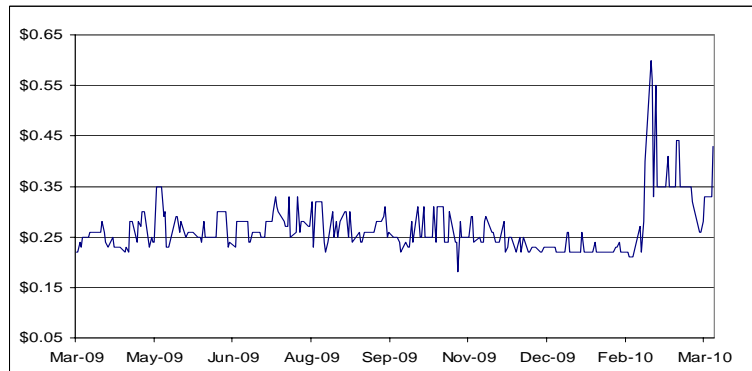


**REGI U.S., Inc. (OTCBB: RGUS.OB)**

**April 7, 2010**

Price ..... \$0.28  
 52-Week Range ..... \$0.18 - \$0.60  
 Market Capitalization ..... \$8,095,606  
 Enterprise Value ..... \$8,095,023  
 Basic Shares Outstanding ..... 28,707,824  
 Float (Shares) ..... 16,765,369  
 Insider Ownership (%) ..... 41.6%  
 Institutional Ownership (%) ..... 0.0%  
 Daily Volume (3-Month Avg.) ..... 23,636  
 Industry ..... Industrials  
 Website ..... www.regtech.com  
 Corporate Headquarters ..... Richmond, BC Canada



FY Apr	Condensed Income Statements (000s)					Condensed Balance Sheet (1/31/10)			
	Revs	Net Inc	EPS	P/E	Growth	(000s)		(000s)	
2008 A	\$ -	\$ (1,236.6)	\$ (0.04)	nm	nm	Cash & Cash Equivs	\$ 0.6	Working Capital	\$ (1,303.2)
2009 A	\$ -	\$ (994.5)	\$ (0.04)	nm	nm	Cash/Share	\$0.00	Current Ratio	0.1x
YTD	\$ -	\$ (785.0)	\$ (0.03)	nm	nm	Equity (book value)	\$ (1,303.2)	Total Debt/Equity	nm
						Equity/Share	(\$0.05)	Total Debt/Capital	nm

*Source: Company reports, Stonegate estimates*

**Company Description**

REGI US is a development stage company attempting to commercialize its RadMax® rotary technology. The technology is a light weight, high efficiency and environmentally clean alternative to current internal combustion engines, compressors and pumps. The Company is headquartered in Richmond, British Columbia, Canada and has a wholly-owned U.S. subsidiary, RadMax™ Technologies, Inc., a Washington Corporation.

**Summary**

- **What's new** – REGI released its FQ3 10Q and announced via press release that they are mid-way through Phase III of their strategic roadmap for prototype development (see page 8 for details).
- **Potentially unique product offering** – REGI is attempting to develop its RadMax® Engine whose core technology, trademarked as RadMax®, is designed to decrease emissions and fuel consumption in engines. According to management, its engine technology could potentially have distinct advantages over existing engines such as: 1) small size and lower manufacturing costs; 2) high power to weight ratio; 3) fuel agnostic; 4) uses less fuel and it is a 5) green technology because the engine could emit a very low rate of pollution when compared with a conventional, reciprocating diesel engine.
- **Patent protection affords some barriers** - The Company holds 14 patents and 5 patents pending in the US and worldwide covering its RandCam™ and RadMax® technology. The patents expire from 2012 to 2016.
- **Design work completion could act as near-term catalyst** – Since April 2008, REGI has been working with a Fortune 1000 client to develop a RadMax® diesel engine. In October 2009, REGI retained the services of Belcan Engineering Services to review its diesel engine design for its Fortune 1000 client before production of a prototype. The goal of the project is to provide a thorough review of the design to ensure an efficient fabrication process. Belcan's assessment, is slated for completion by mid year 2010.
- **Targeting a large market** - The Company states that its target market is approximately \$200B. This includes markets such as current diesel engine replacements, aircraft and unmanned aerial vehicles, power generation, small engine and portable power tools, motorcycles, hybrid electric vehicles, heavy equipment and construction, RV's and marine applications.
- **Valuation** – Please refer to our Valuation Summary section on page 4.

## Investment Factors

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REGI US is a development stage company attempting to produce a unique replacement for current internal combustion engines, compressors and pumps. Its core technology, RadMax®, is designed to decrease emissions and fuel consumption while maintaining equivalent performance. Below we outline important investment points to consider.

### *Investment Positives*

**Potentially unique product offering** – REGI is attempting to develop its RadMax® Engine, which is an axial vane-type rotary engine with the potential to address multiple applications in the aviation, automotive, industrial and military markets. The Company's core technology, trademarked as RadMax®, is designed to decrease emissions and fuel consumption in engines. According to management, its engine technology could have distinct advantages over existing engines such as: 1) Small size, fewer parts and lower manufacturing costs; 2) High power to weight ratio – given its small size it has 1/3 the bulk weight and 2X to 3X more power than a comparable piston engine; 3) Fuels agnostic – can use gasoline, ethanol, natural gas, hydrogen, propane and diesel; 4) Uses less fuel – the RadMax® diesel engine will use 20% less fuel than a gasoline engine, and 50% less fuel than a turboprop jet engine; and it's a 5) Green technology because the engine emits a very low rate of pollution, when compared with a conventional, reciprocating diesel engine.

