REGI U S INC
Form 10-Q
March 25, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended January 31, 2019

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period ___________________ to

Commission File Number **0-23920**

REGI U.S., INC.

(Exact name of Small Business Issuer as specified in its charter)

Oregon	**91-1580146**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*

7520 N. Market St. Suite 10, Spokane, WA	**99217**
(Address of principal executive offices)	*(Postal or Zip Code)*

Issuer's telephone number, including area code: **(509) 474-1040**

NA

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the *Securities Exchange Act of 1934* during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “accelerated filer and large accelerated filer’’ in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[X]	Smaller reporting company	[X]

Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

Indicate the number of shares issued and outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 105,743,040 shares of common stock with no par value issued and outstanding as of March 22, 2019.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REGI U.S., Inc.

Consolidated Balance Sheets

	January 31, 2019 (Unaudited)	April 30, 2018 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	$60,567	$111,823
Prepaid expenses	27,714	27,470
Total current assets	88,281	139,293
Furniture and equipment, net	23,955	13,004
Total Assets	$112,236	$152,297
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued liabilities	$614,846	$315,957
Derivative Liability, net of unamortized discount of $59,368 and $0 respectively	547,024	-
Due to related parties	115,196	106,823
Convertible promissory notes, net of unamortized discount of $229,716 and $15,959, respectively	1,037,126	579,976
Convertible promissory notes - related parties, net of unamortized discount of $22,719 and $2,639, respectively	107,050	58,361
Total current liabilities	2,421,242	1,061,117
Long-term Liabilities		
Convertible promissory notes, net of unamortized discount of $9,139 and $507,699, respectively	341,346	417,492
Convertible promissory notes - related parties, net of unamortized discount of $6,182 and $52,177, respectively	146,733	84,401
Total long-term liabilities	488,079	501,893
Total liabilities	2,909,321	1,563,010
Commitments and Contingencies	-	-
Stockholders' Deficit		

Common stock,150,000,000 shares authorized, no par value,105,743,040 and 99,698,583 shares issued and outstanding respectively	23,450,259	22,956,578
Returnable shares issued 2,000,000 and 0 respectively	(114,000)	-
Accumulated deficit	(25,829,452)	(24,063,399)
Accumulated other comprehensive loss	(358,675)	(358,675)
Total REGI U.S., Inc stockholders' deficit	(2,851,868)	(1,465,496)
Noncontrolling interest	54,783	54,783
Total stockholders' deficit	(2,797,085)	(1,410,713)
Total Liabilities and Stockholders' Deficit	$112,236	$152,297

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

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REGI U.S., Inc.

Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

	Nine Months Ended January 31, 2019	Nine Months Ended January 31, 2018	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018
Total Income from Sales	$75,000	$-	$35,000	$-
Operating Expenses				
Accounting and legal	76,785	128,975	30,831	52,195
General and administrative expenses	53,672	125,164	20,554	59,549
Research and development	365,709	603,191	124,301	204,413
Shareholder communication	50,467	89,604	13,124	40,536
Wages & Contractors	238,833	185,918	72,296	34,418
Operating Loss	(710,466)	(1,132,852)	(226,106)	(391,111)
Other Income (Expense)				
Loss on debt settlement	(50,388)	-	(57,605)	-
Misc Revenue	15,000	-	-	-
Loss on issuance of note	(156,870)	-	(156,870)	-
Change in derivative liability	(311,071)	-	(311,071)	-
Interest expense	(552,258)	(478,417)	(237,081)	(281,137)
Total Other Income (Expense)	(1,055,587)	(478,417)	(762,627)	(281,137)
Net loss before noncontrolling interest	$(1,766,053)	$(1,611,269)	$(988,733)	$(672,248)
Net Loss Attributed to Noncontrolling Interest	-	-	-	-
Net Loss Attributed to the Company	$(1,766,053)	$(1,611,269)	$(988,733)	$(672,248)
Loss per share - basic and diluted	$(0.02)	$(0.02)	$(0.01)	$(0.01)
Weighted average number of common shares outstanding - basic and diluted	101,865,541	86,696,000	103,289,817	91,538,504
Comprehensive loss:				
Net Loss	$(1,766,053)	$(1,611,269)	$(988,733)	$(672,248)

Translation adjustments	-	-	-	-
Comprehensive loss	(1,766,053)	(1,611,269)	(988,733)	(672,248)
Comprehensive loss attributable Noncontrolling Interest	-	-	-	-
Comprehensive loss attributable to REGI U.S., Inc	$(1,766,053)	$(1,611,269)	$(988,733)	$(672,248)

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

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REGI U.S., Inc.

