

REG TECHNOLOGIES INC.
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Vancouver, BC V6C 3P6

January 3, 2017

MANAGEMENT DISCUSSION & ANALYSIS

This interim management report of Reg Technologies Inc. (“Reg” or the “Company”) is an addition and supplement to the unaudited consolidated financial statements for the six months ended October 31, 2016 and 2015, and should be read in conjunction with those statements, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). This management report presents the views of Management on current Company activities and on the annual financial results, as well as a preview of activities during the coming fiscal year.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A using the terms “may”, “expects to”, “projects”, “estimates”, “plans”, and other terms denoting future possibilities, including our expectations and objectives, are forward-looking statements in respect to various issues including upcoming events based upon current expectations, which involve risks and uncertainties that could cause actual outcomes and results to differ materially. These statements reflect the current views of management with respect to future events and are subject to risks, uncertainties and other factors. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, including those described in our financial statements, Management’s Discussion & Analysis and Material Change Reports filed with the Canadian Securities Administrators. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that we will derive therefrom.

All subsequent forward-looking statements, whether written or oral, attributable to our company or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

Overview

We are a development stage company engaged in the business of developing and commercially exploiting an improved axial vane-type rotary engine known as the RadMax™ rotary technology (the “*Technology*” or the “*RadMax Engine*”), used in the design of lightweight and high efficiency engines, compressors and pumps. Since no marketable product has yet been developed, we have not received any revenues from operations.

In July, 2010 we incorporated our 80% owned subsidiary Minewest Gold and Silver Corp. Inc. (“Minewest”), a private company incorporated in British Columbia for the purpose of acquiring and exploring mineral properties. During the year ended April 30, 2011, we transferred to Minewest our 100% ownership in our undivided 45% interest subject to a 5% Net Profit Interest in 33 mining claims (the “Silverknife Property”) in the Tootsee River area of the province of British Columbia for cash payment of \$25,000 and issuance of 8,000,000 common shares of Minewest. Effective December 15, 2010 Minewest purchased 100% of Rapitan Resources Inc.’s ownership in 25% interest of the Silverknife Property for cash payment of \$10,000 and issuance of 2,000,000 common shares of Minewest.

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. The distribution is subject to Minewest being listed on the CSE. As a result of the dividend declaration, the Company expects to retain approximately 3,287,737 shares of Minewest.

We are a reporting issuer in British Columbia and Alberta and trade on the TSX Venture Exchange (the "TSX.V") under the symbol "RRE". We are also listed on the OTC BB under the symbol "REGRF".

RadMax™ rotary technology

We are engaged in the business of developing and building an improved axial vane-type rotary engine used in the design of lightweight and high efficiency engines, compressors and pumps. We hold the worldwide intellectual and marketing rights to the Rand Cam Engine, exclusive of the United States, which are held by REGI. REGI owns the U.S. marketing and intellectual rights and has a project cost sharing agreement, whereby it will fund 50% of the further development of the Rand Cam Engine and we will fund 50%.

Based upon testing work performed by independent organizations on prototype models, we believe that the Rand Cam Engine holds significant potential in a number of other applications ranging from small stationary equipment to automobiles and aircraft. In addition to its potential use as an internal combustion engine, the Rand Cam Engine design is being employed in the development of several types of compressors, pumps, expanders and other applications.

To date, several prototypes of the Rand Cam Engine have been tested and additional development and testing work is continuing. We believe that such development and testing will continue until a commercially feasible design is perfected. There is no assurance at this time, however, that such a commercially feasible design will ever be perfected, or if it is, that it will become profitable. If a commercially feasible design is perfected, we do, however, expect to derive revenues from licensing the Technology relating to the Rand Cam Engine regardless of whether actual commercial production is ever achieved. There is no assurance at this time, however, that revenues will ever be received from licensing the Technology even if it does prove to be commercially feasible.

We believe that a large market would exist for a practical rotary engine which could be produced at a competitive price and which could provide a good combination of fuel efficiency, power density and exhaust emissions.

Based on the market potential, we believe the Rand Cam Engine is well suited for application to internal combustion engines, pumps, compressors and expansion engines. The mechanism can be scaled to match virtually any size requirement. This flexibility opens the door to large markets being developed.

RadMax™ Pump

The Company actively pursued the development of the RadMax™ Pump from early 2007 until March 2008. From September 2007 until March 2008, the Company worked with an industry partner in the water pump industry. The partner evaluated the Pump as a potential new product offering as part of its fire engine chemical dispersant product line. The evaluation and test period ended when the partner had a change in its senior management and their leading advocate left the company. Until there is further interest established in the RadMax™ Pump by an end user, no further work is anticipated.