**Patent protection affords some barriers** - The Company holds 14 patents and 5 patents pending in the US and worldwide covering its RandCam™ and RadMax® technology. The patents expire from 2012 to 2016.

**Current design work to be completed mid year 2010 could act as a catalyst** – REGI has been working with a Fortune 1000 company since April 2008 to develop a RadMax® diesel engine (management states that it can't reveal the customer's name per its initial negotiations). In October 2009, REGI retained the services of Belcan Engineering Services to review its diesel engine design for its Fortune 1000 client before production of a prototype commenced. The goal of the project is to provide a thorough review of the design to ensure an efficient fabrication process. Belcan's assessment, is slated for completion in the first half of 2010. Assuming completion, the Company should continue its progress toward commercialization, including fabricating RadMax® parts and assemblies, validating assembly operations, and conducting component, assembly, and system tests.

**Targeting large market** – The Company states that its target market is approximately \$200B. This includes markets such as current diesel engine replacements, aircraft and unmanned aerial vehicles, power generation, small engine and portable power tools, motorcycles, hybrid electric vehicles, heavy equipment and construction, RV's and marine applications. We note that REGI has a license to its technology for the US market only.

### *Investment Challenges*

**Going concern** – REGI is a going concern risk as published in its SEC filings. For the nine month period ended January 31, 2010, the Company has a net loss of \$785,000, a working capital deficit of \$1.3M, and an accumulated deficit of \$10.1M. We would also note that the Company has had three different auditors since September 2008.

**Complex corporate structure and relationships** – There are various entities associated with REGI (see page 5, Exhibit 1 for details). For all intents and purposes, REGI's CEO, John Robertson, has primary control over the majority of these entities. We would also note that REGI plans to raise capital via loans from Rand Energy Group. Furthermore, Rand Energy Group, which owns 5% of REGI common shares, may from time to time, sell shares of REGI

to raise funds. In turn, Rand Energy will then shift proceeds to Reg Technologies (51% ownership of Rand Energy) and then in essence back to REGI via Reg Technologies 50% cost share agreement with REGI or directly back to REGI in the form of a loan. This complex structure is likely to create an impediment when attempting to raise capital from institutional investors.

**Additional capital is necessary and should bring shareholder dilution** – Given that REGI is a development stage company with no revenues, the Company is operating primarily via capital raises from investors. Furthermore, as no revenues are expected to be generated in the near future, the Company will only be able to continue its development of its RadMax® technology by raising additional capital. Consequently, any current investors should see ownership diluted.

**Timing of expected events, as well as market acceptance, is highly unpredictable** – Developing a new technology is an long and arduous process that often doesn't progress as planned. The Company, along with Reg Technologies, Inc. (see page 4 for details on relationship) has been attempting to commercialize its unique RadMax® technology for some time. However, to date they have been unsuccessful. For example, Reg Technologies attempted to develop the RadMax® Pump from early 2007 to March 2008 but stopped as its partner went in a different direction. Reg Technologies also attempted to pursue development of the RadMax® Compressor Pump from July 2007 to September 2007 but found no immediate interest. Lastly, in April 2008, REGI, along with Reg Technologies started working on the RadMax® Engine along with its Fortune 1000 client to design and build a prototype. Due to the depth of the review, the initial joint technical agreement, which was originally scheduled to be completed by April 2009, was extended to December 31, 2009. To date the Fortune 1000 company has not re-extended its agreement with REGI though Management states that it is in the process of finalizing an extension to December 2010. In the mean time, REGI continues to work on the project with its client and believes that Belcan will complete its design review by mid year 2010.

**Very large and established competitors** – Assuming that REGI is successful in its endeavors, the Company would find itself competing against very large and established competitors such as Mazda (TSX: 7261), Ford (NYSE: F), Cummins, Inc (NYSE: CMI), Deere & Co (NYSE: DE) and Briggs & Stratton Corp (NYSE: BGG), to name a few.

**Potential conflicts of interest** – There are various related party transactions within the Company and its current officers and directors have other unrelated full-time positions or part-time employment. Next, the law firm of James Vandenberg, COO & CFO of REGI (he is a partner at this law firm), receives a cash fee of 5% and an equity fee of 5% on all equity raised from investors that the law firm introduces to the Company. John Robertson, CEO of REGI, owns or controls 39% of the shares outstanding and therefore, has substantial control over the direction of the Company. Additionally, REGI must pay Rand Energy Group (John Robertson is the sole director) a semi-annual royalty of 5% of any net profits and a continuing royalty of 5% from the net profits derived for the RadMax® technology (we note that the same royalty streams are due to Brian Cherry, VP and Director of REGI but at a 1% rate; he was first to develop the technology). Also, management performs consulting services to REGI in lieu of a direct salary, which is expensed and accounted for as donated capital (Management states that this is typical of companies operating on the Toronto Venture Exchange). Also, REGI has often re-extended expired stock options to its executives and in February 2010, the Company re-priced 875,000 stock options (1.1M outstanding) from \$1.30 and \$1.37 exercise prices to a \$0.50 exercise price.