Consolidated Statements of Stockholders' Deficit

	Common Shares	Treasury Shares	Capital	Returnable Shares	Retained Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit	Noncontrollin Interest	Tot
Balance, April 30, 2017 (Audited)	84,850,475	(827,731)	$19,641,632	$-	$(21,058,170)	$(358,675)	$(1,775,213)	$54,783	$(1,
Net loss	-	-	-	-	(3,005,229)	-	(3,005,229)	-	$(3,
Shares issued for debt conversion	8,210,839	-	1,507,300	-	-	-	1,507,300	-	$1,5
Beneficial conversion feature	-	-	1,027,441	-	-	-	1,027,441	-	$1,0
Stock-based compensation expense	3,310,000	-	562,700	-	-	-	562,700	-	$56
Stock options exercised	155,000	-	15,500	-	-	-	15,500	-	$15
Shares issued for asset purchase	3,172,269	827,731	-	-	-	-	-	-	-
Option compensation expense	-	-	202,005	-	-	-	202,005	-	$20
Balance, April 30, 2018 (Audited)	99,698,583	-	22,956,578	-	(24,063,399)	(358,675)	(1,465,496)	54,783	(1,
Net loss	-	-	-	-	(1,766,053)	-	(1,766,053)	-	$(1,
Shares issued for debt conversion	4,004,457	-	371,831	-	-	-	371,831	-	$37
Beneficial conversion feature	-	-	5,850	-	-	-	5,850	-	$5,8
Returnable Shares Issued	2,000,000	-	114,000	(114,000)	-	-	-	-	$-

Shares issued for service	40,000	-	2,000		-	-	2,000	-	$2,(
Balance, January 31, 2019 (Unaudited)	105,743,040	-	$23,450,259	$(114,000)	$(25,829,452)	$(358,675)	$(2,851,868)	$54,783	$(2,

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

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REGI U.S., Inc.

Consolidated Statements of Cash Flows

(Unaudited)

	Nine Months Ended January 31, 2019	Nine Months Ended January 31, 2018
Operating Activities		
Net loss	$(1,766,053)	$(1,611,269)
Adjustments to reconcile net loss to net cash from operating activities		
Amortization of debt discount	507,066	301,937
Amortization of promissory note fees	16,933	35,598
Depreciation Expense	4,049	4,301
Derivative discount recognized	131,871	-
Revenue recognized on donated equipment	(15,000)	-
Shares issued for service	2,000	59,500
Service settled with convertible promissory notes	16,357	143,923
Service settled with convertible promissory notes - related party	79,332	88,768
Changes in non-cash working capital items		
Prepaid expenses	(244)	(27,548)
Accounts payable and accrued liabilities	325,636	118,964
Derivative Liability	311,069	-
Due to related parties	8,373	(404)
Net Cash used for Operating Activities	(378,611)	(886,230)
Investing Activities		
Purchase of furniture and equipment	-	(4,578)
Net Cash from (used for) Investing Activities	-	(4,578)
Financing Activities		
Redemption of promissory note	(169,200)	(14,152)
Issuance of common shares for option exercise	-	15,500
Issuance of convertible promissory notes	496,555	1,027,845
Net Cash provided by financing activities	327,355	1,029,193
Net Change in Cash and Cash Equivalents	(51,256)	138,385

Cash and Cash Equivalents, Beginning	111,823	67,818
Cash and Cash Equivalents, Ending	$60,567	$206,203
Non-cash Items		
Finder fee for promissory notes	$-	$62,600
Returnable shares issued	114,000	-
Discount on convertible promissory notes for beneficial conversion features	5,850	1,004,514
Accounts payable settled with convertible promissory note	3,000	17,436
Shares issued for note conversion	371,831	1,372,276
Supplemental Disclosure of Cash Flow Information		
Cash payments for		
Interest	$-	$1,870
Taxes	$-	$-

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

REGI U.S., Inc.

