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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES ACT OF 1934

For the Fiscal Year Ended April 30, 2002

COMMISSION FILE NO. 0-23920

REGI U.S., INC.

(Name of small business issuer as specified in its charter)

OREGON	91-1580146
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

120 - 3011 VIKING WAY
RICHMOND, BRITISH COLUMBIA V6V 1W1, CANADA

(Address, including postal code, of registrant's principal executive offices)

(604) 278-5996
(Telephone number including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act: NONE

Securities registered pursuant to Section 12(g) of the Exchange Act:

Title of each class	Name of each Exchange on which registered:
Common Stock, no par value	NASD Over the Counter Bulletin Board

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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.
[X] Yes [ ] No

Check if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this form 10-KSB or any amendment to this Form 10-KSB. [ ]

<PAGE>

State the issuer's revenues for its most recent fiscal year: nil.

The aggregate market value of the voting stock held by non-affiliates of the registrant on July 31, 2002, computed by reference to the price at which the stock was sold on that date: $1,240,544.

The number of shares outstanding of the registrant's Common Stock, no par value, as of July 31, 2002 was 11,287,935.

Documents incorporated by reference: See Exhibits.

Transitional Small Business Disclosure Format (Check one): Yes ( ) No (X).

REGI U.S., INC.
FORM 10-KSB
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THIS ANNUAL REPORT ON FORM 10-KSB, INCLUDING EXHIBITS THERETO, CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934,

AS AMENDED. THESE FORWARD-LOOKING STATEMENTS ARE TYPICALLY IDENTIFIED BY THE WORDS "ANTICIPATES", "BELIEVES", "EXPECTS", "INTENDS", "FORECASTS", "PLANS", "FUTURE", "STRATEGY", OR WORDS OF SIMILAR MEANING. VARIOUS FACTORS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN THE FORWARD-LOOKING STATEMENTS, INCLUDING THOSE DESCRIBED IN "RISK FACTORS" IN THIS FORM 10-KSB. WE ASSUME NO OBLIGATION TO UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT ACTUAL RESULTS, CHANGES IN ASSUMPTIONS, OR CHANGES IN OTHER FACTORS, EXCEPT AS REGULATED BY LAW.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

We were organized under the laws of the State of Oregon on July 27, 1992 as Sky Technologies, Inc. On August 1, 1994, our name was officially changed by a vote of a majority of our shareholders to REGI U.S., Inc. We are controlled by Rand Energy Group Inc., a privately held British Columbia corporation ("RAND"), which, in turn, is controlled 51% by Reg Technologies Inc., a publicly held British Columbia corporation ("Reg Tech").

We are engaged in the business of developing and building an improved axial vane-type rotary engine known as the Rand Cam/Direct Charge Engine ("RC/DC Engine"), which is a variation of the Rand Cam Rotary Engine, an axial vane rotary engine ("Original Engine"). The worldwide, exclusive of the United States, intellectual and marketing rights to the RC/DC Engine are held by RAND. We hold the rights to develop, build and market the RC/DC Engine design in the U.S. pursuant to an agreement with RAND. Under a project cost sharing agreement entered into with RAND effective May 1, 1993, each company funds 50% of the continuing development cost of the RC/DC Engine.

Our principal offices are located at 3011 Viking Way, Suite 120, Richmond, British Columbia V6V 1X1, Canada. Our telephone number is (604) 278-5996 and our telefacsimile number is (604) 278-3409. Our website is www.regtech.com.

We will likely need to raise additional capital in the future beyond any amount currently on hand and which may become available as a result of the exercise of warrants and options which are currently outstanding, in order to fully implement our intended plan of operations.

BUSINESS OF THE COMPANY AND PRODUCTS

Overview and History

We are engaged in the business of developing and building an improved axial vane-type rotary engine known as the Rand Cam TM Direct Charge ("RC/DC") Engine, which is a variation of the Original Engine. The Original Engine is an axial vane rotary engine, the worldwide marketing rights to which are held by RAND. A United States patent was issued for the RC/DC Engine on July 4, 1995, and assigned to us. Since no marketable product has yet been developed, we have not received any revenues from operations.

The RC/DC Engine is based upon the Original Engine patented in 1983. Brian Cherry, a former officer and director of the Company, has done additional development work on the Original Engine which resulted in significant changes and improvements for which the U.S. patent has been issued and assigned to us. We believe the RC/DC Engine offers important simplification from the basic Original Engine, which will make it easier to manufacture and will also allow it to operate more efficiently.

Pursuant to an agreement dated October 20, 1986 between Reg Tech, Rand Cam Corp. and James McCann, Reg Tech agreed to acquire a 40% voting interest in a new corporation to be incorporated to acquire the rights to the Original Engine. The new corporation was RAND. Reg Tech acquired the 40% voting interest in RAND in consideration of the payment of $250,000.

Pursuant to an agreement made as of April 27, 1993 among Reg Tech, Rand Cam Corp., RAND and James McCann, Reg Tech acquired an additional 330,000 shares (11%) of RAND from Rand Cam Corp. to increase its investment to 51%.

On August 20, 1992, we entered in an agreement with RAND and Brian Cherry (the "August 1992 Agreement") under which we issued 5,700,000 shares of our Common Stock at a deemed value of $0.01 per share to RAND in exchange for certain valuable rights, technology, information, and other tangible and intangible assets, including improvements, relating to the United States rights to the Original Engine. RAND's president is also our president and its Vice President and Secretary is also one of our directors. The terms of the agreement were negotiated between the parties and were deemed to be mutually advantageous based upon conditions and circumstances existing at the time.

We entered into an agreement dated April 13, 1993 with RAND, Reg Tech and Brian Cherry (the "April 1993 Agreement") and made as an amendment to a previous Amendment Agreement dated November 23, 1992 between RAND, Reg Tech and Brian Cherry and an original agreement dated July 30, 1992 between RAND, Reg Tech and Brian Cherry, Cherry agreed to: (a) sell, transfer and assign to RAND worldwide rights, except for the United States, to all of his right, title and interest in and to the technology related to the RC/DC Engine (the "Technology"), including all pending and future patent applications in respect of the Technology, together with any improvements, changes or other variations to the Technology; (b) sell, transfer and assign to the Company United States of America rights to all of his right, title and interest in and to the Technology, including all pending and future patent applications in respect of the Technology, together with any improvements, changes or other variations to the Technology. On November 9, 1993, in consideration for this transfer of the Technology, Brian Cherry was issued 100,000 shares of Reg Tech with a deemed value of $200,000.

A final provision of the April 1993 Agreement assigned and transferred ownership of any patents, inventions, copyrights, know-how, technical data, and related

types of intellectual property conceived, developed or created by RAND or its associated companies either to us which results or derives from the direct or indirect use of the Original Engine and/or RC/DC Engine technologies by RAND.

We entered into a letter of understanding dated December 13, 1993, with RAND and Reg Tech, as grantors, and West Virginia University Research Corporation ("WVURC"), the grantors agreed that WVURC shall own 5% of all patented technology relating to the Original Engine and the RC/DC Engine. WVURC performed extensive analysis and testing on the RC/DC engine. WVURC provided support and development of the RC/DC Engine including research, development, testing evaluation and creation of intellectual property. In addition, WVURC introduced us to potential customers and licensees. We are entitled to all intellectual property developed by WVURC relating to the RC/DC Engine.

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

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

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

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

We are currently testing prototypes for several products. Our strategy is to develop engines and compressors for low to medium horsepower applications, then apply the Technology to larger applications. We have licensed the Technology for several projects. The licensee's have agreed to fund their projects for research and development of the specific applications. To date, we have completed three license agreements with Advanced Ceramics for 10 H.P. or less for remote piloted vehicles, a license agreement with Radian MILPARTS for greater than 10 H.P. for military applications and to Rotary Power International for Generator applications.