## Valuation Summary

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Given REGI's early development stage and given a lack of timing as to when key items fall into place, forecasting estimates appears largely valueless. We note, however, that the market opportunity appears large at about \$200B.

REGI hopes to commercialize its RadMax® technology in the near future and capitalize on global concerns of rising energy costs and global warming. According to management, it expects to complete this goal via its potentially unique advantages:

**Fewer parts = smaller size = lower costs** - Compared with an equivalent piston engine the RadMax® is 50% lighter and has fewer parts (13 vs. 40). Fewer parts should translate to lower maintenance and manufacturing costs.

**High power to weight ratio** – The RadMax® engine is 1/3 the bulk weight and 2X to 3X more powerful than a comparable piston engine. Its small size gives the RadMax® a higher power to weight ratio than the piston engine.

**Fuel agnostic** - The engine can run on a variety of fuels, including regular gasoline, ethanol, natural gas, hydrogen, propane and diesel.

**Uses less fuel** – The RadMax® diesel engine will use 20% less fuel than a gasoline engine, and 50% less fuel than a turboprop jet engine.

**Lower vibrations = smoother ride** – Because all the components are spinning in the same direction with no pistons or valves making abrupt changes, the RadMax® engine generates lower vibrations than a piston engine.

**Green technology** – Because the engine runs at such a high compression ratio, the engine emits a very low rate of pollution, when compared with a conventional, reciprocating diesel engine

We list the following important milestones for the stock in calendar 2010 and 2011:

- Completion of Belcan review ..... Q2/Q3 2010
- Review and approval from Fortune 1000 client ..... Q3 2010
- Fabrication of prototype engine ..... Q4 2010/ Q1 2011
- Initial prototype testing & Fortune 1000 client licensing agreement ..... Q1/Q2 2011

## Company Overview

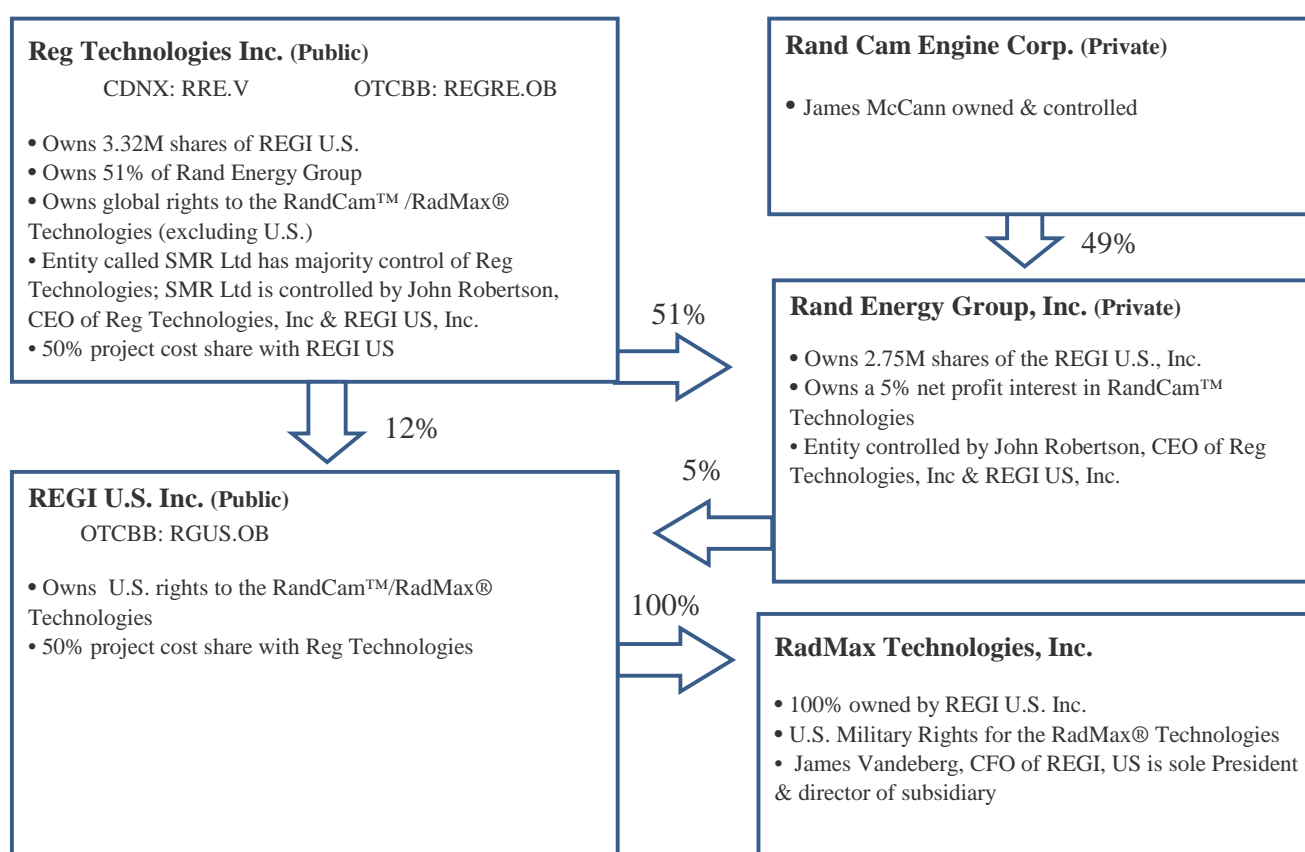
### Corporate Background

REGI U.S. Inc. is a development stage company attempting to develop its RadMax® Engine. The engine is an axial vane-type rotary engine with the potential to address multiple green applications in the aviation, automotive, industrial and military markets.