Notes to Consolidated Financial Statements

(Unaudited)

1. Nature of Business

REGI U.S., Inc. ("we", "our", the "Company", "REGI") has been engaged in the business of developing and building improved axial vane-type rotary devices for civilian, commercial and government applications with the marketing and intellectual rights in the U.S. Effective February 17, 2017 REGI purchased the worldwide marketing and intellectual rights, other than in the U.S., from Reg Technologies, Inc. ("Reg Tech"), a British Columbia company. $75,000 in revenue has been derived to date from REGI's principal operations of research and development.

REGI formed a wholly-owned subsidiary, Rad Max Technologies, Inc., on April 10, 2007 in the State of Washington.

2. Significant Accounting Policies

Principles of consolidation

The accompanying unaudited interim consolidated financial statements of REGI have been prepared in accordance with accounting principles generally accepted in the United States of America, and should be read in conjunction with the audited financial statements and notes thereto for the year ended April 30, 2018 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 2018 as reported in the Form 10-K, have been omitted.

These financial statements include the accounts of the Company, its wholly owned subsidiary, RadMax Technologies, Inc. and it previous wholly owned subsidiary, Rand Energy Group Inc. ("Rand").

All significant inter-company balances and transactions have been eliminated upon consolidation.

Investment in associates

Investments in which the Company has the ability to exert significant influence but does not have control are accounted for using the equity method whereby the original cost of the investment is adjusted annually for the Company's share of earnings, losses and dividends during the current year.

The Company entered into a Mutual Accord and Purchase Agreement on March 7, 2018, to sell all of its interest in Minewest Silver & Gold Inc. ("Minewest"), a British Columbia company, in exchange for settlement of its outstanding debt of $7,217 to Minewest. The Company completed the final transfer of mining rights and Claim titles to Minewest on August 13, 2018.

Risks and uncertainties

The Company operates in an emerging industry that is subject to market acceptance and technological change. The Company's operations are subject to significant risks and uncertainties, including financial, operational, technological and other risks associated with operating an emerging business, including the potential risk of business failure.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company must deliver and which of these performance obligations are distinct. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's performance obligations are transferred to customers at a point in time, typically upon delivery.

Furniture and equipment

Property and equipment are stated at cost, which includes the acquisition price and any direct costs to bring the asset into use at its intended location, less accumulated depreciation.

Depreciation of property and equipment is calculated using the straight-line method to write off the cost, net of any estimated residual value, over their estimated useful lives of the assets as follows: Office equipment 5 years and electronic equipment 2 years. Depreciation of office equipment is included in general and administrative expenses; Depreciation of research equipment is included in research and development expense.

Financial instruments

Fair Value

The carrying values of cash and cash equivalents, amounts due to related parties and accounts payable approximate their fair values because of the short-term maturity of these financial instruments.

ASC Topic 820, “Fair Value Measurements and Disclosures,” requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, “Financial Instruments,” defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The three levels of valuation hierarchy are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Derivative Liabilities

The Company recognizes derivative liabilities in the balance sheet and measures those instruments at fair value. The accounting for changes in fair value depends on its intended use and designation and could entail recording the gain or loss through earnings when the gain or loss is realized. Per the guidance offer By ASC Topic 820 above the Company uses “Level 3 input valuation methodology”.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Credit Risk

The Company’s financial asset that is exposed to credit risk consists primarily of cash. To manage the risk, cash is placed with major financial institutions.

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Currency Risk

The Company’s functional currency is the US dollar and the reporting currency is the US dollar.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in US dollars. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

For reporting purposes assets and liabilities with Canadian dollar as functional currency are translated into US dollar at the period end rates of exchange, and the results of the operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders’ equity.

Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the consolidated financial statements and those reported for income tax purposes in accordance with ASC 740, “Income Taxes”, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Basic and diluted net loss per share

Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible debt using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

Stock-based compensation

The Company accounts for stock-based compensation in accordance with FASB ASC 718 which establishes the accounting treatment for transactions in which an entity exchanges its equity instruments for goods or services. Under the provisions of FASB ASC 718, share-based payment compensation is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period (generally the vesting period). The Company accounts for share-based payments to non-employees in accordance with FASB ASC 505-50.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates. The Company regularly evaluates estimates and assumptions related to useful life and recoverability of long-lived assets, stock-based compensation and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities, and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Research and development costs

Research and development costs are expensed as incurred.