PRODUCTS AND PROJECTS

Rand Cam Technology

Rand Cam Cold Turbine Engine

On March 13, 2001, we announced that analysis has been completed on a RAND CAM COLD TURBINE ENGINE to generate 1000 horsepower at 1800 rpm for the electrical power generation market. Preliminary drawings of this engine have been

completed. A presentation has been prepared to visually demonstrate the technology so that we can generate interest and obtain funding to build and test this new engine. A dry run of the presentation was presented to a representative of one of the largest engine manufacturers in North America and the representative is assisting in setting up a presentation for its top management. Two additional presentations have been made to the management of this engine manufacturing company and the product is being reviewed by its engineering department. This presentation will be "taken on the road" and shown to additional major engine manufacturers and end users such as utility companies to solicit interest. Summarizing the presentation, the RAND CAM COLD TURBINE ENGINE compared to the best available MICROTURBINE ENGINE, has 32 percent better efficiency and generates 91 percent more power from the same airflow while retaining all of the emissions advantages of the MICROTURBINE ENGINE.

An analysis has been completed to show the potential of the RAND CAM COLD TURBINE ENGINE in aircraft application at the 400 horsepower output level so that we can work with several groups that have expressed interest in the Rand Cam Engine at this rating for aircraft and marine markets.

On July 12, 2001 we announced that our Engineer, Patrick Badgley, has completed a proposal to build a residential Cold Turbine Rand Cam generator. The self-contained residential power plant will be capable of providing 100% of the power needs of a modern luxury residence and would run on natural gas, propane or diesel fuel. The 25kW Rand Cam power plant would run at 3600 rpm, be extremely quiet, only 18 inches in overall diameter and would weigh 110 lbs. Designs have been completed for three different applications of this new engine concept. The Cold Turbine is the use of a positive displacement RAND CAM(TM) compressor and a positive displacement RAND CAM(TM) expander in a Brayton cycle (gas turbine) machine. Much interest is being shown in this technology following both our press release and a recent article in Ward's Engine Update.

Rotary Power International has been granted a license agreement for the power generator applications.

Gasoline and Diesel Engine

Two prototype engines were built in 1993 and 1994 by the WVURC to run on gasoline. Testing on these prototypes suggested that the concept is fundamentally sound and that with a program of engine review, design, testing and development, a technically successful range of engines can be developed. The current prototype design for the diesel engine was designed by a consortium made up of Alliant Techsystems (formerly Hercules Aerospace Company) ("Alliant"), WVURC and us. Alliant was involved in the design and development including drawings for the RC/DC diesel engine. In addition Alliant performed extensive

analysis on the diesel engine including bearings, cooling, leakage, rotor, vanes, housing, vane tip heating, geometry and combustion. This engine was designed as a general purpose power plant for military and commercial applications. A prototype of the diesel engine has been assembled and tested.

Motor Scooter Project

The motor scooter project was successfully tested by Paul LaMarche, our engineer in Detroit, Michigan. Additional testing is proposed to prove the concept to potential interested customers.

The RC\DC Scooter Engine was successfully test fired on the new ignition system which was designed by our engineering team. The system fired in all chambers on both sides. The positive aspect of this test is that the ignition system is capable of operating at the demanding rate of the sixteen combustions per revolution versus the eight combustions for two revolutions on the existing

piston engine used today.

The RC\DC Scooter engine will be a light weight, smooth and quiet running motor and very inexpensive to maintain and manufacture. Also, the RC\DC Scooter Engine prototype required equipment has been fabricated and acquired. The RC\DC Scooter Engine will weigh approximately 15-20 pounds and generate 20 HP. We have received inquiries from manufacturers regarding the possibility of including the Motor Scooter Engine in lightweight and inexpensive vehicles. There is no assurance, however, that we will enter into an agreement with anyone to manufacture the Motor Scooter engine.

Compressor

We contracted Coltec, Inc., a Columbus, Indiana engineering firm, to fabricate the Rand Cam (TM) air conditioning compressor for buses. The testing is to be conducted by Trans/Air Manufacturing Corporation, one of the largest manufacturers of air conditioning units for buses, which has agreed to jointly develop and manufacture the working model compressor. The prototype compressor was delivered to Trans/Air in January 2001 and is presently awaiting testing in a bus.

A special 3.2 SCFM air compressor has been designed for a large fuel cell customer. The customer has reviewed the design and his comments including type of drive motor, inlet and outlet piping arrangements and mounting considerations were incorporated and final drawings were prepared. This compressor is of virtually all plastic construction.

On June 28, 2001 we announced that the air pump for the fuel cell had been assembled and testing had commenced. The air pump was designed for the 1 KW fuel cell and is to be further tested by a potential customer at its facilities. Reg Technologies, Inc. also has agreed to build a Rand Cam compressor for several applications in the air, hydrogen and natural gas compressor requirements for fuel cell applications.

On August 21, 2001 we announced that the prototype air compressor requested by a major fuel cell manufacturer has been fabricated and is currently undergoing additional testing at REGI U.S.'s facility in Detroit. At the completion of this effort the compressor will be delivered to a compressor manufacturer for evaluation and testing as a first step towards this manufacturer becoming a licensee to manufacture compressors for our applications.

Air Pump

On September 21, 2000 we announced that Paul LaMarche, a director and Vice President of Engineering, completed a series of feasibility tests on the Rand Cam air pump for the Lumbar seat application in automobiles. The Rand Cam air pump was tested without lubrication and filled the lumbar chamber in less than four (4) seconds, which is less than required by the specifications, at only 6,600 rpm. To date, production costs and manufacturing techniques have not been completed.

Hydraulic Pump

A special 2.5 GPM pump has been designed and fabricated for use in a hydrostatic transmission for the lawn and garden market. The pump includes an integrated 12 Volt drive motor. This pump incorporates the same new technologies used in the air conditioning compressor including the winged rotor and multi-piece vanes. The pump is designed for very low cost and is of all plastic construction. Production pricing has been obtained and we are very competitive according to our customer. This specific application for which this pump was designed has been temporarily put on hold.

Hydrogen Separator

We purchased the rights to the H2O Hydrogen Separator Technology consisting of a hydrogen separator based, which is a unique system for extracting hydrogen from water. We own a 50% interest in the U.S. rights and Reg Technologies, Inc. owns 50% of the worldwide rights excluding the U.S. to the Hydrogen Separator Technology.

In consideration for a 50% interest for the rights to the Hydrogen Separator Technology Reg Technologies, Inc. ("Reg") agrees that we shall apply for a patent in the U.S. for the Hydrogen Separator Technology at Reg's expense; and Reg agrees to build a prototype of the Hydrogen Separator Technology as designed by GHM, Inc. We declined the option to purchase an additional 50% interest. To date, patent confirmation has not been received by Reg.

Ceramic Rand Cam TM Engine

On December 6, 2001 we announced that a U.S. Navy contract (SBIR No1-144) has been awarded to Advanced Ceramics Research (prime contractor) and REGI U.S., Inc. to build and test a Naval 0.5 horsepower ceramic engine. The proposed engine is a four stroke Rand Cam engine utilizing continuous injection and combustion in a single combustion chamber. The engine will be of all ceramic construction to permit high temperature operation, without cooling, to effectively burn heavy oil. This new motor will be developed for powering the U.S. Navy's new Smart War-fighter Array of Re-configurable Modules (SWARM) low cost unmanned aerial vehicle.

On April 4, 2002 we announced that we signed an agreement to grant a license to Advanced Ceramics Research, Inc. ("ACR") for the Rand Cam based motors for 10 H.P. or less for the SBIR No 1-144 Navy Contract for the remote piloted applications. We agreed that a 5 year contract will also be granted to ACR for the Rand Cam concept motors for the commercial and military rights for the applications developed under the Navy contract for 10 H.P or less.

We will receive a royalty fee of 5% of the purchase price for the commercial and Navy applications. We also receive 30% of the Navy phase I contract and 50% of

the phase II contract which is typically $50,000 to $100,000 for Phase I and $500,000 to $750,000 for Phase II. Phase I has been completed by Advanced Ceramics.

Progress Report from May 1, 2001 to April 30, 2002

On June 28, 2001 we reported that the air pump for the fuel cell has been assembled and testing has commenced. The air pump was designed for the 1KW fuel cell and is to be further tested by a potential customer at their facilities. Reg Technologies, Inc. also has agreed to build a Rand Cam compressor for several applications in the air, hydrogen and natural gas compressor requirements for fuel cell applications

On August 21, 2001, we reported progress on the Rand Cam Air Conditioning Compressor. We previously reported the air conditioning compressor for heavy-duty bus applications was completed and delivered to the Trans Air Manufacturing Company for testing in January of this year. Unfortunately, the testing has not been started. Pat Badgley previously visited this company and

was assured that Trans Air is still very interested in the compressor and will

start the testing now that the busy season for their industry is coming to a close.