The Company is headquartered in British Columbia, Canada, and has a wholly owned U.S. subsidiary, RadMax™ Technologies Inc, a Washington Corporation.

Since 1992, REGI U.S., Inc., along with its Canadian parent company, Reg Technologies, has been engaged in the development of the RadMax® Engine and has spent to date, over \$11M towards its development. Below we illustrate the current corporate structure which has come to be through various transactions and the establishment of various entities.

### Exhibit 1: Corporate Structure



Source: Company Reports, Stonegate Securities

REGI U.S. Inc. trades on the OTC BB exchange under the symbol RGUS.OB.

### Product Designs

REGI's focus is on producing a cleaner, lighter weight, more energy efficient engine that is capable of running on any fuel. The Company's core technology, trademarked as RadMax®, is designed to decrease emissions and fuel consumption in internal combustion engines. RadMax® product designs can be classified into three categories:

- **Compression Ignition Engine** - The RadMax® engine is an internal-combustion engine built around a rotary design. The four-stroke engine utilizes continuous injection and combustion in 12 combustion chambers on each rotor (24 total).

- Capable of running on multiple fuels
  - High power to weight ratio
  - Low maintenance, emissions and fuel consumption
- **Positive Displacement Pumps** – a volume efficient, low-weight positive displacement device for water or fuel that is capable of processing roughly twice its internal volume every revolution.
- Light, small footprint
  - High efficiency, high output to size ratio
- **Compressors - Gas Expanders** – the Company is developing a working model RadMax® compressor that will have the same efficiency as the RadMax® pump and according to REGI, will have half the size and weight of any competitive centrifugal compressor. Initial applications are air conditioning units for buses and trucks.
- High efficiency (20:1), high output to size ratio
  - Scalable to any application

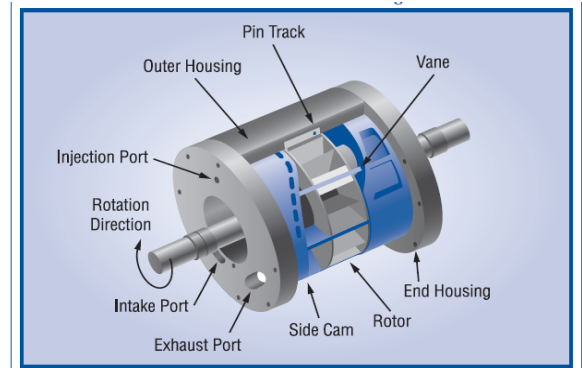
### Technology Review

The RadMax® engine is a fuel efficient alternative to the conventional piston engine. It is comprised of two disc-shaped rotors, a driveshaft that rotates, and a housing that is stationary. The RadMax® engine has 12 axial vanes held in slots in the rotor, and a total of 24 combustion chambers (12 upper and 12 lower). The engine is capable of producing 24 power strokes every rotation.

As the rotor turns, the vanes oscillate, carrying with them a quantity of air that is compressed as the vanes move to the high points of the cam. Fuel is then injected under high pressure. The resultant combustion gas then expands as the vanes move to the low points of the cam. Like the piston engine, the RadMax® engine follows a four-stroke cycle on intake, compression, combustion and exhaust, and produces a volumetric change that is nearly identical to a conventional piston engine. The major difference is the cycle is completed every revolution. In a reciprocating engine, it takes two rotations of the crankshaft to complete the cycle.

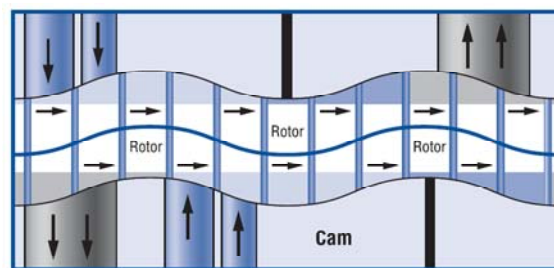
1. Intake – the fuel/air mixture is injected through the intake port into a compartment created between two vanes
2. Compression – as the fuel/air mixture moves along the cam, it compresses as the space gets smaller between the vanes
3. Power – the compressed fuel ignites and expands, which drives the rotor forward
4. Exhaust – the exhaust is driven out through the exhaust port, as the chamber narrows

**Exhibit 2: RadMax® Rotary Engine**



Source: Company Reports, Stonegate Securities

**Exhibit 3: "Unrolled" RadMax® Engine**

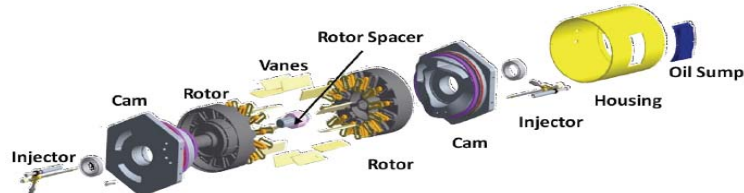


Source: Company Reports, Stonegate Securities

According to Management, the RadMax® engine configuration, with continuous injection and combustion in a single chamber, could offer a number of potential advantages over the piston engine:

Fewer parts; smaller size - Compared with an equivalent piston engine the RadMax® is 50% lighter and has fewer parts (40 vs. 500+). The rotor and vanes replace the pistons, valves, cylinders, camshafts and connecting rods in conventional reciprocating engines. Fewer parts should translate to lower maintenance and manufacturing costs.