Related Parties

In accordance with ASC 850 “Related Party Disclosure”, a party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Recent accounting pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial information to conform to the presentation used in the financial statements for the three months ended January 31, 2019.

3. Going Concern

The Company incurred net losses of $1,766,053 the nine months ended January 31, 2019 and has a working capital deficit of $2,309,006 and an accumulated deficit of $25,829,452 at January 31, 2019. These factors raise substantial doubt about the ability of the Company 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, the Company’s consolidated financial statements as of January 31, 2019 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.

The Company also receives interim support from related parties and plans to raise additional capital through debt and/or equity financings. There is no assurance that any of these activities will be successful. There continues to be insufficient funds to provide enough working capital to fund ongoing operations for the next twelve months.

4. Property and Equipment

Property and equipment at January 31, 2019 and April 30, 2018 consists of the following:

	January 31, 2019	April 30, 2018
Equipment	$22,040	$7,040
Furniture and fixtures	14,213	14,213
	36,253	21,253
Less accumulated depreciation	12,298	8,249
	$23,955	$13,004

Depreciation expense totaled $4,049 and $4,301 for the nine months ended January 31, 2019 and 2018, respectively.

5. Secured Convertible Promissory Notes

As of January 31, 2019, REGI has outstanding senior secured convertible promissory notes (the "Convertible Notes") of $253,783 (net of unamortized discount of $28,901) issued to related parties and $1,378,472, (net of unamortized discount of $238,855) issued to non-related parties. As of April 30, 2018, REGI has outstanding Convertible Notes of $142,762 (net of unamortized discount of $54,816) issued to related parties and $997,468 (net of unamortized discount of $523,658) issued to non-related parties.

During the nine months ended January 31, 2019 the Company issued Convertible Notes for service debt provided by related parties of $79,332 and $16,357 to non-related parties. During the nine months ended January 31, 2019 the Company issued Convertible Notes for cash proceeds of $39,200 to related parties and $457,355 to non-related parties while redeeming $16,000 of related parties and $150,000 or non-related parties Convertible Notes for cash.

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The Convertible Notes are secured against all assets of the Company, repayable two years after the issuance, bearing simple interest rate of 10% during the term of the notes and simple interest rate of 20% after the due date with the exception of one Convertible Note of $220,000 (net of unamortized discount of $14,861) repayable six months after issuance, bearing simple interest of 12% during the term of the note and simple interest rate of 24% after the due date.

As of January 31, 2019, $17,436, $40,000, $1,682,576, $60,000 and $100,000 of the Convertible Notes are convertible at any time on or after ninety days from the issuance date into the Company's common stocks at $0.174, $0.12, $0.10, $0.09 and $0.08 per share respectively.

The Company analyzed the conversion option in the notes for derivative accounting treatment under ASC Topic 815, "Derivatives and Hedging," and determined that the instrument does qualify for derivative accounting.

The Company determined that the conversion option was subject to a beneficial conversion feature and during the nine months ended January 31, 2019 the company recorded amortization of the beneficial conversion feature of $507,066 as interest expense.

6. Derivative Liability

The FASB has issued authoritative guidance whereby instruments which do not have fixed settlement provisions are deemed to be derivative instruments. Certain conversion features of convertible notes payable did not have fixed settlement provisions because the conversion price is variable. In addition, since the number of shares to be issued is not explicitly limited, the Company is unable to conclude that enough authorized and unissued shares are available to share settle the conversion option. In accordance with the FASB authoritative guidance, the conversion feature of the convertible note was separated from the host contract (i.e., the notes) and the fair value of the conversion price have been recognized as a derivative and will be re-measured at the end of every reporting period with the change in value reported in the statement of operations.

The derivative liabilities were valued at the following dates using a Black-Scholes-Merton model with the following average assumptions:

The risk-free interest rate was based on rates established by the Federal Reserve Bank. The Company uses the historical volatility of its common stock to estimate the future volatility for its common stock. The expected life of the derivative securities was determined by the remaining contractual life of the derivative instrument. For derivative instruments that already matured, the Company used the estimated life. The expected dividend yield was based on the fact that the Company has not paid dividends to its common stockholders in the past and does not expect to pay dividends to its common stockholders in the future.

