

REGI U.S., Inc.
(A Development Stage Company)
Consolidated Balance Sheets
(Unaudited)

	<u>January 31, 2014</u>	<u>April 30, 2013</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,457	\$ 16,377
Total Assets	<u>\$ 1,457</u>	<u>\$ 16,377</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 175,645	\$ 226,287
Due to related parties	1,562,667	1,499,300
Total Current Liabilities	<u>1,738,312</u>	<u>1,725,587</u>
Stockholders' Deficit:		
Common stock, 100,000,000 shares authorized, no par value, 32,220,298 and 31,675,965 shares issued and outstanding, respectively	10,477,956	10,019,361
Deficit accumulated during the development stage	<u>(12,214,811)</u>	<u>(11,728,571)</u>
Total Stockholders' Deficit	<u>(1,736,855)</u>	<u>(1,709,210)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 1,457</u>	<u>\$ 16,377</u>

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

REGI U.S., Inc.
(A Development Stage Company)
Consolidated Statements of Expenses
(Unaudited)

	Three Months Ended		Nine Months Ended		July 27, 1992
	January 31,		January 31,		(Inception)
	2014	2013	2014	2013	Through
					January 31, 2014
Operating Expenses:					
Amortization	\$ -	\$ -	\$ -	\$ -	\$ 130,533
General and administrative	188,301	59,234	463,463	326,813	9,838,635
Impairment loss	-	-	-	-	72,823
Gain on settlement of accounts payable	-	-	-	-	(200,351)
Research and development	-	21,324	21,697	70,551	4,750,937
Loss from Operations:	(188,301)	(80,558)	(485,160)	(397,364)	(14,592,577)
Other Income (Expense):					
Interest expense	(360)	(360)	(1,080)	(1,080)	(2,930)
Gain on change in fair value of derivative liabilities	-	-	-	-	280,488
Net loss	<u>\$ (188,661)</u>	<u>\$ (80,918)</u>	<u>\$ (486,240)</u>	<u>\$ (398,444)</u>	<u>\$ (14,315,019)</u>
Net loss per share – basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	
Weighted average shares outstanding – basic and diluted	<u>32,130,000</u>	<u>30,834,000</u>	<u>31,960,000</u>	<u>30,224,000</u>	

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REGI U.S., Inc.
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended		July 27, 1992
	January 31,		(Inception)
	2014	2013	Through
			January 31, 2014
Cash flows from operating activities:			
Net loss	\$ (486,240)	\$ (398,444)	\$ (14,315,019)
Adjustments to reconcile loss to net cash used by operating activities:			
Amortization	-	-	130,533
Donated services	90,000	90,000	1,785,000
Impairment loss	-	-	72,823
Shares issued for services	-	9,000	437,900
Options and warrants issued for service	292,890	132,299	1,962,811
Amortization of deferred compensation	-	-	373,795
Gain on settlement of accounts payable	-	-	(200,351)
Gain on change in fair value of derivative liability	-	-	(280,488)
Write-off of intellectual property	-	-	578,509
Changes in operating assets and liabilities:			
Accounts receivable	-	-	(3,000)
Accounts payable and accrued liabilities	(50,642)	4,030	384,562
Net cash used in operating activities	(153,992)	(163,115)	(9,072,925)
Cash flows from investing activities:			
Patent protection costs	-	-	(38,197)
Advances to related parties	-	-	(260,136)
Collection of advances to related parties	-	-	260,136
Purchase of equipment	-	-	(198,419)
Net cash used in investing activities	-	-	(236,616)
Cash flows from financing activities:			
Advances (to) from related parties	63,367	(30,715)	1,873,504
Bank indebtedness	-	(251)	-
Proceeds from convertible debentures	-	-	5,000
Proceeds from exercise of options	-	-	20,000
Proceeds from the sale of common stock	75,705	194,563	7,412,494
Net cash provided by financing activities	139,072	163,597	9,310,998
Net change in cash and cash equivalents	(14,920)	482	1,457
Cash and cash equivalents, beginning of period	16,377	44	-
Cash and cash equivalents, end of period	<u>\$ 1,457</u>	<u>\$ 526</u>	<u>\$ 1,457</u>
Supplemental Disclosures:			
Interest paid	\$ -	\$ -	\$ -
Income tax paid	-	-	-
Non-Cash Investing and Financing Activities:			
Cumulative effect of change in accounting principal	\$ -	\$ -	\$ 280,488
Warrants issued for equity line of credit	-	-	1,561,406
Shares issued to settle debt	-	-	496,000
Shares issued for convertible debenture	-	-	5,000
Shares issued for intellectual property	-	-	345,251
Affiliate's shares issued for intellectual property	-	-	200,000