On October 22, 2001 we announced that Robert D. Stoddart B.S. Chemical Engineering, was appointed as Corporate Marketing Director for the Rand Cam(TM) technology applications for REGI U.S., Inc. Robert Stoddart brings with him 30 years experience in the aerospace and aircraft industry, as Corporate Marketing Director and Federal Government Affairs Director. Mr. Stoddart has been involved as a contractor and/or consultant for the Department of Defense, Naval Sea Systems Command; Naval Air Systems Command and Defense Advanced Research Projects Agency (DARPA).

We also announced that Stodd International, Mr. Stoddart's company, was appointed as agent for REGI U.S., Inc. to raise up to $6 million (U.S.) on a non-exclusive basis. A 5% agents fee of the total funds received from contacts introduced by Stodd International will be paid for funds raised, license fees, royalty payments and contract fees. We believe that Mr. Stoddart's extensive expertise in government relations and advanced technologies marketing will be a valuable asset to marketing the Rand Cam(TM) projects and raising substantial funds for REGI U.S., Inc.

Our Rand Cam(TM) technology was exhibited at the GSE Expo (Ground Support Equipment Expo http://www.gseexpo.com) in Las Vegas at the Rio Hotel and Convention Center on October 23-25, 2001. Our booth was well attended.

On December 6, 2001, we announced that a U.S. Navy contract (SBIR No1-144) has been awarded to Advanced Ceramics Research (prime contractor) and REGI U.S., Inc. to build and test a Naval 0.5 horsepower ceramic engine. The proposed engine is a four stroke Rand Cam(TM) engine utilizing continuous injection and combustion in a single combustion chamber. The engine will be of all ceramic construction to permit high temperature operation, without cooling, to effectively burn heavy oil. This new motor will be developed for powering the U.S. Navy's new Smart War-fighter Array of Re-configurable Modules (SWARM) low cost unmanned aerial vehicle.

On April 4, 2002 we announced that we signed an agreement to grant a license to Advanced Ceramics Research, Inc. ("ACR") for the Rand Cam based motors for 10 H.P. or less for the SBIR No 1-144 Navy Contract for the remote piloted applications.

A 5 year contract will also be granted to ACR for the Rand Cam concept motors for the commercial and military rights for the applications developed under the Navy contract for 10 H.P or less. We will receive a royalty fee of 5% of the purchase price for the commercial and Navy applications. REGI U.S., Inc. also receives 30% of the Navy phase I contract and 50% of the phase II contract which is typically $50,000 to $100,000 for Phase I and $500,000 to $750,000 for Phase II.

MARKETING

We intend to pursue the development of the RC/DC Engine and the air pump, compressor and other products by entering into licensing and/or joint venture arrangements with other larger companies, which have the financial resources to maximize the potential of the technology. At the present time no such licensing or joint venture arrangements have been concluded and there is no assurance that any will be in the foreseeable future. We have no current plans to become actively involved in either manufacturing or marketing any engine or other product which it may ultimately develop to the point of becoming a commercial product.

Our current objective is to complete and test the various compressor, pump and

diesel engine prototypes. Based on the successful testing, the prototypes will be used for presentation purposes to potential license and joint venture partners. We are currently making presentations to the U.S. military which could result in additional government funding if the diesel engine prototype meets with its approval.

We expect revenue from license agreements with the potential end users based on the success of the design of from the compressor, pump, Cold Turbine Engine and diesel engine prototypes. Based on of successful testing of the Rand Cam prototypes, we expect to have joint venture or license agreements finalized, which would result in royalties to us. However, there is no assurance that the tests will be successful or that we will ever receive any such royalties.

The following marketing activities are all currently underway:

AIR CONDITIONING COMPRESSOR - An agreement with Trans Air Manufacturers has been completed to use the Rand Cam(TM) compressor in air conditioning units in bus applications. We have delivered a compressor prototype for testing. We are awaiting test results from Trans Air.

AIR PUMP - A prototype air pump for a Fuel Cell Application has been completed and will be delivered to the Fuel Cell manufacturer for testing soon.

DIESEL ENGINE - Efforts are underway to obtain funding for modifications of the existing Diesel engine to incorporate the latest winged rotor technology and incorporate extensive thermal barrier coatings. Also several new aircraft engine designs have been completed for aircraft applications ranging from 1 to over 400 horsepower for interested potential customers. We have signed a license agreement with Advanced Ceramics and Radian MILPARTS to further develop our Rand Cam Technology for diesel engine applications.

COMPETITION

We currently face and will continue to face competition in the future from established companies engaged in the business of developing, manufacturing and marketing engines and other products. While not a highly competitive business in terms of numbers of competitors, the business of developing engines of a new design and attempting to either license or produce them is nonetheless difficult because most existing engine producers are large, well financed companies which are very concerned about maintaining their market position. Such competitors are already well established in the market and have substantially greater resources than us. Internal combustion engines are produced by automobile manufacturers, marine engine manufacturers, heavy equipment manufacturers and specialty aircraft and industrial engine manufacturers. We expect that our engine would be used mainly in industrial and marine applications.

Except for the Wankel rotary engine built by Mazda of Japan, no competitor, that we are aware of, presently produces in a commercial quantity any rotary engine similar to the engines we are developing. The Wankel rotary engine is similar only in that it is a rotary engine rather than a reciprocating piston engine. Without substantially greater financial resources than is currently available to us, however, it is very possible that it may not be able to adequately compete in the engine business. One competitor, Rotary Power International, is presently producing the first production SCORE rotary (Wankel type) engines. Our RC\DC Engine is more fuel efficient, smaller, quieter, costs less to produce and will have fewer exhaust emissions.

We believe that if and when our engine is completely developed, in order to be successful in meeting or overcoming competition which currently exists or may develop in the future, our engine will need to offer superior performance and/or cost advantages over existing engines used in various applications.

RAW MATERIALS AND PRINCIPAL SUPPLIERS

Since we are not in production and there are no plans at this time for us to enter the actual engine manufacturing business, raw materials are not of present concern. At this time, however, there does not appear to be any foreseeable problem with obtaining any materials or components, which may be required in the manufacture of its potential products.

PATENTS, TRADEMARKS, LICENCES, FRANCHISES, CONCESSIONS, ROYALTY AGREEMENTS, LABOR CONTRACTS, INCLUDING DURATION

Patents

U.S. patent No. 5,429,084 was granted on July 4, 1995, to the inventor, Brian Cherry, Patrick Badgley and four other individuals for various improvements incorporated in the RC/DC Engine. The patent has been assigned to us. U.S. Patent 4,401,070 for the Original Engine was issued on August 30, 1983, to James McCann and RAND holds the marketing rights.

The RC/DC Engine is composed basically of a disk shaped rotor with drive shaft, which turns, and the housing or stator, which remains stationary. The rotor has two or more vanes that are mounted perpendicular to the direction of rotation and slide back and forth through it. As the rotor turns, the ends of the vanes ride along the insides of the stator housing which have wave-like depressions,

causing the vanes to slide back and forth. In the process of turning and sliding, combustion chambers are formed between the rotor, stator walls and vanes where the fuel/air mixture is injected, compressed, burned and exhausted.

Two additional patents have been issued for improvements to the engine including: U.S. Patents 5,509,793 "Rotary Device with Slidable Vane Supports) issued April 24, 1996 and 5,551,853 "Axial Vane Rotary Device and Sealing System Therefor) issued September 3, 1996. Additional patent applications are presently in process for the Winged Rotor, Multi-Piece Vanes and Cold Turbine.

Royalty Payments

The August 1992 Agreement calls for us to pay RAND semi-annually a royalty of 5% of any net profits to be derived by us from revenues received as a result of its license of the Original Engine. The August 1992 Agreement also calls for us to pay Brian Cherry a royalty of 1% semi-annually any net profits derived by us from revenue received as a result of our licensing the Original Engine.