#### **Exhibit 4: Components of RadMax® Rotary Engine**



*Source: Company Reports, Stonegate Securities*

High power to weight ratio – The RadMax® engine is 1/2 the bulk weight and 2X to 3X more powerful than a comparable piston engine. Its small size gives the RadMax® a higher power to weight ratio than the piston engine. For every 1 pound of weight, the RadMax® delivers approximately 1 HP, compared with a piston engine that requires 6 to 7 pounds of weight to deliver 1 HP.

Capable of burning a variety of fuels - The engine is capable of running on a variety of fuels, including regular gasoline, ethanol, natural gas, hydrogen, propane and diesel.

Uses less fuel – According to an independent engineering analysis, the RadMax® diesel engine will use 20% less fuel than a gasoline engine, and 50% less fuel than a turboprop jet engine.

Lower vibrations; smoother ride – Because all the components are spinning in the same direction with no pistons or valves making abrupt changes, the RadMax® engine generates lower vibrations than a piston engine.

Green technology – Because the engine runs at such a high compression ratio, the engine emits a very low rate of pollution, when compared with a conventional, reciprocating diesel engine.

### ***Business Strategy***

REGI plans to focus on developing prototypes for specific applications of its technology, while seeking licensing partners to market, manufacture and distribute the products.

The Company's business strategy is centered on three elements:

1. Pursuing joint ventures with larger companies that will manufacture RadMax® technology for specific applications
2. Licensing the RadMax® technology to existing manufacturing companies in the engine, compressor and pump markets
3. Pursuing military/government contracts and joint ventures

Over the last year, REGI's has taken further steps toward the goal of commercialization. First, in January 2009, REGI hired Dr. Allen MacKnight, a mechanical, thermodynamics, controls and systems engineer specializing in environmental control equipment and gas turbine engines. Dr. MacKnight has focused on the thermodynamic aspects of the RadMax® diesel engine.

Second, in October 2009, Belcan Engineering Services was retained to optimize and review the final diesel engine design at the request of an unnamed Fortune 1000 customer (management states that it can't reveal the customer's name per its initial negotiations) that is evaluating the RadMax® technology for certain commercial and military applications. Belcan's assessment is slated for completion in mid year 2010. Once completed, the Company should continue its progress toward commercialization, including fabricating RadMax® parts and assemblies, validating assembly operations, and conducting component, assembly, and system tests. We note that REGI holds the rights for its technology in the US only.

And lastly, REGI announced in December 2009, that it had selected Path Technologies, Inc to fabricate the prototype RadMax® diesel engine. We note that the Company is familiar with Path Technologies as Reg Technologies, Inc (owns 12% of REGI; see page 4) has used them in the past to fabricate RadMax® parts.

Exhibit 5 lists the steps toward fabrication and testing of the prototype for the Fortune 1000 company's purposes. We note that the Company is half way through its Phase 3 roadmap. The last two items listed in Phase 3 are remaining.

**Exhibit 5: Strategic Roadmap for Development of Prototype**

Phase 1	Phase 2	Phase 3	Phase 4
Conceptual Design (Completed pre-2009)	Preliminary Design (Completed end 2009)	Detail Design (To Be Completed mid 2010)	Demonstrator Fabrication and Test (To Be Completed end 2010)
<ul style="list-style-type: none"> <li>-Determine the risks and benefits of RadMax</li> <li>-Complete the design and fabrication of critical, related applications: the RadMax Pump (verifies functionality), and the RadMax Compressor (verifies high temperature metal seals).</li> <li>- By analysis, verify the RadMax rotary vane concept would produce power like a piston engine, at a significantly lower weight and size.</li> <li>- Built and demonstrated RadMax liquid pump</li> </ul>	<ul style="list-style-type: none"> <li>- Completed end of 2009</li> <li>- Evaluated and analyzed several different design approaches for vanes, seals and thermal control</li> <li>- Conducted preliminary stress analysis on vanes and apex seals. Conclusion: vanes must be controlled by an external mechanism to maintain a fixed distance from the cam throughout the rotation.</li> <li>- Expanded objectives for RadMax demonstrator to include combustion and higher speed operation.</li> <li>- Developed and analyzed preliminary designs for thermal control and lubrication systems.</li> </ul>	<ul style="list-style-type: none"> <li>-Retained engineering analysis organization to provide independent validation of all RadMax design elements: functions, tolerances, and material selections.</li> <li>- Verified environmental conditions (temperatures, pressures, centrifugal forces, etc.).</li> <li>- Identified components that require detail stress and strain analysis.</li> <li>- Perform complete integration of all of components and evaluate their performance and strength under non-operating and operating conditions.</li> </ul>	<ul style="list-style-type: none"> <li>- Fabricate and test demonstrator (estimated 2 to 3 months).</li> <li>- Built and functionally verify a test stand.</li> <li>- Install demonstrator engine on test stand, test all fluid lines, and verify that instruments are calibrated.</li> <li>- Engine testing initially verifies mechanical integrity of the engine.</li> <li>- Next, the RadMax engine is motor driven. Compression and temperatures of the combustion chamber are measured.</li> <li>- After satisfactory compression and temperature measurements are achieved, the RadMax engine is brought up in speed and load.</li> <li>- After several test runs, the engine is disassembled for inspection to determine effects on the components.</li> <li>- Engine testing is a multiple stage process. It is estimated to require 3 to 6 months to complete.</li> </ul>