The derivative liabilities were valued at the following dates using a Black-Scholes-Merton model with the following average assumptions:

The risk-free interest rate was based on rates established by the Federal Reserve Bank. The Company uses the historical volatility of its common stock to estimate the future volatility for its common stock. The expected life of the derivative securities was determined by the remaining contractual life of the derivative instrument. For derivative instruments that already matured, the Company used the estimated life. The expected dividend yield was based on the fact that the Company has not paid dividends to its common stockholders in the past and does not expect to pay dividends to its common stockholders in the future.

During the nine months ended January 31, 2019, the Company recorded $547,024 in derivative liability net of $59,368 of unamortized discount as a result of conversion features from the issuance of new convertible notes payables (see Note 5).

7. Related Parties

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Related parties consist of the directors and officers and a former director of REGI and companies controlled or significantly influenced by these parties. As of January 31, 2019, there was $115,196 due to related parties. As of April 30, 2018, there was $106,823 due to related parties.

8. Stockholders' Equity

a) Common Stock

During the nine months ended January 31, 2019, non-related party convertible promissory notes of $270,658 and its accrued interest of $101,173 were converted into 4,004,457 shares of REGI's common stock at between $0.04 and $0.10 per share. During the nine months ended January 31, 2019 non-related parties were issued 40,000 shares at $0.05 ($2,000) as payment for services and 2,000,000 shares at $0.057 ($114,000) as restricted assurance shares against an outstanding Convertible Note.

During the nine months ended January 31, 2019, related party convertible promissory notes of $13,427 and its accrued interest of $855 were converted into 142,823 shares REGI's common stock at $0.10 per share.

During the year ended April 30, 2018 related party convertible promissory notes of $126,152 and accrued interest of $10,931 were converted into a total of 1,369,964 shares of REGI's common stock at $0.10 per share, and convertible promissory notes of $755,185 and accrued interest of $41,173 were converted into a total of 1,054,779 shares of REGI's common stock at $0.755 per share.

During the twelve months ended April 30, 2018 non-related party convertible promissory notes of $531,940 and accrued interest of $26,569 were converted into 5,630,543 shares of common stock at $0.10 per share, principal of $3,848 and accrued interest of $623 were converted into 55,892 shares of common stock at $0.08 per share, principal of $10,000 and accrued interest of $879 were converted into 99,661 shares of commons stock at $0.12 per share.

During the twelve months ended April 30, 2018 the Company issued 155,000 shares of its common stock for options exercised at $0.10 per share for a total of $15,500. Among the 155,000 shares of common stock, 55,000 were issued to a related party.

During the twelve months ended April 30, 2018 the Company issued 3,310,000 shares of its common stock for services provided by the directors, officers, employees and consultants of the Company with the total value recorded at $562,700 based on the market trading price as of the issuance date.

On November 2, 2017 the Company issued 3,172,269 shares of its common stock to Rand Energy. No value was assigned to these shares, as Rand Energy did not have any assets. These shares together with 827,721 shares of common stock initially owned by Rand Energy and recorded as the Company's treasury shares, were transferred to the 49% shareholders of Rand Energy, as consideration for purchase of all of the 49% interest in Rand Energy, resulting in the Company owning 100% equity interest in Rand Energy.

b) Common Stock Options and Warrants

A summary of REGI's stock option activities for the nine months ended January 31, 2019 and year ended April 30, 2018 are as follows:

	Nine months ended January 31, 2019		Year ended April 30, 2018	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	9,355,000	$ 0.52	9,138,000	$ 0.31
Granted	-		1,900,000	1.17
Exercised	-		(155,000)	0.10
Forfeited or expired	-		(1,528,000)	0.20
Outstanding at end of period	9,355,000	$ 0.52	9,355,000	$ 0.52
Exercisable at end of period	9,163,750	$ 0.53	9,163,750	$ 0.53

The weighted average remaining contractual life of the options is 2.92 years at January 31, 2019, and 3.67 years at April 30, 2018.

At January 31, 2019 and April 30, 2018 there were no warrants outstanding.