Other provisions of the April 1993 Agreement call for is (a) to pay to RAND a continuing royalty of 5% of the net profits derived from the Technology by us and (b) to pay to Brian Cherry a continuing royalty of 1% of the net profits derived by us from the Technology.

Pursuant to the letter of understanding dated December 13, 1993, among us, RAND, Reg Tech and WVURC, WVURC will receive 5% of all net profits from sales, licenses, royalties or income derived from the patented technology relating to the Original Engine and the RC/DC Engine.

No royalties are to be paid to Alliant or Adiabatics, Inc.

Pursuant to our agreement with Weston, we agreed to pay to Weston 8.5% of net sales derived from the AVFS together with a minimum annual royalty of $24,000 per year beginning October 1, 1997, payable quarterly. This agreement was terminated February 4, 2002.

RISK FACTORS

You should carefully consider the following risks and the other information in this Report and our other filings with the SEC before you decide to invest in us or to maintain or increase your investment.

The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties may also adversely impact and impair our business. If any of the following risks actually occur, our business, results of operations, or financial condition would likely suffer. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Developmental Stage Company. We were incorporated on July 27, 1992. We are a development stage company. In a development stage company, management devotes most of its activities to establishing a new business. Planned principal activities have not yet produced significant revenues and we have suffered recurring operating losses as is normal in development stage companies. We also have a working capital deficit of $559,000. These factors raise substantial doubt about our ability to continue as a going concern. Our ability to emerge

from the development stage with respect to our planned principal business activity is dependent upon our successful efforts to raise additional equity financing, receive funding from affiliates and controlling shareholders, and develop a market for our products.

Ability to develop product. We have no assurance at this time that a commercially feasible design will ever be perfected, or if it is, that it will become profitable. Our profitability and survival will depend upon our ability to develop a technically and commercially feasible product which will be accepted by end users. The RC/DC Engine which we are developing must be technologically superior or at least equal to other engines that competitors offer and must have a competitive price/performance ratio to adequately penetrate its potential markets. If we are not able to achieve this condition or if we do not remain technologically competitive, we may be unprofitable and our investors could lose their entire investment. There can be no assurance that we or potential licensees will be able to achieve and maintain end user acceptance of our engine.

Negative Shareholders' Equity. We have a negative shareholders equity as of the date of this 10-KSB. Our ability to continue as a going business will be dependent upon our ability to raise additional capital and/or generate revenues from operations.

Need for Additional Capital. We rely on our ability to raise capital through the sale of our securities. Our the ultimate success will depend upon our ability to raise additional capital or to have other parties bear a portion of the required costs to further develop or exploit the potential market for our products. REG Tech and REGI have agreed to provide the necessary funds for the development of the RC/DC Diesel Engine prototypes and our other operations until joint venture or license agreements can be completed.

Dependence on Consultants and Outside Manufacturing Facilities. Since our present plans do not provide for a significant technical staff or the establishment of manufacturing facilities, we will be primarily dependent on others to perform these functions and to provide the requisite expertise and quality control. There is no assurance that such persons or institutions will be available when needed at affordable prices. It will likely cost more to have independent companies do research and manufacturing than for us to handle these resources.

Product/Market Acceptance. Our profitability and survival will depend upon our ability to develop a technically and commercially feasible product which will be accepted by end users. The RC/DC Engine and the AVFCS which we are developing must be technologically superior or at least equal to other engines which our competitors offer and must have a competitive price/performance ratio to adequately penetrate our potential markets. A number of rotary engines have been designed over the past 70 years but only one, the Wankel, has been able to achieve mechanical practicality and any significant market acceptance. If we

are not able to achieve this condition or if we do not remain technologically competitive, we may be unprofitable and our investors could lose their entire investment. There can be no assurance that we or our potential licensees will be able to achieve and maintain end user acceptance of our engine or the AFVCS.

No Formal Market Survey. We have not conducted a formal market survey but statistics available on the aircraft, marine and industrial markets alone indicate an annual market potential of more than one hundred million dollars.

Competition. While not a highly competitive business in terms of numbers of competitors, the business of developing engines of a new design and attempting to either license or produce them is nonetheless difficult because most

existing engine producers are large, well financed companies which are very concerned about maintaining their market position. There is no assurance that we will be successful in meeting or overcoming our current or future competition.

Protection of Intellectual Property. Our business depends on the protection of our intellectual property and may suffer if we are unable to adequately protect our intellectual property. The success of our business depends on our ability to patent our engine. Currently, we have been granted several U.S. Patents. We cannot provide assurance that our patents will not be invalidated, circumvented or challenged, that the rights granted under the patents will give us competitive advantages or that our patent applications will be granted.

History of Losses. We have a history of operating losses, and an accumulated deficit, as of April 30, 2002, of $5,308,000. Our ability to generate revenues and profits is subject to the risks and uncertainties encountered by development stage companies.

Our future revenues and profitability are unpredictable. We are currently have no signed contracts that will produce revenue and we do not have an estimate as to when we will be entering into such contracts. Furthermore, we cannot provide assurance that management will be successful in negotiating such contracts.

Rapid Technological Changes could Adversely Affect Our Business. The market for our engines is characterized by rapidly changing technology, evolving industry standards and changing customer demands. Accordingly, if we are unable to adapt to rapidly changing technologies and to adapt our product to evolving industry standards, our business will be adversely affected.

Management and Conflicts of Interest. Our present officers and directors have other unrelated full-time positions or part-time employment. Some officers and directors will be available to participate in management decisions on a part-time or as-needed basis only. Our management may devote time to other companies or projects which may compete directly or indirectly with us.

Control by Current Insiders. 6,017,850 common shares, not including currently exercisable options or warrants, are owned by current insiders representing control of approximately 53.31% of the total voting power. Accordingly, the

present insiders will continue to elect all of our directors and generally control our affairs.

Need for Additional Key Personnel. At the present, we employ no full time employees. Our success will depend, in part, upon the ability to attract and retain qualified employees. We believe that we will be able to attract competent employees, but no assurance can be given that we will be successful in this regard. If we are unable to engage and retain the necessary personnel, our business would be materially and adversely affected.

Indemnification of Officers and Directors for Securities Liabilities. Our Bylaws provide that we may indemnify any Director, Officer, agent and/or employee as to those liabilities and on those terms and conditions as are specified in the Oregon Business Corporation Act. Further, we may purchase and maintain insurance on behalf of any such persons whether or not we would have the power to indemnify such person against the liability insured against. This could result in substantial expenditures by us and prevent any recovery from such Officers, Directors, agents and employees for losses incurred by us as a result of their actions. Further, we have been advised that in the opinion of

the Securities and Exchange Commission, indemnification is against public policy as expressed in the 1933 Act and is therefore, unenforceable.

General Factors. Our areas of business may be affected from time to time by such matters as changes in general economic conditions, changes in laws and regulations, taxes, tax laws, prices and costs, and other factors of a general nature which may have an adverse effect on our business.

Limited Public Market for the Common Stock. At present, only a limited public market exists for the Common Stock on the over-the-counter bulletin board maintained by the National Association of Securities Dealers and there is no assurance that a more active trading market will develop, or, if developed, that it will be sustained.

Estimates and Financial Statements. The information in this Form 10-KSB consists of and relies upon evaluation and estimates made by management. Even though management believes in good faith that such estimates are reasonable, based upon market studies and data provided by sources knowledgeable in the field, there can be no assurance that such estimates will ultimately be found to be accurate or even based upon ac-curate evaluations.

No Foreseeable Dividends. We have not paid dividends on our Common Stock and do not anticipate paying dividends on our Common Stock in the foreseeable future.

Possible Volatility of Securities Prices. The market price for our Common Stock traded on the over-the-counter bulletin board has been highly volatile since it began trading and will likely to continue to behave in this manner in the future. Factors such as our operating results and other announcements regarding our development work and business operations may have a significant impact on the market price of our securities. Additionally, market prices for securities of many smaller companies have experienced wide fluctuations not necessarily related to the operating performance of the companies themselves.

GOVERNMENT REGULATIONS

Our engine products including the spark ignited engine, Diesel engine and Cold Turbine engine will be subject to various exhaust emissions standards depending upon the application and the country in which it is produced and/or sold. As each product becomes ready for sale, it will be necessary to have the engine certified according to the standards in effort at that time.