The Company then focused all of its technical resources on validating the seals for a compressor application, leading towards the technology incorporation in the RadMax™ engine.

In February 2009 the pump was set up in the Company's Richmond, B.C. laboratory, for demonstration to interested parties. It is a fully functional prototype capable of pumping twice its internal volume every revolution. Future development would take the form of customization based on interest from another industry partner. Commercialization requires tooling to significantly reduce the cost of the pump in a production environment. Until there is further interest established in the RadMax™ Pump by an end user, no further work is anticipated.

RadMax™ Compressor

The Company actively pursued the development of high pressure metal seals using the RadMax™ Compressor from July 2007 until September 2007. The technical concept of high pressure metal seals was validated in a prototype compressor test bed that was fabricated from residual hardware. There was no immediate interest by an industry partner to continue a joint development of the RadMax™ Compressor. Until there is further interest established in the RadMax™ Compressor by an end user, no further work will be conducted.

The compressor is a fully functional prototype design capable of 48 individual compression events every revolution, which represent twice its internal volume. Future development would take the form of customization based on interest from another industry partner. Commercialization requires tooling to significantly reduce the cost of the compressor in a production environment. Until there is further interest established in the RadMax™ Compressor by an end user, no further work will be conducted.

Recent Development

On September 23, 2016 we announced that our Board of Directors entered into an asset sale and purchase agreement with REGI U.S., Inc. subject to shareholder and TSX Venture Exchange approval.

This will complete the consolidation of all assets, specifically all intellectual properties into a single company. REGI U.S., Inc. is a US based company, trading on the OTC: BB under the symbol RGUS.

The transaction will commence a consolidated, single focused development of our RadMax Technologies by the two companies. The concentration of efforts, resources and personnel, along with significant cost savings and efficiencies are expected to benefit shareholders of both companies.

The Company obtained shareholder approval for the transaction by special resolution at a special meeting of the shareholders on November 18, 2016. The transaction is pending TSX Venture Exchange approval.

The consideration is one & one tenth (1.1) shares of REGI U.S., Inc. for each one (1) share of Reg Technologies, Inc.

Overall Performance

We are a technology development company engaged in developing and commercially exploiting an improved axial vane type rotary engine. Minewest, of which we have an estimated 26.10% equity interest is engaged in the acquisition and exploration of mineral properties. Our expenditures are incurred on research and development of our technology. 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.

Results of Operations

Results of Operations for the Six Months Ended October 31, 2016 (“2017”) Compared to the Six Months Ended October 31, 2015 (“2016”)

We incurred a net income of \$15,827 for the six months ended October 31, 2016, compared to a net loss of \$1,591,255 for the six months ended October 31, 2015. The significant difference was due to loss on write-off of receivable from REGI of \$1,474,370 recorded during the previous period as the management did not have reasonable expectations for collecting the amount, while during the current period a recovery on the write-off of \$39,997 was recorded.

During the six months ended October 31, 2016 the Company was inactive due to lack of funding and the fact that the Company planned on sale of all its assets to REGI US in accordance with the asset sale agreement dated September 16, 2016. Expense comparisons with the six months ended October 31, 2015 are as follows.

	For the six months ended October 31, 2016 \$	For the six months ended October 31, 2015 \$
Expenses		
Shareholder communication	7,500	14,274
Management and directors’ fees	3,500	35,459
Office expenses	1,090	19,139
Professional fees	4,500	5,661
Research and development	-	59,962
Rent and utilities	-	8,841
Transfer agent and filing fees	4,420	10,918
Travel and promotion	948	-
Wages and benefits	-	19,007
Donation	-	5,500
Total operating expenses	21,958	178,761

In the six months ended October 31, 2015 the Company recorded foreign exchange gain of \$54,986 while in the six months ended October 31, 2016 we recorded foreign exchange loss of \$2,212.

During the six months ended October 31, 2015 we recorded gain on debt settlement of \$6,586 with one service provider, which was recorded as other income. We did not have such debt settlement in the six months ended October 31, 2016.

Results of Operations for the Three Months Ended October 31, 2016 (“2017”) Compared to the Three Months Ended October 31, 2015 (“2016”).

We incurred a net income of \$18,879 for the three months ended October 31, 2016, compared to a net loss of \$104,838 for the three months ended October 31, 2015. The significant difference was due to loss on write-off of receivable from REGI of \$33,978 recorded during 2016 as the management did not have reasonable expectations for collecting the amount, while during the current period a recovery on the write-off of \$32,073 was recorded.