9. Income Taxes

The Company is subject to the income tax laws of the United States and the States of Washington and Oregon, and uses the liability method, where deferred tax assets and liabilities are determined based on the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial and income tax reporting purposes.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the “Tax Reform Act”) was signed into law by President Trump. The Tax Reform Act significantly revised the U.S. corporate income tax regime by, among other things, lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018, while also repealing the deduction for domestic production activities, implementing a territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. U.S. GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted. The Company does not anticipate that the “Tax Reform Act” will have any substantial effect on the Company’s financial position in the near future.

Deferred tax assets consist of the tax effect of NOL carry-forwards. The Company has provided a full valuation allowance on the deferred tax assets because of the uncertainty regarding its reliability.

The composition of REGI’s deferred tax assets at :

	January 31, 2019	April 30, 2018
Net operating loss carry-forward	$5,038,954	$3,272,901
Deferred tax asset	1,058,180	687,309
Less: Valuation allowance	(1,058,180)	(687,309)
Net deferred tax asset	$-	$-

10. Subsequent Events

Management has evaluated subsequent events from the balance sheet date through the date the financial statements were available to be issued and notes no subsequent events to disclose.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. These statements reflect the current views of management with respect to future events and are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those described in the forward-looking statements. Such risks and uncertainties include those set forth in our 10-K for the fiscal year ended April 30, 2018. We do not intend to update the forward- looking information to reflect actual results or changes in the factors affecting such forward-looking information. We advise you to carefully review the reports and documents we file from time to time with the Securities and Exchange Commission (the "SEC"), particularly our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K.

All dollar amounts in this Quarterly Report are in U.S. dollars unless otherwise stated.

Nature of Business

We are an early stage company engaged in the business of developing and building improved axial vane-type rotary devices for civilian, commercial and government applications. We own the worldwide intellectual and marketing rights to the RadMax® technology. Our vision is to develop advanced devices that reduce carbon footprint, reduce device size, weight and parts count, and increase fuel and manufacturing efficiencies. We intend to develop and market these devices in cooperation with industry and government partners. We are focused on creating new, disruptive technologies that are more efficient, compact and cost-effective than those currently available.

On July 27, 2016, we undertook our reorganization, naming our wholly owned subsidiary, RadMax Technologies, Inc. ("RadMax") as the Company's DBA for marketing and technology image.

Recent Development

Effective February 17, 2017 we purchased all assets of Reg Technologies Inc. (“Reg Tech”), a British Columbia public company, with the issuance of 51,757,119 shares of our common stock, increasing our ownership in the intellectual and marketing rights to the RadMax® technology from US only to worldwide. Reg Tech then distributed all these shares to its shareholders of record as dividends. This consolidation of ownership to the technology better enables our focused research and development efforts.

The asset purchase also resulted in our ownership of 49% of the issued and outstanding common shares of Rand Energy Group Inc. (“Rand Energy”), a British Columbia Company and 26% of the issued and outstanding common shares of Minewest Silver and Gold Inc. (“Minewest”), also a British Columbia company.

Rand Energy previously owned and transferred its intellectual and marketing rights to the original RadMax technology to Reg Tech. Effective November 2, 2017, we issued 3,172,269 shares of our common stock to Rand Energy. These shares together with the 827,721 shares of our common stock initially owned by Rand Energy and recorded as the Company’s treasury shares, were transferred to the 49% shareholders of Rand Energy, as consideration for purchasing all of their 49% interest in Rand Energy, resulting in the Company owing 100% equity interest of Rand Energy. This agreement with the 49% shareholder of Rand Energy settles any and all potential claims between the companies.

The Company entered into a Mutual Accord and Purchase Agreement on March 7th, 2018, to sell all of its interest in Minewest Silver & Gold Inc. (“Minewest”), a British Columbia company, in exchange for settlement of its outstanding debt of $7,217 to Minewest. The Company completed the final transfer of mining rights and Claim titles to Minewest on August 13th, 2018.

Going Concern

We incurred net losses of $1,766,053 for the nine months ended January 31, 2019 and had a working capital deficit of $2,309,006 and an accumulated deficit of $25,829,452 at January 31, 2019. Further losses are expected until we enter into licensing agreements of our technologies. These factors raise substantial doubt about the ability of the Company to continue as a going concern.

We may receive interim support from related parties and plan to raise additional capital through debt and/or equity financings. We may also raise additional funds when our outstanding options are exercised. However, there is no assurance that any of these activities will be realized.