DEPENDENCE ON CERTAIN CUSTOMERS

Although we have no key customers at the present time, we expect that if our development work is successful, we will likely become dependent, at least initially, upon one or very few key customers. Such dependence could prove to be risky in the event that one or more such potential customers were to be lost and not replaced.

RESEARCH AND DEVELOPMENT

The basic research and development work on the RC/DC Engine and other products is being coordinated and funded by Reg Tech and funded as to 50%.

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We plan to contract with outside individuals, institutions and companies to perform most of the additional research and development work which we may require to benefit from our rights to the RC/DC Engine and other products.

Development work on the air conditioning compressors is being completed by Coltec Industries an engineering firm in Columbus, Indiana under contract with us.

During the last two fiscal years, we spent $627,000 on research and development.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

At the present time there is no direct financial or competitive effect upon our business as a result of any need to comply with any federal, state or local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment.

NUMBER OF TOTAL EMPLOYEES AND NUMBER OF FULL-TIME EMPLOYEES

We currently have two full-time contractors directly involved in technical development work on the RC/DC Engine. We expect to hire additional employees for those positions which we deem necessary to fill, as needs arise. Most additional employees are expected to be in technical and licensing/marketing positions.

ITEM 2. DESCRIPTION OF PROPERTY

We own no properties. We currently utilizes office space leased by Reg Tech in a commercial business park building located in Richmond, British Columbia, Canada, a suburb of Vancouver. The monthly rent for our portion of this office space is $500.00. The present facilities are believed to be adequate for meeting our needs for the immediate future. However we expect that we will likely acquire separate space when the level of business activity requires us to do so. We do not anticipate that we will have any difficulty in obtaining such additional space at favorable rates. There are no current plans to purchase or lease any properties in the near future. Mr. Badgley, a director and Vice President, works out of an office in his home in Columbus, Indiana. From this office, Mr. Badgley oversees and controls development and testing of the engine and other prototypes. Mr. Badgley has also used the facilities of Coltec Industries which was under contract to design and build the compressor prototype.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any legal proceedings or litigation, nor are we aware that any litigation is presently being threatened or contemplated against us or any officer, director or affiliate.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There was no matter submitted to a vote by our security holders during the fourth quarter of our fiscal year ended April 30, 2002, through the solicitation of proxies or otherwise.

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PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is a limited public market for our Common Stock which currently trades on the OTC Bulletin Board under the symbol "RGUS" where it has been traded since September 21, 1994. The Common Stock has traded between $0.09 and $6.75 per share since that date.

The following table sets forth the high and low prices for our Common Stock as reported on the Bulletin Board for the quarters presented. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not reflect actual transactions.

	Bid Price		Asked Price	
	High $	Low $	High $	Low $
Quarter Ended July 31, 2000	.78125	.375	.96875	.5
Quarter Ended October 31, 2000	.53125	.25	.5625	.3125
Quarter Ended January 31, 2001	1.25	.375	1.28125	.5
Quarter Ended April 30, 2001	.53125	.3	.65625	.375
Quarter Ended July 31, 2001	.36	.25	.4	.26
Quarter Ended October 31, 2001	.46	.16	.47	.21
Quarter Ended January 31, 2002	.28	.15	.29	.20
Quarter Ended April 30, 2002	.22	.17	.30	.19
Quarter Ended July 31, 2002	.21	.07	.22	.11

(Information provided by The Over The Counter Bulletin Board. The quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not represent actual transactions.)

As of July 31, 2002, there were 11,287,935 shares of Common Stock outstanding, held by 238 shareholders of record.

DIVIDEND POLICY

To date we have not paid any dividends on our Common Stock and do not expect to declare or pay any dividends on our Common Stock in the foreseeable future. Payment of any dividends will be dependent upon future earnings, if any, our financial condition, and other factors as deemed relevant by our Board of Directors.

RECENT SALES OF UNREGISTERED SECURITIES

Set forth below is information regarding the issuance and sales of our securities without registration during the last fiscal year. No such sales involved the use of an underwriter. See Note 5(d) to our audited financial statements for the fiscal year ended April 30, 2002 for more information on recent sales of unregistered securities.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

We are a development stage company engaged in the business of developing and commercially exploiting an improved axial vane type rotary engine known as the Rand Cam/Direct Charge Engine (the "RC/DC Engine").

As a development stage company, we devote most of our activities to establishing our business. Planned principal activities have not yet produced significant revenues and we have a working capital deficit. We have undergone mounting losses to date totaling $5,308,000 and further losses are expected until we complete a licensing agreement with a manufacturer and reseller. Our working capital deficit is $559,000. Our only assets are our intangible assets, being patents and intellectual property rights, totaling $67,000 which represents 83% of total assets. These factors raise doubt about our ability to continue as a going concern. Our ability to emerge from the development stage with respect to our planned principal business activity is dependent upon our successful efforts to raise additional equity financing, receive funding from affiliates and controlling shareholders, and develop a market for our products.

During the year, we raised a further $194,550 in addition to the $72,000 raised in 2001, pursuant to a private placement of 1,066,000 units issued at $0.25 per unit. Each unit will contain one share and one warrant to acquire one additional share at $0.30 per share if exercised in year one after receipt of funds. These funds raised do not provide enough working capital to fund ongoing operations for the next twelve months. We may also raise additional funds through the exercise of warrants and stock options, if exercised. Warrants with respect to 830,767 shares and 1,066,200 shares priced at $0.50 per share and $0.30 per share respectively may be exercised to net $735,244. Options with respect to 1,485,000 shares at prices between $0.40 and $1.50 per share may be exercised to net $915,000.

Results of operations for the year ended April 30, 2002 ("2002") compared to the year ended April 30, 2001 ("2001")

There were no revenues from product licensing during 2002 and 2001.

The net loss in 2002 decreased by $653,000 to $156,000 compared to $809,000 in 2001. The decrease was due to a $579,000 decrease in research and development expenses and decrease of $74,000 in administrative expenses. The decrease in administrative expenses was mainly due to a decrease of the investors relations budget and accounts payable written off. All other administrative expenses were kept to a minimum amount of $35,000 from $30,000 in 2001. Professional fees made up $20,000 of the administrative expenses in 2002 as compared to $21,000 in 2001 which includes accounting, auditing and legal; we continue to use a consultant to perform the majority of legal work. The decrease of $579,000 in research and development was mainly attributed to a decrease in the write-off of our AVFS rights to $12,000 from $309,000, prototype design and construction contracts for outside contractors was decreased to $5,000 from $100,000, accounts payable write-off of $94,000 from nil, and consulting as described below. The majority of prototype construction and testing costs continues to be borne by potential licensees and manufacturers. We paid two in house consultants for technical prototype design consulting amounting to $37,000 compared to $97,000 in 2001, which was mainly conducted by Paul LaMarche and Patrick Badgley, Vice President of Research and Development. See above progress reports for research and development activity conducted during the year.

LIQUIDITY AND CAPITAL RESOURCES

During 2002, we financed our operations mainly through subscription proceeds of $194,550 towards a private placement of units at $0.25 per unit.

We received funding in 2002 from our affiliated companies (common directors) and our 44.94% shareholder, Rand Energy Group, Inc. and our 51% shareholder Reg Technologies Inc. These companies advanced, or paid expenses on behalf of,

$101,000 during 2002. These amounts owing are now $473,000 or 83% of total current liabilities, are unsecured and repayable on demand. Our affiliated companies have indicated that they will not be demanding repayment of these funds during the next fiscal year and will advance, or pay expenses on behalf of, further funds if needed.

The loss for the year of $156,000 included ($75,000) of non-cash items being $7,000 for amortization of capital and intangible assets, $3,000 for stock based compensation, $12,000 for the write-off of intangible assets, and ($97,000) for accounts payable written off.

As at April 30, 2002, we had a cash deficiency of $2,000 and other current liabilities of $97,000. We receive interim support from our ultimate parent company and plan to raise additional funds from equity financing which is yet to be negotiated. We also plan to raise funds through loans from a controlling shareholder (REGI). REGI owns 5,073,200 shares and plans to sell shares as needed to meet our ongoing funding requirements if traditional equity sources of financing prove to be insufficient.

