's common stock up to July 10, 2019, vesting as follows:

(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.

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 1.45%, expected volatility of 181%, an expected option life of 5 years and no expected dividends. The weighted average fair value of options granted was $0.10 per option.

As at July 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.

The following is a summary of option activities during the three months ended July 31, 2014 and the years ended April 30, 2014:

	Number of options	Weighted average exercise price
		$
Outstanding at April 30, 2013	3,325,000	0.16
Expired without being exercised	(675,000)	0.29
Forfeited	(50,000)	0.11
Granted	300,000	0.10
Outstanding at April 30, 2014	2,900,000	0.12
Granted	1,175,000	0.10
Outstanding at July 31, 2014	4,075,000	0.11

(Expressed in Canadian Dollars)

6. Share Capital (Cont'd)

Stock Options(Cont'd)

The following options were outstanding at July 31, 2014:

Expiry Date	Exercise price	Number of options	Remaining contractual life (years)
	$		
April 19, 2015	0.21	50,000	0.72
October 21, 2015	0.14	750,000	1.23
April 11, 2018	0.11	1,800,000	3.70
August 21, 2018	0.10	300,000	4.06
July 10, 2019	0.10	1,175,000	4.95
Options Outstanding		4,075,000	
Options Exercisable		1,018,750	

(Expressed in Canadian Dollars)

6. Share Capital (Cont'd)

Share Purchase Warrants

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 10, 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, 2014. The fair value of warrant extension was estimated at $112,319 using the Black-Scholes option pricing model using the following weighted average assumptions: risk free interest rate of 1.35%, expected volatility of 225.54%, an expected option life of 1.03 years and no expected dividends.

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

	Number of warrants	Weighted average exercise price $
Outstanding at April 30, 2013	3,178,675	0.17
Expired, unexercised	(1,063,300)	0.20
Issued	9,900,000	0.15
Outstanding at July 31 and April 30, 2014	12,015,375	0.15

The following warrants were outstanding at July 31, 2014:

Expiry Date	Exercise price $	Number of warrants
September 20, 2014	0.15	2,115,375
March 26, 2017	0.15	2,200,000
April 30, 2017	015	7,700,000
	0.15	12,015,375

(Expressed in Canadian Dollars)

7. Equity Accounted Investees and Related Party Transactions

REGI

The Company's investment in REGI has been reduced to $nil as the Company's share of past losses exceeded the carrying value of the investment in REGI.

At July 31, 2014, the Company is owed an aggregate of $1,042,704 (April 30, 2014 - $986,825) by REGI. The amounts owed are unsecured, non-interest bearing and due on demand.

The following summarizes the consolidated financial information of REGI.

	July 31, 2014	April 30, 2014
	US$	US$
Total current assets and total assets	3,085	1,876
Total current liabilities and total liabilities	1,803,203	1,767,640

	Three Months Ended April 30,	
	2014	2013
	US$	US$
Revenue	-	-
Loss from operations	(111,446)	(200,487)
Other expense	(360)	(360)
Net loss	(111,806)	(200,847)

(Expressed in Canadian Dollars)

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

REGI (Cont'd)

Effective April 30, 2008, the investment in REGI has been accounted for as investment in associates. The Company's annual and accumulated share of REGI's losses that were not recognized after the investment was written down to zero is as follows:

	Unrecognized share of loss
Accumulated loss at April 30, 2014	US$ 770,581
Loss during the three months ended July 31, 2014	11,370
Accumulated loss at July 31, 2014	US$ 781,951
Investment in REGI written off at cost in 2008	CAD$ 215,800

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 smelter return 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 to be distributed for seven Reg Tech shares of holders. As at July 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 is subject to Minewest shares being listed on the CSE.

(Expressed in Canadian Dollars)

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

Minewest (Continued)

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 July 31, 2014 (April 30, 2014 – 26.10%), and has its controlling interest reduced to significant influence effective November 18, 2011.

As at July 31, 2014 the Company's investment in Minewest is recorded at $252,007 under equity method (investment of $328,800 less equity loss of $54,793 and reciprocal interest of $22,000).

During the year ended April 30, 2014 the Company issued 1,000,000 common shares valued at a fair value of $0.085 per share to settle debt of $120,000 resulting a gain on debt settlement of $35,000. At July 31, 2014, the Company was owed an aggregate of $1,924 by (April 30, 2014 – owed $21,732 to) Minewest. The amounts owed are unsecured, non-interest bearing and due on demand.

The following summarizes the financial information of Minewest:

Minewest Silver and Gold Inc. (in CAD$)

	July 31, 2014	April 30, 2014
	$	$
Current asset	108,088	108,394
Non-current asset	299,771	299,771
Total current assets and total assets	407,859	408,165
Total current liabilities and total liabilities	128,638	128,638

	Three Months Ended July 31, 2014	Three Months Ended July 31, 2013
	$	$
Revenue	-	-
Operating expenses and loss from operations	(306)	(9,813)
Other loss	-	-
Net loss	(306)	(9,813)

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

Other related parties

At July 31, 2014, the Company is owed an aggregate of $9,657 (April 30, 2014 - $88,730) to related parties after debt settlement of $267,705 with issuance of 2,230,877 common shares valued at a fair value of $0.10 per share resulting in a gain on debt settlement of $44,617 during the year ended April 30, 2014. 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 three months ended July 31, 2014, management fees of $7,500 (2014 - $7,500) were accrued to a company having common officers and directors.

During the three months ended July 31, 2014, management fees of $2,406 (2014 - $1,188) and director fees of $6,000 (2014 - $3,000) 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. 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 three months ended July 31, 2014.

10. Subsequent Events

On September 20, 2014, 2,115,375 warrants exercisable into the Company's common stock at $0.15 expired without being exercised.