Due to the uncertainty of our ability to generate sufficient revenues from our operating activities and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due, in their report on our financial statements for the year ended April 30, 2018, our registered independent auditors included additional comments indicating concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that led to this disclosure by our registered independent auditors. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Results of Operations for Nine Months Ended January 31, 2019 Compared to the Nine Months Ended January 31, 2018

We had a net loss of $1,766,053 during the nine months ended January 31, 2019, increased from a net loss of $1,611,269 during the nine months ended January 31, 2018.

We incurred research and development expenses of $365,709 in the nine months ended January 31, 2019, a decrease as compared to research and development expenses of $603,191 in the nine months ended January 31, 2018.

During the nine months ended January 31, 2019 we incurred interest and finance expense of $552,258 on secured convertible promissory notes as compared to $478,417 on secured convertible promissory notes during the nine months ended January 31, 2018.

Total other administrative and operating expenses decreased from $342,963 in the nine months ended January 31, 2018 to $344,757 in the nine months ended January 31, 2019.

Results of Operations for Three Months Ended January 31, 2019 Compared to the Three Months Ended January 31, 2018

We had a net loss of $988,733 during the three months ended January 31, 2019 increased from a net loss of $672,248 during the three months ended January 31, 2018.

We incurred research and development expenses of $124,301 in the three months ended January 31, 2019, a decrease as compared to research and development expenses of $204,413 in the three months ended January 31, 2018.

During the three months ended January 31, 2019 we incurred interest and finance expense of $237,081 on secured convertible promissory notes as compared to $281,137 on secured convertible promissory notes during the three months ended January 31, 2018.

Total other administrative and operating expenses decreased from $186,698 in the three months ended January 31, 2018 to $101,805 in the three months ended January 31, 2019.

Liquidity and Capital Resources

During the nine months ended January 31, 2019, we financed our operations mainly with proceeds of $496,555 from issuance of secured convertible promissory notes and $75,000 revenue generated by sales.

At January 31, 2019 total amount owed to related parties is $115,196. This funding was necessary to meet our research and development targets and place us in a position to attain profit. These balances owed to related parties are non-interest bearing, unsecured and repayable on demand.

We plan to raise additional capital through debt and/or equity financings. We cannot provide any assurance that additional funding will be available to finance our operations on acceptable terms in order to enable us to complete our plan of operations. There are no assurances that we will be able to achieve further sales of our common stock or any other form of additional financing. If we are unable to achieve the financing necessary to continue our plan of operations, then we will not be able to continue the development of our technologies and our business will fail.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our stockholders.

Critical Accounting Policies

We have identified certain accounting policies that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in Note 2 of the consolidated financial statements for the nine months ended January 31, 2019, attached hereto.

Contractual Obligations

We do not currently have any contractual obligations requiring any payment obligation from us.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the *Securities Exchange Act of 1934* and are not required to provide the information under this item.

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures*

Based upon an evaluation of the effectiveness of our disclosure controls and procedures performed by our management, with participation of our Chief Executive Officer and our Chief Financial Officer as of the end of the period covered by this report, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to inadequate segregation of duties.

As used herein, "*disclosure controls and procedures*" mean controls and other procedures of our company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We are taking steps to enhance and improve the design of our disclosure controls. During the period covered by this interim report, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we need to appoint additional qualified personnel to address inadequate segregation of duties and adopt sufficient written policies and procedures for accounting and financial reporting. These remediation efforts are largely dependent upon securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected.

(b) *Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting during the quarter ended January 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II- OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any pending legal proceeding. Management is not aware of any threatened litigation, claims or assessments.

Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

From May 1, 2018 to the date of this report, the Company issued convertible promissory notes for cash proceeds of $496,555 and service debt of $95,689. The convertible notes are secured against all assets of the Company, repayable two years after the issuance, bearing simple interest rate of 10% during the term of the notes and simple interest rate of 20% after the due date.

From May 1, 2018 to the date of this report, 4,004,457 shares of the Company's common stock were issued for convertible promissory notes.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibit(s)

31.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002**
31.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002**
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002**
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the *Sarbanes-Oxley Act of 2002**

* Filed herewith.

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SIGNATURES

Pursuant to the requirements of the *Securities Exchange Act of 1934*, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

March 25, 2019

REGI U.S., INC.

/s/ Michael Urso
Michael Urso
Chief Executive Officer