ITEM 7. FINANCIAL STATEMENTS

Our consolidated financial statements are included and begin immediately following the signature page to this report. See Item 13 for a list of the financial statements and financial statement schedules included.

ITEM 8. CHANGES IN AND DISAGREEEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16 (a) OF THE EXCHANGE ACT.

Directors and Executive Officers of the Registrant

The following table sets forth the name, age and position of each of our Executive Officers and Directors:

Name	Age	Position
John G. Robertson	61	Director, Chairman of the Board of Directors, President and Chief Executive Officer
Jennifer Lorette	30	Director, Vice-President and Chief Financial Officer
James Vandeberg	59	Director and Chief Operating Officer
Patrick Badgley	58	Vice-President, Research and Development

BUSINESS EXPERIENCE AND PRINCIPAL OCCUPATION OF DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

Mr. Robertson has held his position since our formation in July, 1992. All officers currently devote part-time services to our operation.

There are no family relationships between any director or executive officer and any other director or executive officer.

The present and principal occupations of our directors and executive officers during the last five years are set forth below:

John G. Robertson - Chairman of the Board of Directors, President, Chief Executive Officer

Mr. Robertson has been our Chairman, President and Chief Executive Officer since our formation. Since October 1984 Mr. Robertson has been President and a Director of Reg Technologies Inc., a British Columbia corporation listed on the Canadian Venture Exchange that has financed the research on the Rand Cam Engine since 1986. REGI U.S. is controlled by Rand Energy Group, Inc., a British Columbia corporation of which Reg Technologies Inc. is the majority shareholder. REGI U.S. owns the U.S. rights to the Rand Cam (TM) technology and Rand Energy Group, Inc. owns the worldwide rights exclusive of the U.S. Mr. Robertson is President, Principal Executive Officer and a member of the Board of Directors of IAS Communications, Inc., an Oregon corporation traded on the OTC bulletin board, which is developing a new type of antenna system. Since June 1997 Mr. Robertson has been President, Principal Executive Officer and a Director of Information-Highway.com, Inc., a Florida corporation traded on the OTC bulletin board, and its predecessor. He is also the President and Founder of Teryl Resources Corp., a public company trading on the Canadian Venture Exchange involved in gold, diamond, and oil and gas exploration. He is also President of LinuxWizardry Systems, Inc., a public company trading on the OTC Bulletin Board. Linux Wizardry's Apprentice Router allows small businesses to establish and manage network connections without the need of a Network specialist. Since May 1977 Mr. Robertson has been President and a member of the Board of Directors of SMR Investments Ltd., a British Columbia corporation engaged in the business of management and investment consulting.

Jennifer Lorette - Vice President and Chief Financial Officer

Ms. Lorette became a member of the board of directors in January 2001. She has been our Vice President since June 1994, and was also previously Chief Financial Officer. Since April 1994 she has also been Vice President of Administration and Secretary for Reg Technologies, Inc., a British Columbia corporation listed on the Canadian Venture Exchange that has financed the research on the Rand Cam Engine since 1986. REGI U.S. is controlled by Rand Energy Group, Inc., a British Columbia corporation of which Reg Technologies Inc. is the majority shareholder. Since February 1995 Ms. Lorette has been Secretary/Treasurer and a director of IAS Communications Inc., an Oregon corporation traded on the OTC bulletin board. Since June 1997 Ms. Lorette has been Executive Vice President and a Director of Information-Highway.com, Inc., a Florida corporation traded on the OTC bulletin board, and its predecessor. Since June 1994 Ms. Lorette has also been Vice President and Secretary of LinuxWixardry Stystems, Inc. Since November 1997 Ms. Lorette has been Vice President of Teryl Resources Corp., a public company trading on the Canadian Venture Exchange involved in gold, diamond, and oil and gas exploration. She also became a director in February 2001.

James L. Vandeberg - Chief Operating Officer and a Member of the Board of Directors

Mr. Vandeberg became a Director and Chief Operating Officer in November 1999. Mr. Vandeberg is a partner in the Seattle, Washington law firm of Ogden Murphy Wallace. He has served as our legal counsel since 1996. Mr. Vandeberg's practice focuses on the corporate finance area, with an emphasis on securities and acquisitions. Mr. Vandeberg was previously general counsel and secretary of two NYSE companies and is a director of Information-Highway.com, Inc., a Florida corporation traded on the OTC bulletin board. He is also a director of IAS Communications, Inc. an Oregon corporation traded on the OTC bulletin board since November 1998. Mr. Vandeberg is also a director of LinuxWizardry Systems Inc., a British Columbia company traded on the OTC bulletin board. Mr. Vandeberg is also a director of Cyber Merchants Exchange, Inc. since May 2001. He is a member and former director of the American Society of Corporate Secretaries. He became a member of the Washington Bar Association in 1969 and

of the California Bar Association in 1973. Mr. Vandeberg graduated cum laude from the University of Washington with a Bachelor of Arts degree in accounting in 1966, and from New York University School of Law in 1969, where he was a Root-Tilden Scholar.

Patrick R. Badgley - Vice President, Research and Development

Mr. Badgley was appointed our Vice President, Research and Development in February 1994. He is directing and participating in the technical development of the Rand Cam compressor, gasoline engine and diesel engine. Since July 1993 Mr. Badgley has been a Director of Reg Technologies Inc., a British Columbia corporation listed on the Canadian Venture Exchange that has financed the research on the Rand Cam Engine since 1986. REGI U.S. is controlled by Rand Energy Group, Inc., a British Columbia corporation of which Reg Technologies Inc. is the majority shareholder. Between 1986 and 1994, Mr. Badgley was the Director of Research and Development at Adiabatics, Inc., in Columbus, Indiana, where he directly oversaw several government and privately sponsored research programs involving engines. He was the Program Manager for the Gas Research Institute project for emissions reduction of two-stoke cycle natural gas engines. He was also Program Manger for several coal fuel diesel engine programs for the Department of Energy and for uncooled engine programs for a Wankel engine for NASA and for a piston type diesel engine for the U.S. Army. Mr. Badgley's work has covered all phases of research, design, development and manufacturing, from research on ultra-high speed solenoids and fuel sprays, to new product conceptualization and production implementation of fuel pumps and fuel injectors. Mr. Badgley received his Bachelor of Science degree in Mechanical Engineering from Ohio State University. Since February 1995 Mr. Badgley has been a director and officer of IAS Communications Inc., an Oregon corporation traded on the OTC bulletin board.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of Forms 3, 4 and 5 furnished to us, other than Messrs. Badgley and Vandeberg, who furnished us with no Forms during the year, none of our officers, directors or beneficial owners of more than ten percent of the Common Stock failed to file on a timely basis reports required to be filed by Section 16(a) of the Exchange Act during the most recent fiscal year.

ITEM 10. EXECUTIVE COMPENSATION

No executive officer had an annual salary and bonus in excess of $100,000 during the past fiscal year. Mr. Robertson received no compensation from us in fiscal year 2002. Options to purchase 700,000 shares of our common stock granted on March 15, 2001, which replaced the 300,000 options which expired in January 2001, were repriced from $0.40 to $0.20 on May 10, 2002. No options were granted during fiscal 2002.

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	Annual Compensation			Long-Term Compensation		
				Awards	Payouts	
						Other

Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options/ SARs (#)	LTIP(2) Payouts ($)	All Other Compensation (#)
John G. Robertson, President and CEO	2002	Nil	Nil	36,000 (3)	Nil	Nil	Nil	Nil
	2001	Nil	Nil	36,000 (3)	Nil	700,000(4)	Nil	Nil
	2000	Nil	Nil	36,000 (3)	Nil	Nil	Nil	Nil

(1) "SARS" or "stock appreciation right" means a right granted by US, as compensation for services rendered, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of our publicly traded securities.

(2) "LTIP" or "long term incentive plan" means any plan which provides compensation intended to serve as incentive for performance to occur over a period longer than one financial year, but does not include option or stock appreciation right plans or plans for compensation through restricted shares or restricted share units.

(3) Access Information Services, Inc., a Washington corporation which is owned and controlled by the Robertson Family Trust, received or is to receive $2,500 per month from us for management services provided to us and rent in the sum of $6,000 per annum. Mr. Robertson is a trustee of the Robertson Family Trust.