During the three months ended October 31, 2016 the Company was inactive due to lack of funding and the fact that the Company planned on sale of all its assets to REGI US in accordance with the asset sale agreement dated September 16, 2016. Expense comparisons with the three months ended October 31, 2015 are as follows.

	For the three months ended October 31, 2016 \$	For the three months ended October 31, 2015 \$
Expenses		
Shareholder communication	7,500	9,288
Management and directors’ fees	-	15,797
Office expenses	36	8,208
Professional fees	2,000	2,225
Research and development	-	12,569
Rent and utilities	-	4,440
Transfer agent and filing fees	2,838	8,503
Wages and benefits	-	7,925
Donation	-	5,500
Loss before other items and income taxes	12,374	74,455

In the three months ended October 31, 2015 the Company recorded foreign exchange gain of \$3,595 while in the three months ended October 31, 2016 we recorded foreign exchange loss of \$820.

Annual Information – Year Ended April 30, 2016 and 2015

For the year ended April 30, 2016, we recorded a net and comprehensive loss of \$1,646,708 or \$0.03 per share, as compared to a net and comprehensive loss of \$994,230 or \$0.02 per share for the year ended April 30, 2015.

The significant increase in net loss was due to the write-off of receivable from REGI of \$1,456,985 as the management does not have reasonable expectations for the recovery of this amount.

We have generated no revenue from our operations. We have incurred operating expenses and operating loss of \$196,613 for the year ended April 30, 2016 (2015 - \$275,016).

Shareholder communication expenses increased from \$17,442 in 2015 to \$21,276 in 2016, as in 2016 we held our annual shareholder meeting and incurred related expenses;

Office expenses decreased from \$46,904 in 2015 to \$26,061 in 2016, office rent and utility expense decreased from \$15,034 in 2015 to \$13,950 in 2016, wages and benefits decreased from \$34,343 in 2015 to \$19,007 in 2016, and management fees decreased from \$72,315 in 2015 to \$42,959 in 2016, as in 2016 we did not record such fees in the last quarter.

Professional fees decreased from \$34,238 in 2015 to \$28,159 in 2016, because we were less active in 2016.

Travel and promotion expense significantly decreased from \$909 in 2015 to \$Nil in 2016 as in 2015 we were less active;

Transfer agent and filing fees decreased from \$32,634 in 2015 to \$15,907 in 2016 as a result of decrease in related activities in 2016;

Research and development expenses decreased from \$58,402 in 2015 to \$53,983 in 2016 as required by our research work on our technology;

We recorded stock based compensation of \$26,783 in 2015 for 25% of the 1,175,000 options granted and vested. We didn't record any stock based compensation in 2016.

In 2015 we recorded loss of \$77,119 for equity pick up of our 26.10% equity interest in Minewest. In 2016 no such loss was recorded.

In 2016 we recorded gain on debt settlement of \$6,586. We did not have such debt settlement or gain or loss from such settlement in 2015.

In 2015 we recorded impairment of \$174,968 of our equity investment in Minewest and wrote off the value of Minewest shares of \$471,200 we have held for the Company's shareholders, as a result of uncertainty of Minewest's future after its cease trade since January 8, 2014. In 2016 we did no record such impairment or write-off

Summary of Quarterly Results

The following is a summary of our financial results of eight of our most recently completed quarters:

Description	Three months ended Oct.31, 2016 \$	Three months ended July.31, 2016 \$	Three months ended Apr. 30, 2016 \$	Three months ended Jan.31, 2016 \$	Three months ended Oct.31, 2015 \$	Three months ended July.31, 2015 \$	Three months ended Apr. 30, 2015 \$	Three months ended Jan.31, 2015 \$
Net Revenues	-	-	-	-	-	-	-	-
Income or loss before other items								
Total	(13,194)	(10,976)	(41,617)	(31,221)	(70,860)	(52,915)	(843,229)	8,018
Per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.02)	0.00
Net Income								
Total	18,879	(3,052)	(17,925)	(37,528)	(104,838)	(1,486,417)	(847,030)	9,256
Per share	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.03)	(0.02)	0.00

As we are in the development stage, variances by quarter reflect our research and development stage, overall corporate activity and our fund raising for our operations.

In the last quarter of fiscal 2015 we recorded impairment of \$174,968 of our equity investment in Minewest and wrote off the value of Minewest shares we have held for the Company's shareholders of \$471,200, as a result of uncertainty of Minewest's future after its cease trade since January 8, 2014.