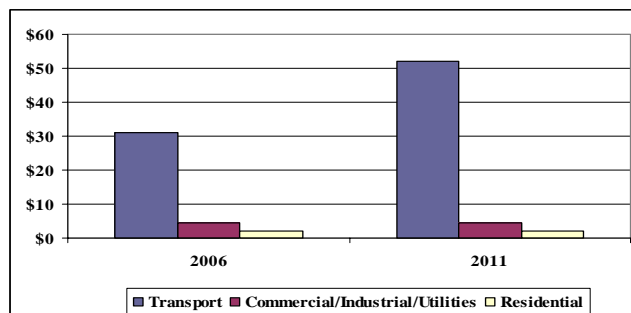
Source: Company Reports, Stonegate Securities

**Industry Overview**

**Industry Background**

The United States and many other countries around the world are supporting the development and commercialization of fuel optimization technologies that are designed to reduce dependence on imported oil and make optimal use of the oil and gas supply. This support is reflected in governmental policy issues, including government-funded research and development programs and tax incentives. BCC Research estimates the global market for fuel optimization technologies was \$38.6B in 2006 and is expected to reach \$66.1B by 2011, for a CAGR of over 13.4%.

## Exhibit 6: Global Fuel Optimization Market (\$B)



Source: BCC Research, Stonegate Securities

This market is divided into three segments: transport, commercial/industrial/utilities, and residential. The transport segment is the largest of the three and is projected to reach \$52B by 2011, growing at a CAGR of 13.4% between 2006 and 2011.

### **Potential Market Opportunities**

According to management, the RadMax® technology is scalable to meet virtually any size requirement, enabling REGI to address a number of very large markets including military, transportation, power generation, marine, and construction. REGI has estimated its global market opportunity at \$200B.

#### **Military Market**

While the Company has discussed licensing deals with various companies, the Company believes its best near-term opportunity may be the U.S. military. To address the U.S. military market, in 2007 REGI formed RadMax Technologies, Inc., a wholly owned subsidiary that exclusively focuses on U.S. military contracts.

A particularly good fit for REGI's light weight technology is the market for unmanned aerial vehicles (UVAs). UVAs, also known as drones, are said to be the next big change in 21<sup>st</sup> century warfare as evidenced by its critical use in Afghanistan and Iraq. According to Global Industry Analysts, Inc., the global unmanned aerial vehicles and systems market is expected to reach \$5.6B by 2015. Given UVA's small size, a fuel efficient, lighter weight engine that would enable the UVAs to stay in the air for longer periods of time could be an advantage. In addition, there are many other military applications that could utilize the potentially highly efficient RadMax® engine, including small aircraft, air conditioning compressors, battery chargers and ground vehicles.

#### **Hybrid Vehicle Market**

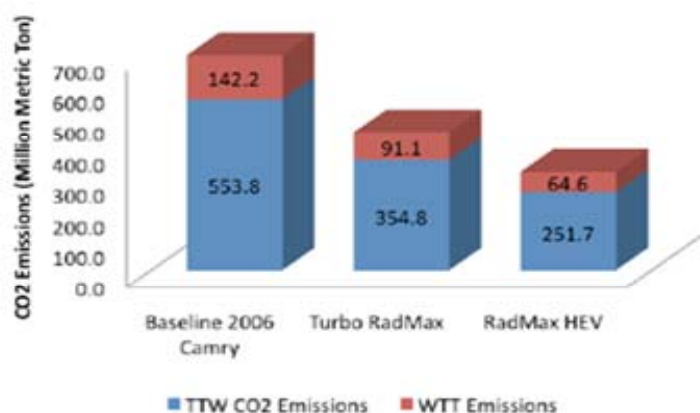
Longer term, management believes the hybrid vehicle market may offer significant opportunities. J.D. Power and Associates predicts that hybrids will account for 7% of the car market in 2015, up from 2.2% in 2007. Partially driving this growth is auto manufacturers' focus on meeting the U.S. CAFE standards of 35 mpg by 2020.

In September 2009, REGI's thermodynamics engineer, Dr. Allen MacKnight, presented the results of a study to the Clinton Global Initiative Annual General Meeting. The study compares the carbon footprint and the fuel efficiency of the RadMax® engine with a midsize gasoline powered automobile. Based on the work of researchers at MIT, the RadMax® equipped midsize car, with an advanced gasoline engine, could achieve 54 mpg, and upwards of 76 mpg when used in conjunction with an electric hybrid powertrain.

Exhibit 7 provides the comparison data presented by Dr MacKnight. The data indicates that RadMax® engine technology used in a hybrid vehicle can reduce emission by 54.5%, compared with a standard 2006 Toyota Camry. As shown, there are significant reductions in both the Tank to Wheel (TTW) and the Well to Tank (WTT) carbon dioxide emissions using RadMax® technology.