(4) These options were granted on March 15, 2001 exercisable at a price of US$0.40 per share until March 15, 2006. On May 10, 2002, the exercise price of these options were reduced to $0.20 per share, with all other terms remaining the same.

On March 31, 1994, we entered into a management agreement with Access Information Services, Inc., a Washington corporation which is owned and controlled by the Robertson Family Trust. We retained Access at the rate of $2,500 per month to provide certain management, administrative, and financial services.

We may in the future create retirement, pension, profit sharing, insurance and medical reimbursement plans covering our Officers and Directors. At the present time, no such plans exist. No advances have been made or are contemplated by us to any of our Officers or Directors. Directors receive no compensation for their service as such. Compensation of officers and directors is determined by our Board of Directors and is not subject to shareholder approval.

The following table sets forth certain information with respect to options exercised during the fiscal year ended April 30, 2002 by our Chief Executive Officer, and with respect to unexercised options held by our Chief Executive Officer at the end of fiscal 2002.

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AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND YEAR END OPTION VALUES

Name	Shares Acquired on exercise(#)	Value realized($)	Number of unexercised Options at Years End Exercisable/ unexercisable	Value of unexercised Options at Year End (1) Exercisable/ unexercisable
John G. Robertson	-0-	-0-	700,000	-0-

(1) The calculation of the value of unexercised options is based on the difference between the last sale price of $0.22 per share for our Common Stock on April 30, 2002, and the exercise price of each option (then $0.40), multiplied by the number of shares covered by the option.

We do not have any Long Term Incentive Plans.

We do not have any employment contracts, termination of employment and change of control arrangements.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of July 31, 2002, our outstanding Class A Common Stock owned of record or beneficially by each person who owned of record, or was known by us to own beneficially, more than 5% of our Common Stock, and the name and shareholdings of each Executive Officer and Director and all Executive Officers and Directors as a group. A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from the date of this report upon the exercise of warrants or options. Each beneficial owner's percentage ownership is determined by assuming that options that are held by such person and which are exercisable within 60 days from the date are exercised.

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Name	Class A Shares Owned	Percentage of Class A Shares Owned
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John G. Robertson, Chairman of the Board of Directors, President and Director (1) (2)	5,781,350	51.22%
The Watchtower Society (3)	5,073,200	44.94%
James McCann (4)	5,073,200	44.94%
Rand Energy Group Inc. (5)	5,073,200	44.94%

Jennifer Lorette, Vice President and Director (6)	85,500	*
James Vandeberg, Chief Operating Officer and Director (7)	76,000	*
Patrick Badgley, Vice President, Research and Development and Director (8)	75,000	*
ALL EXECUTIVE OFFICERS & DIRECTORS AS A GROUP (FOUR INDIVIDUALS) (9)	6,017,850	53.31%

Except as noted below, all shares are held beneficially and of record and each record shareholder has sole voting and investment power.

*Less than one percent of the issued and outstanding on July 31, 2002 which was 11,287,935

(1) These individuals may be deemed to be our "parents or founders" as that term is defined in the Rules and Regulations promulgated under the Securities Act of 1933.

(2) Includes 5,073,200 shares registered in the name of Rand Energy Group Inc. See Note (5) below for an explanation of the beneficial ownership of Rand Energy Group Inc. Mr. Robertson disclaims beneficial ownership of these shares beyond the extent of his pecuniary interest. Also includes 700,000 options that are currently exercisable. Mr. Robertson's address is the same as the Company's.

(3) Includes 5,073,200 shares registered in the name of Rand Energy Group Inc. See Note (5) below for an explanation of the beneficial ownership of Rand Energy Group Inc.

(4) Includes 5,073,200 shares registered in the name of Rand Energy Group Inc. See Note (5) below for an explanation of the beneficial ownership of Rand Energy Group Inc.

(5) Rand Energy Group Inc. is owned 51% by Reg Technologies Inc. and 49% by Rand Cam Engine Corp. Under Rule 13d-3 under the Securities Exchange Act of 1934, both Reg Technologies Inc. and Rand Cam Engine Corp. could be considered the beneficial owner of the 5,073,200 shares registered in the name of Rand Energy Group Inc.

Reg Technologies Inc. is a British Columbia corporation listed on the Canadian Venture Exchange that has financed the research on the Rand Cam Engine since 1986. Since October 1984 Mr. Robertson has been President and a Director of Reg Technologies Inc. SMR Investment Ltd., a British Columbia corporation, holds a controlling interest in Reg Technologies Inc. Since May 1977 Mr. Robertson has

been President and a member of the Board of Directors of SMR Investments Ltd. Susanne M. Robertson, Mr. Robertson's wife, owns SMR Investment Ltd. Accordingly, in Note (2) above, beneficial ownership of the 5,073,200 shares registered in the name of Rand Energy Group Inc. has been attributed to Mr. Robertson. We believe it would be misleading and not provide clear disclosure to list as beneficial owners in the table the other entities and persons discussed in this paragraph, although a strict reading of Rule 13d-3 under the Securities Exchange Act of 1934 might require each such entity and person to be listed in the beneficial ownership table.

Rand Cam Engine Corp. is a privately held company whose stock is reportedly owned 50% by The Watchtower Society, a religious organization, 34% by James McCann and the balance by several other shareholders. Mr. McCann has indicated that he donated the shares held by The Watchtower Society to that organization but has retained a voting proxy for those shares. Accordingly, in Notes (3) and (4) above, beneficial ownership of the 5,073,200 shares registered in the name of Rand Energy Group Inc. has been attributed to The Watchtower Society and Mr. McCann. We believe it would be misleading and not provide clear disclosure to list as beneficial owners in the table the other entities and persons discussed in this paragraph, although a strict reading of Rule 13d-3 under the Securities Exchange Act of 1934 might require each such entity and person to be listed in the beneficial ownership table.

(6) Includes 85,000 options that are currently exercisable. These 85,000 options were cancelled on May 10, 2002 and replaced with 150,000 options expiring May 10, 2007 at a price of $0.20 per share. Ms. Lorette's address is the same as the Company's.

(7) Includes 75,000 options that are currently exercisable. Mr. Vandeberg's address is Ogden Murphy Wallace, P.L.L.C., 1601 Fifth Avenue, Suite 2100, Seattle, Washington 98101-1686.

(8) Includes 75,000 options that are currently exercisable. Mr. Badgely's address is 2815 Franklin Drive, Columbus, Indiana, 47201.
.
(9) Includes 5,073,200 shares registered in the name of Rand Energy Group Inc. whose beneficial ownership is attributed to Mr. Robertson as set forth in Note (2) above. See Note (5) above for an explanation of the beneficial ownership of Rand Energy Group Inc. Mr. Robertson disclaims beneficial ownership of these shares beyond the extent of his pecuniary interest. Also includes 935,000 options that are currently exercisable.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Pursuant to the August 1992 Agreement we issued 5,700,000 shares of our Common Stock at a deemed value of $0.01 per share to Rand Energy Group Inc., a privately held British Columbia corporation ("RAND") in exchange for certain valuable rights, technology, information, and other tangible and intangible assets relating to the United States rights to the Original Engine. RAND is owned 51% by Reg Technologies Inc., a British Columbia corporation listed on the Canadian Venture Exchange ("Reg Tech"), and 49% by Rand Cam Engine Corp. Reg Tech's President is also our President and its Vice President is also Vice President of the Company.

We also agreed to pay semi-annually to RAND a royalty of 5% of any net profits to be derived by us from revenues received as a result of its license of the Original Engine.

In the April 1993 Agreement, an amendment to a previous Amendment Agreement dated November 23, 1992, between RAND, Reg Tech and Brian Cherry (a former officer and director) and an original agreement dated July 30, 1992, between RAND, Reg Tech and Brian Cherry, Cherry agreed to: (a) sell, transfer and assign to RAND all his right, title and interest in and to the technology related to the RC/DC Engine, including all pending and future patent applications in respect of the Technology for all countries except the United States of America, together with any improvements, changes or other variations to the Technology; (b) sell, transfer and assign to us (then called Sky Technologies Inc.), all his right, title and interest in and to the Technology, including all pending and future patent applications in respect of the Technology for the United States of America, together with any improvements, changes or other variations to the

Technology.