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

REGI U.S., Inc.
(A Development Stage Company)
Notes to Unaudited Consolidated Financial Statements
(Unaudited)

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of REGI U.S., Inc. ("REGI") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto for the year ended April 30, 2013 filed on Form 10-K with the SEC. In the opinion of management, the accompanying unaudited interim consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position and the results of operations for the interim period presented herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year or for any future period. Notes to the unaudited consolidated financial statements which would substantially duplicate the disclosures contained in the audited consolidated financial statements for fiscal 2013 as reported in Form 10-K, have been omitted.

Reclassifications

Certain comparative figures have been reclassified to conform to the current year's presentation.

NOTE 2. GOING CONCERN

REGI incurred net losses of \$486,240 for the nine months ended January 31, 2014, has a working capital deficit of \$1,736,855 and an accumulated deficit of \$12,214,811 at January 31, 2014. These factors raise substantial doubt about the ability of REGI to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. As a result, REGI's consolidated financial statements as of January 31, 2014 and for the nine months ended January 31, 2014 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

REGI also 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 enough working capital to fund ongoing operations for the next twelve months. REGI may also raise additional funds through the exercise of warrants and stock options, if exercised. There is no assurance that any of these activities will be successful.

NOTE 3. PATENTS

Effective December 12, 2013, the Company assigned the international rights, title and interests in the rotary device patents to Reg Tech, a company under common control. The assignment did not include the rights in the United States.

NOTE 4. RELATED PARTIES

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand except for the \$24,000 promissory note described below. Related parties consist of companies controlled or significantly influenced by the directors and officers of REGI. As of January 31, 2014, there was no balance due from related parties and an aggregate of \$1,562,667 due to related parties. As of April 30, 2013, there was no balance due from related parties and \$1,499,300 due to related parties.

During the year ended April 30, 2012 the Company issued a promissory note of \$24,000 for amounts previously accrued and owed to a company with common director with the Company. The promissory note bears interest rate of 6% per annum, is unsecured and due on demand. During the nine months ended January 31, 2014, interest expense of \$1,080 was recorded on the promissory note. The principal balance of the note is included as due to related parties in the consolidated balance sheet.

During the nine month period ended January 31, 2014, the President, CEO who is also a director of REGI provided consulting services to REGI valued at \$67,500, which were accounted for as donated capital and charged to expense during the period. The same amount was recorded in the nine month period ended January 31, 2013.

During the nine month period ended January 31, 2014, the CFO who is also a director of REGI provided consulting services to REGI valued at \$22,500, which were accounted for as donated capital and charged to expense during the period. The same amount was recorded in the nine month period ended January 31, 2013.

During each of the nine month periods ended January 31, 2014 and 2013, management fees of \$22,500 were accrued to a company having a common director.

During the nine months period ended January 31, 2014, the Company incurred \$18,890 research and development expenses with a company controlled by a director of REGI appointed in 2013. During the nine months period ended January 31, 2012, the Company incurred \$28,289 research and development expenses with the same related party.

REGI currently utilizes office space in a commercial business park building located in Richmond, British Columbia, Canada, a suburb of Vancouver, shared by several companies related by common officers and directors.

NOTE 5. STOCKHOLDERS' EQUITY

a) Common Stock Options and Warrants

During the nine month periods ended January 31, 2014 and 2013, the Company recorded aggregate stock-based compensation associated with options and warrants of \$292,890 and \$132,299, respectively. At January 31, 2014 and April 30, 2013, the Company had \$401,072 of total deferred compensation cost related to non-vested stock options and warrants, which will be recognized over future periods.

