

**REGI U.S., Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

	<b>January 31, 2015</b>	<b>April 30, 2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 798	\$ 1,876
Total Assets	<u>\$ 798</u>	<u>\$ 1,876</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 179,620	\$ 236,534
Due to related parties	<u>1,748,692</u>	<u>1,531,106</u>
Total Current Liabilities	1,928,312	1,767,640
Stockholders' Deficit:		
Common stock, 100,000,000 shares authorized, no par value, 32,779,298 and 32,640,298 shares issued and outstanding, respectively	10,720,837	10,550,355
Accumulated deficit	<u>(12,648,351)</u>	<u>(12,316,119)</u>
Total Stockholders' Deficit	<u>(1,927,514)</u>	<u>(1,765,764)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 798</u>	<u>\$ 1,876</u>

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

**REGI U.S., Inc.**  
**Consolidated Statements of Expenses**  
**(Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>January 31,</b>		<b>January 31,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Operating Expenses:				
General and administrative	\$ 67,234	\$ 188,301	\$ 283,328	\$ 463,463
Research and development	<u>25,886</u>	<u>-</u>	<u>47,824</u>	<u>21,697</u>
Loss from Operations:	(93,120)	(188,301)	(331,152)	(485,160)
Other Income (Expense):				
Interest expense	<u>(360)</u>	<u>(360)</u>	<u>(1,080)</u>	<u>(1,080)</u>
Net loss	<u>\$ (93,480)</u>	<u>\$ (188,661)</u>	<u>\$ (332,232)</u>	<u>\$ (486,240)</u>
Net loss per share – basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding – basic and diluted	<u>32,779,298</u>	<u>32,130,000</u>	<u>32,774,393</u>	<u>31,960,000</u>

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

**REGI U.S., Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<b>Nine Months Ended</b>	
	<b>January 31,</b>	
	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Net loss	\$ (332,232)	\$ (486,240)
Adjustments to reconcile loss to net cash used in operating activities:		
Donated services	90,000	90,000
Options and warrants issued for service	68,285	292,890
Changes in operating assets and liabilities:		
Due to related parties	1,080	1,080
Accounts payable and accrued liabilities	(56,914)	(50,642)
Net cash used in operating activities	(229,781)	(152,912)
Cash flows from financing activities		
Advances from related parties	216,506	62,287
Proceeds from the sale of common stock	12,197	75,705
Net cash provided by financing activities	228,703	137,992
Net change in cash and cash equivalents	(1,078)	(14,920)
Cash and cash equivalents, beginning of period	1,876	16,377
Cash and cash equivalents, end of period	\$ 798	\$ 1,457
Supplemental Disclosures:		
Interest paid	\$ -	\$ -
Income tax paid	-	-

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

**REGI U.S., Inc.**  
**Notes to 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, 2014 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 2014 as reported in Form 10-K, have been omitted.

**NOTE 2. GOING CONCERN**

REGI incurred net loss of \$332,232 for the nine months ended January 31, 2015 and has a working capital deficit of \$1,927,514 and an accumulated deficit of \$12,648,351 at January 31, 2015. 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 unaudited consolidated financial statements as of January 31, 2015 and for the nine months ended 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. RELATED PARTIES**

Amounts due from related parties are unsecured, non-interest bearing and due on demand. Related parties consist of the President of REGI and companies controlled or significantly influenced by the President of REGI and by a director of REGI. As of January 31, 2015, there was \$1,748,692 due to related parties. As of April 30, 2014, there was \$1,531,106 due to related parties.

During the nine month period ended January 31, 2015, the President, CEO and 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, 2014.

During the nine month period ended January 31, 2015, the CFO, COO and 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, 2014.

During each of nine month periods ended January 31, 2015 and 2014, management fees of \$22,500 were accrued to a company having a common director.

During the nine month periods ended January 31, 2015 and 2014, research and development services of \$47,824 and \$21,697 were provided by a company having a common director.

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, 2015 and 2014, there was no change to the principal amount of the promissory note and interest expense of \$1,080 was recorded during each nine month period. The principal balance of the note is included as due to related parties in the consolidated balance sheet.

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. REGI does not pay rent for this office space.

#### NOTE 4. STOCKHOLDERS' EQUITY

##### a) Common Stock Options and Warrants

During the nine month periods ended January 31, 2015 and 2014, the Company recorded aggregate stock-based compensation associated with options and warrants of \$68,285 and \$292,890, respectively. At January 31, 2015, the Company had \$393,913 of total unrecognized 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, 2015 and 2014 was determined using the Black-Scholes option pricing model and the following assumptions:

	Nine Months Ended January 31,	
	2015	2014
Risk free interest rate	0.01% - 0.05%	0.11% - 0.36%
Expected life	0.06-0.57	0.09-1.64
Annualized volatility	139.83% - 182.47%	191.11% - 299.98%
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, 2015 is as follows:

	January 31, 2015	
	Options	Weighted Average Exercise Price
Outstanding at beginning of period	2,638,000	\$ 0.15
Granted	-	-
Expired	-	-
Outstanding at end of period	<u>2,638,000</u>	<u>0.15</u>
Exercisable at end of period	<u>659,500</u>	<u>\$ 0.15</u>
Weighted average fair value of options granted		<u>\$ -</u>

At January 31, 2015, 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 2.63 years, respectively. The intrinsic value of "in the money" exercisable options at January 31, 2015 was \$0.

On May 5, 2014, the Company extended the expiration date of 830,000 outstanding common stock warrants from May 27, 2014 to November 27, 2014. On October 31, 2014, the expiration date of these warrants was further extended to May 27, 2015. The warrants are exercisable at \$0.15 per share. The incremental increase in the fair value of the warrants for each extension was determined to be \$34,236 and \$34,049, respectively.

A summary of REGI's common stock warrant activity for the nine months ended January 31, 2015 is as follows:

	January 31, 2015	
	Warrants	Weighted Average Exercise Price
Outstanding at beginning of period	5,128,816	\$ 0.19
Granted	139,000	0.15
Expired	(3,107,483)	0.18
Outstanding at end of period	2,160,333	0.19
Exercisable at end of period	2,160,333	\$ 0.19

At January 31, 2015, 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 0.55 year, respectively. The intrinsic value of "in the money" exercisable warrants at January 31, 2015 was \$0.

b) Cash Consideration

During May and June, 2014, the Company sold an aggregate of 139,000 units in a private placement for cash proceeds of \$12,197, net of issuance costs of \$1,303, 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.

**NOTE 5. COMMITMENTS**

Pursuant to a letter of understanding dated December 13, 1993 between REGI, Rand and Reg (collectively called the grantors) and West Virginia University Research Corporation ("WVURC"), the grantors have agreed that WVURC shall own 5% of all patented technology with regards to RC/DC Engine technology and will receive 5% of all net profits from sales, licenses, royalties or income derived from the patented technology. To date, no sales have been accrued and no royalties have been accrued or paid.

Pursuant to an agreement dated August 20, 1992, REGI acquired the U.S. rights to the original RC/DC Engine from Rand. REGI will pay Rand and the original owner a net profit royalty of 5% and 1%, respectively. To date no sales have been accrued and no royalties have been accrued or paid.