**Exhibit 7: RadMax® Engine vs. Midsize Gasoline Engine - Comparison of Carbon Footprint and Fuel Efficiency**

	Fuel Economy	TTW CO2 Emissions		WTT Emissions	Total CO2 Emissions	Emission Reduction
	miles per gallon	million metric tons	metric ton per vehicle	million metric tons	million metric tons	%
Baseline 2006	26.6	553.8	4.1	142.2	695.9	
Turbo RadMax®	53.8	354.8	2.6	91.1	445.9	35.9
RadMax® HEV	75.8	251.7	1.9	64.6	316.3	54.5



Source: Dr. Allen MacKnight presented at the Clinton Global Initiative Annual General Meeting - Sept 2009

**Other Markets**

The RadMax® engine can be used wherever piston engines are used. The following list includes some of the other potential markets/applications:

- Power generation
- Micro-power
- Heavy equipment
- RVs
- Lighter & smaller diesel engine replacement
- Portable air compressors/pumps
- Industrial liquid & gas processing
- Construction
- Motorcycles
- Portable power tools
- Marine
- Air conditioning
- Home appliances

### ***Competition***

Assuming that REGI is successful in its endeavors, the Company would find itself competing against very large and established competitors such as Mazda, Ford, Cummins, Deere & Co. and Briggs & Stratton Corp, to name a few. REGI would attempt to compete based on the previously discussed advantages of the RadMax® engine over the piston engine, including multiple fuel capability, efficient rates of combustion, lower weight, reduced vibration, manufacturing and maintenance advantages.

With the exception of Mazda, which manufactures the Wankel rotary engine, we are not aware of any company that manufactures a rotary engine in commercial quantities. Both the RadMax® and the Wankel have a rotary design; however, there are some fundamental differences between the engines and some advantages to the RadMax® design.

According to management, the RadMax® engine is 50% lighter and has 2X to 3X the power of a stratified Wankel engine that is roughly the same size. Additionally, a Wankel engine fires once every turn of the e-shaft, compared with a RadMax® engine that fires 24 times per revolution of its main shaft.

## Balance Sheets

<b>REGI US Inc.</b>					
<b>Consolidated Balance Sheets (in thousands \$)</b>					
<b>Fiscal Year: April</b>					
	<b>2008</b>	<b>2009</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
<b>ASSETS</b>			<b>Jul-09</b>	<b>Oct-09</b>	<b>Jan-10</b>
<b>Current Assets</b>					
Cash & cash equivalents	\$ 7.6	\$ -	\$ -	\$ 1.7	\$ 0.6
Due from related parties	395.0	260.1	273.7	213.6	161.4
Prepaid expenses	0.9	4.5	2.2	4.0	2.2
<b>Total Current Assets</b>	<b>403.5</b>	<b>264.6</b>	<b>275.9</b>	<b>219.3</b>	<b>164.3</b>
<b>Total Assets</b>	<b>\$ 403.5</b>	<b>\$ 264.6</b>	<b>\$ 275.9</b>	<b>\$ 219.3</b>	<b>\$ 164.3</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Bank debt	\$ 2.3	\$ 1.8	\$ 5.3	\$ -	\$ 8.6
Accounts payable & accrued liabilities	124.6	154.3	147.3	184.3	189.8
Due to related parties	546.4	863.2	948.5	962.1	993.2
Derivative liabilities	-	-	259.7	382.1	275.8
<b>Total Current Liabilities</b>	<b>673.3</b>	<b>1,019.3</b>	<b>1,360.9</b>	<b>1,528.5</b>	<b>1,467.5</b>
<b>Stockholders' Equity</b>					
Capital stock	10,158.8	10,668.5	8,425.8	8,552.7	8,804.7
Deficit accumulated	(10,428.7)	(11,423.2)	(9,510.7)	(9,853.0)	(10,107.9)
<b>Total Stockholders' Equity</b>	<b>(269.9)</b>	<b>(754.7)</b>	<b>(1,085.0)</b>	<b>(1,309.5)</b>	<b>(1,303.2)</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 403.5</b>	<b>\$ 264.6</b>	<b>\$ 275.9</b>	<b>\$ 219.0</b>	<b>\$ 164.3</b>
<b>Ratios</b>					
<b>Liquidity</b>					
Current Ratio	0.6x	0.3x	0.2x	0.1x	0.1x
Working Capital	(\$269.9)	(\$754.7)	(\$1,085.0)	(\$1,309.3)	(\$1,303.2)
<b>Leverage</b>					
Debt To Equity	nm	nm	nm	nm	0.0%
Debt To Capital	nm	nm	nm	nm	0.0%