In the three months ended October 31, 2015 we recorded write-off of receivable from REGI of \$1,440,392 as management does not have reasonable expectations for the recovery of the amount, resulting in significant loss recorded in the quarter.

Liquidity and Capital Resources

As of October 31, 2016 we had a cash position of \$142 compared to \$54 at April 30, 2016. As at October 31, 2016 we had a working capital deficit of \$249,125, compared to working capital deficit of \$264,952 recorded at April 30, 2016.

At October 31, 2016, the Company is owed an aggregate of \$1,416,988 (April 30, 2016 - \$1,456,985) by REGI. The amounts owed are unsecured, non-interest bearing and due on demand. However, as the management does not have reasonable expectations for the recovery of this amount, the balance was recorded as impaired at October 31, 2016 and April 30, 2016.

During the six months ended October 31, 2016 we recovered \$39,997 from the amount owed by REGI of which \$39,909 was used in our operations.

We are still in the development stage of our business and expect to continue with research and development activities for the near future. We do not expect to generate significant revenues in the near future.

We have no funding commitments or arrangements for additional financing at this time and there is no assurance that we will be able to obtain any additional financing on terms acceptable to us, if at all. Any additional funds raised will be used for general and administrative expenses, and to continue with our research and development activities. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise.

Since its incorporation, the Company has financed its operations largely through the sale of its common shares to investors and by borrowing from related parties. The Company expects to finance operations through the sale of equity in the foreseeable future as it generates limited revenue from business operations. There is no guarantee that the Company will be successful in arranging financing on acceptable terms. To a significant extent, the Company's ability to raise capital is affected by trends and uncertainties beyond its control. The Company's ability to attain its business objectives may be significantly impaired if the technologies cannot be commercialized.

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.

Transactions with Related Parties

At October 31, 2016, the Company is indebted to related parties in the amount of \$152,475 (April 30, 2016 - \$122,711). The amounts owed are unsecured, non-interest bearing and due on demand. These related parties include the President and companies that are controlled or significantly influenced by the directors of the Company.

During the six months ended October 31, 2016, management fees of \$3,500 were accrued to the sole officer of the Company. During the six months ended October 31, 2015, management fees of \$15,000 were accrued to a company with common directors.

During the six months ended October 31, 2016, management fees of \$Nil (2016 - \$5,459) and director fees of \$Nil (2016 - \$15,000) 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.

Financial Instruments & Other Instruments

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, 2016	Cash	Accounts Payable
\$	142	\$ 91,106

At October 31, 2016 with other variables unchanged, a +/-10% change in exchange rates would increase/decrease pre-tax loss by approximately +/- \$9,096.

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.

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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 8 to our interim financial statements for the three months ended October 31, 2016.

Share Capital

Our authorized capital consists of unlimited common shares without par value and unlimited preferred shares with a par value of \$1.00 per share and unlimited Class "A" non-voting shares without par value. Of the unlimited common shares without par value, 49,329,670 shares (excluding the 217,422 shares owned by Rand) were outstanding as of the date of this report and at April 30, 2016. There are no Preferred or Class "A" Shares currently outstanding.

The following is a summary of the stock options and share purchase warrants outstanding as at the date of this report:

Stock options:

Expiry Date	Exercise price	Number of options
	\$	
April 11, 2018	0.11	1,350,000
August 21, 2018	0.10	200,000
July 10, 2019	0.10	<u>1,000,000</u>
Options Outstanding		<u>2,550,000</u>
Options Exercisable		<u>637,500</u>

Share purchase warrants:

Expiry Date	Exercise price \$	Number of warrants
March 26, 2017	0.15	2,200,000
April 30, 2017	0.15	7,700,000
	0.15	9,900,000

Critical Accounting Policies

The critical accounting policies of the Company are outlined in our unaudited consolidated financial statements for the three months ended October 31, 2016 and our audited consolidated financial statements for the year ended April 30, 2016. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on reported results or financial position.

Subsequent Events

During September, 2016 the Company entered into an asset purchase and sale agreement with REGI U.S., Inc. subject to shareholder and TSX Venture Exchange approval, pursuant to which the Company will sell all of its assets, including but not limited to all Intellectual Property to REGI U.S., Inc. The consideration is one & one tenth (1.1) shares of REGI U.S., Inc. for each one (1) share of Reg Technologies, Inc.

The Company obtained shareholder approval by special resolution at a special meeting of the shareholders on November 18, 2016. The transaction is pending TSX Venture Exchange approval.

Approval

Our Board of Directors have approved the disclosures in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Additional Information

Additional information relating to our company is available on SEDAR at www.sedar.com.