The fair value of each option and warrant grant or modification during the nine months ended January 31, 2014 and 2013 was determined using the Black-Scholes option pricing model and the following assumptions:

	Nine Months Ended January 31,	
	2014	2013
Risk free interest rate	0.11% - 0.36%	0.15 - 0.74%
Expected life	0.09-1.64	0.01 - 5 years
Annualized volatility	191.11% - 299.98%	204.98% - 377.83%
Expected dividends	-	-

Option pricing models require the input of highly subjective assumptions including the expected price volatility. The subjective input assumptions can materially affect the fair value estimate.

A summary of REGI's stock option activity for the nine months ended January 31, 2014 is as follows:

	January 31, 2014	
	Options	Weighted Average Exercise Price
Outstanding at beginning of period	2,638,000	\$ 0.15
Outstanding at end of period	2,638,000	\$ 0.15
Exercisable at end of period	659,500	\$ 0.15
Weighted average fair value of options granted		\$ 0.17

At January 31, 2014, the range of exercise prices and the weighted average remaining contractual life of the outstanding options was \$0.10 to \$0.20 per share and 3.63 years, respectively. The intrinsic value of "in the money" exercisable options at January 31, 2014 was \$6,595.

At April 30, 2013, the range of exercise prices and the weighted average remaining contractual life of the outstanding options was \$0.10 to \$0.20 per share and 4.83 years, respectively. The intrinsic value of “in the money” exercisable options at April 30, 2013 was \$158,005.

A summary of REGI’s common stock warrant activity for nine months ended January 31, 2014 is as follows:

	January 31, 2013	
	Warrants	Weighted Average Exercise Price
Outstanding at beginning of period	3,730,150	\$ 0.18
Issued during the period	978,666	\$ 0.23
Outstanding at end of period	4,708,816	\$ 0.19
Exercisable at end of period	4,671,316	\$ 0.19

On November 27, 2013, the Company extended the expiration date of 1,816,200 outstanding common stock warrants from December 12, 2013 to December 12, 2014. REGI calculated the incremental increase in the fair value using the Black-Scholes option pricing model and determined it to be \$156,569 which was expensed in nine months ended January 31, 2014.

On July 27, 2013, the Company extended the expiration date of 833,950 outstanding common stock warrants with expiration dates between July 30, 2012 and December 17, 2013 by one year and reduced their exercise price from \$0.50 to \$0.25. REGI calculated the incremental increase in the fair value using the Black-Scholes option pricing model and determined it to be \$136,321 which was expensed in nine months ended January 31, 2014.

At January 31, 2014, the range of exercise prices and the weighted average remaining contractual life of the outstanding warrants was \$0.10 to \$0.25 per share and 0.92 year, respectively. The intrinsic value of “in the money” exercisable warrants at January 31, 2014 was \$27,212.

At April 30, 2013, the range of exercise prices and the weighted average remaining contractual life of the outstanding warrants was \$0.15 to \$0.25 per share and 1.01 years, respectively. The intrinsic value of “in the money” exercisable warrants at April 30, 2013 was \$783,466.

b) Cash Consideration

During the nine months ended January 31, 2014, the Company sold an aggregate of 434,333 units in a private placement for cash proceeds of \$64,705, net of issuance costs of \$445, at \$0.15 per unit. Each unit consists of one common share and two common stock purchase warrants, with one warrant exercisable at \$0.20 per share for one year and one warrant exercisable at \$0.25 per share for two years into the Company’s common stock from the closing date of the private placement. The private placement was closed on October 7, 2013.

During the nine months ended January 31, 2014, the Company sold an aggregate of 110,000 units in a private placement for cash proceeds of \$11,000, at \$0.10 per unit. Each unit consists of one common share and one common stock purchase warrant exercisable at \$0.15 per share for one year into the Company’s common stock from the closing date of the private placement. The private placement have not been closed as of the date of this report.

NOTE 6. SUBSEQUENT EVENT

During February, 2014, the Company sold an aggregate of 20,000 units in a private placement for cash proceeds of \$2,400, at \$0.12 per unit. Each unit consists of one common share and one common stock purchase warrant exercisable at \$0.15 per share for one year into the Company’s common stock from the closing date of the private placement. The private placement has not been closed as of the date of this report.