Source: Company Reports, Stonegate Securities

# Income Statements

REGI US Inc.									
Consolidated Statements of Income (in thousands \$, except per share amounts)									
Fiscal Year: April									
	2008	Q1 Jul-08	Q2 Oct-08	Q3 Jan-09	Q4 Apr-09	2009	Q1 Jul-09	Q2 Oct-09	Q3 Jan-10
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of goods sold	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-
Operating expenses:									
General and administrative	1,101.6	401.8	203.1	124.5	117.6	847.0	167.4	189.5	305.9
R&D	134.9	29.6	29.2	24.3	75.1	158.2	41.2	30.4	55.3
Total operating expenses	1,236.6	431.4	232.3	148.7	182.1	994.5	208.5	219.9	361.2
<b>Income from operations</b>	<b>(1,236.6)</b>	<b>(431.4)</b>	<b>(232.3)</b>	<b>(148.7)</b>	<b>(182.1)</b>	<b>(994.5)</b>	<b>(208.5)</b>	<b>(219.9)</b>	<b>(361.2)</b>
Other income (expenses):									
Other gain (loss)	-	-	-	-	-	-	20.8	(122.3)	106.3
Total other income (expenses)	-	-	-	-	-	-	20.8	(122.3)	106.3
Pre-tax income	(1,236.6)	(431.4)	(232.3)	(148.7)	(182.1)	(994.5)	(187.8)	(342.3)	(254.9)
Total income (taxes) benefit	-	-	-	-	-	-	-	-	-
<b>Net income (loss) to common</b>	<b>\$ (1,236.6)</b>	<b>\$ (431.4)</b>	<b>\$ (232.3)</b>	<b>\$ (148.7)</b>	<b>\$ (182.1)</b>	<b>\$ (994.5)</b>	<b>\$ (187.8)</b>	<b>\$ (342.3)</b>	<b>\$ (254.9)</b>
<b>Net income (loss) available to common</b>	<b>(1,236.6)</b>	<b>\$ (431.42)</b>	<b>\$ (232.27)</b>	<b>\$ (148.72)</b>	<b>\$ (182.06)</b>	<b>(994.5)</b>	<b>\$ (187.79)</b>	<b>\$ (342.26)</b>	<b>\$ (254.94)</b>
<b>Net income (loss) per share</b>	<b>\$ (0.04)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
Fully diluted wtd avg shs outstanding	27,576.0	27,931.0	27,940.0	27,961.0	27,984.0	27,954.0	28,010.0	28,039.0	28,332.0
<b>Growth Rate Analysis Y/Y</b>									
Revenue	nm	nm	nm	nm	nm	nm	nm	nm	nm
Cost of sales	nm	nm	nm	nm	nm	nm	nm	nm	nm
General and administrative	nm	-23.9%	-31.4%	-17.8%	-6.7%	-23.1%	-58.4%	-6.7%	nm
R&D	-92.5%	-29.5%	62.2%	-41.7%	125.1%	17.2%	39.1%	4.2%	127.9%
Operating income	51.0%	24.3%	26.1%	23.0%	-14.2%	19.6%	51.7%	5.3%	-142.9%
Pre-tax income	51.0%	24.3%	26.1%	23.0%	-14.2%	19.6%	56.5%	-47.4%	-71.4%
Net income to common	51.0%	24.3%	26.1%	23.0%	-14.2%	19.6%	56.5%	-47.4%	-71.4%
EPS - fully diluted	nm	26.8%	27.0%	23.4%	-13.8%	20.7%	56.6%	-46.8%	-69.2%
Share count - fully diluted	-44.8%	3.4%	1.2%	0.6%	0.3%	1.4%	0.3%	0.4%	1.3%

Source: Company Reports, Stonegate Securities estimates

# Cash Flows

<b>REGI US Inc.</b>					
<b>Consolidated Statements of Cash Flows - Cumulative (in thousands \$)</b>					
<b>Fiscal Year: April</b>					
	<b>2008</b>	<b>2009</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
<b>Cash Flow from Operations</b>			<b>Jul-09</b>	<b>Oct-09</b>	<b>Jan-10</b>
Net income (loss)	(1,236.6)	(994.5)	(187.8)	(530.0)	(785.0)
Adjustments to reconcile net income to net cash :					
Donated services	150.0	150.0	37.5	75.0	112.5
Impairment loss	-	-	-	-	-
Shares issued for services	35.9	67.8	22.7	34.4	189.1
Stock based comp	241.5	291.9	77.8	146.5	215.3
Amortization of deferred comp	-	-	-	-	-
Gain on settlement of accounts payable	-	(10.7)	-	-	-
Change in fair value of derivative liability	-	-	(20.8)	101.6	(4.7)
Change in operating assets & liabilities					
Accounts receivable	-	-	-	-	-
Prepaid expenses	28.3	(3.6)	2.3	0.5	2.3
Accounts payable & accrued liabilities	59.1	40.4	(7.0)	30.0	35.5
<b>Net cash provided by operating activities</b>	<b>(\$721.7)</b>	<b>(\$458.7)</b>	<b>(\$75.3)</b>	<b>(\$142.0)</b>	<b>(\$235.0)</b>
<b>Cash Flow from Investing</b>					
Patent protection costs	-	-	-	-	-
Capital expenditures	-	-	-	-	-
<b>Net cash used by investing activities</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Cash Flow from Financing</b>					
Advances from (repmts) to related parties	(73.4)	451.6	71.8	145.5	228.7
Bank debt	2.3	(0.6)	3.5	(1.8)	6.8
Proceeds from sale of common stk	636.5	-	-	-	-
<b>Net cash provided (used) by financing activities</b>	<b>\$565.5</b>	<b>\$451.1</b>	<b>\$75.3</b>	<b>\$143.7</b>	<b>\$235.6</b>
Net increase (decrease) in cash	(156.3)	(7.6)	-	1.7	0.6
Cash beginning of year	163.9	7.6	-	-	-
Cash end of year	7.6	-	-	1.7	0.6

Source: Company Reports, Stonegate Securities

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