Other provisions of the April 1993 Agreement call for us (a) to pay to RAND a continuing royalty of 5% of the net profits derived from the Technology by us and (b) to pay to Brian Cherry a continuing royalty of 1% of the net profits derived from the Technology by us.

A final provision of the April 1993 Agreement assigns and transfers ownership to us of any patents, inventions, copyrights, know-how, technical data, and related types of intellectual property conceived, developed or created by RAND or its associated companies either prior to or subsequent to the date of the agreement, which results or derives from the direct or indirect use of the Original Engine and/or RC/DC Engine technologies by RAND.

The terms of the agreements referenced above were negotiated by the parties in non-arm's-length transactions but were deemed by the parties involved to be fair and equitable under the circumstances existing at the time.

We are controlled by Rand Energy Group Inc., a privately held British Columbia corporation ("RAND"), which, in turn, is controlled 51% by Reg Technologies Inc., a publicly held British Columbia corporation ("Reg Tech") and 49% by Rand Cam Engine Corp. SMR Investment Ltd., a British Columbia corporation, holds a controlling interest in Reg Technologies Inc. Since May 1977 Mr. Robertson has been President and a member of the Board of Directors of SMR Investments Ltd. Susanne M. Robertson, Mr. Robertson's wife, owns SMR Investment Ltd. Rand Cam Engine Corp. is a privately held company whose stock is reportedly owned 50% by The Watchtower Society, a religious organization, 34% by James McCann and the balance by several other shareholders. Mr. McCann has indicated that he donated the shares held by The Watchtower Society to that organization but has retained a voting proxy for those shares.

ITEM 13(a). EXHIBITS.

Number	Description	
3.1	Articles of Incorporation	(1)
3.2	Article of Amendment changing name to REGI U.S., Inc.	(2)
3.3	By-Laws	(1)
4.1	Specimen Share Certificate	(1)
4.2	Specimen Warrant Certificate	(1)
10.1	Consulting Agreement, dated December 1, 1999, between Regi U.S., Inc. and Patrick Badgley	(3)
10.2	Special Service Proposal, dated December 21, 1999, between Regi U.S. and ColTec, Inc	(3)
10.3	Agreement between Coltec and REGI dated October 2000	(4)

10.4	Agreement between REGI and Advanced Ceramics Research dated March 20, 2002	
10.5	Agreement between Reg Technologies Inc., REGI U.S., Inc. and Rand Energy Group Inc. made as of April 24, 2002	
23.1	Consent of Independent Auditors	

(1) Incorporated by reference from Form 10-SB Registration Statement filed April 26, 1994.
(2) Incorporated by reference from 10-Q Report for the quarter ended 7-30-94.
(3) Incorporated by reference from our 10-KSB for the fiscal year ended April 30, 2000.
(4) Incorporated by reference from our 10-KSB for the fiscal year ended April 30, 2001.

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Statements of Operations F-3
Statements of Cash Flows F-4
Statement of Stockholders' Equity F-5
Notes to the Financial Statements F-7 to F-12

ITEM 13(b). REPORTS ON FORM 8-K.

None.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report or amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

REGI U.S., INC.

By: /s/ John G. Robertson

John G. Robertson, President
Chief Executive Officer and Director

Dated: August 13, 2002

In accordance with the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated below.

Signature	Title	Date
/s/ John G. Robertson --- (John G. Robertson)	President, Chief Executive Officer and Director	8/13/02
/s/James Vandeberg --- (James Vandeberg)	Chief Operating Officer and Director	8/13/02
/s/ Jennifer Lorette --- (Jennifer Lorette)	Vice President and Director	8/13/02

EXHIBIT INDEX

Number	Description	Page
3.1	Articles of Incorporation	(1)
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10.3	Agreement between Coltec and REGI dated October 2000	(4)
10.4	Agreement between REGI and Advanced Ceramics Research dated March 20, 2002	44
10.5	Agreement between Reg Technologies Inc., REGI U.S., Inc. and Rand Energy Group Inc. made as of April 24, 2002	46
23.1	Consent of Independent Auditors	53

(1) Incorporated by reference from Form 10-SB Registration Statement filed April 26, 1994.
(2) Incorporated by reference from 10-Q Report for the quarter ended 7-30-94.
(3) Incorporated by reference from our 10-KSB for the fiscal year ended April 30, 2000.
(4) Incorporated by reference from our 10-KSB for the fiscal year ended April 30, 2001.

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Statements of Operations	F-3
Statements of Cash Flows	F-4
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<TABLE>
<CAPTION>
<S><C>
M A N N I N G E L L I O T T 11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

C H A R T E R E D A C C O U N T A N T S Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com
</TABLE>

Independent Auditor's Report

To the Stockholders and Board of Directors
of REGI U.S., Inc.
(A Development Stage Company)

We have audited the accompanying balance sheets of REGI U.S., Inc. (A Development Stage Company) as of April 30, 2002 and 2001 and the related statements of operations, stockholders' deficit and cash flows for the period from July 27, 1992 (Inception) to April 30, 2002 and the years ended April 30, 2002 and 2001. These financial statements are the responsibility of the

Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of REGI U.S., Inc. (A Development Stage Company), as of April 30, 2002 and 2001, and the results of its operations and its cash flows for the period from July 27, 1992 (Inception) to April 30, 2002 and the years ended April 30, 2002 and 2001, in conformity with generally accepted accounting principles used in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated any revenues or profitable operations since inception and has a severe working capital deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Manning Elliott

CHARTERED ACCOUNTANTS
Vancouver, Canada
August 2, 2002

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REGI U.S., Inc.
(A Development Stage Company)
Balance Sheets
(Expressed in U.S. dollars)

	April 30, 2002 $	2001 $
Assets		
Current Assets		
Accounts receivable	13,400	-
Total Current Assets	13,400	-
Property, Plant and Equipment (Note 3)	664	2,479
Long-Lived Assets (Note 4)	66,920	81,947

Total Assets	80,984	84,426

Liabilities and Stockholders' Deficit

Current Liabilities		
Cheques issued in excess of funds on deposit	2,256	1,466
Accounts payable	87,952	115,243
Accrued liabilities	9,500	129,320
Due to affiliates (Note 6)	473,155	371,819
Total Current Liabilities	572,863	617,848
Commitments and Contingent Liabilities (Notes 1 and 7)		
Stockholders' Deficit		
Common Stock (Note 5), 20,000,000 shares authorized without par value; 11,287,935 and 10,221,735 shares issued and outstanding respectively	4,778,799	4,512,249
Common Stock Paid For But Unissued (Note 5(d))	-	72,000
Stock Based Compensation	37,000	33,917
Deficit Accumulated During the Development Stage	(5,307,678)	(5,151,588)
Total Stockholders' Deficit	(491,879)	(533,422)
Total Liabilities and Stockholders' Deficit	80,984	84,426

(The accompanying notes are an integral part of the financial statements)

REGI U.S., Inc.
(A Development Stage Company)
Statements of Operations
(Expressed in U.S. dollars)

<TABLE>
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	Accumulated from July 27, 1992 (Inception) To April 30, 2002	April 30, 2002	April 30, 2001
	$	$	$
<S>	<C>	<C>	<C>
Revenues	-	-	-

Administrative Expenses

Bank charges	9,663	907	1,236
Foreign exchange	3,852	(95)	(349)
Interest on debentures	12,593	-	224
Investor relations - publications	315,929	-	11,092
Investor relations - consulting	776,245	111,370	164,569
Office, rent and telephone	155,993	11,525	847
Professional fees	343,418	19,855	20,713
Transfer agent and regulatory fees	98,173	2,201	7,390
Travel	12,722	1,048	-
Less: interest	(16,788)	(33)	(8)
accounts payable written off	(14,554)	(14,554)	-
	1,697,246	132,224	205,714

Research and Development Expenses

Intellectual property (Note 4)	578,509	12,364	309,145
Amortization	115,242	6,939	25,241
Market development	92,782	-	-
Professional fees	73,904	-	-
Project management	280,000	30,000	30,000
Project overhead	209,588	17,290	15,652
Prototype design and construction contracts	1,389,350	4,758	100,486
Royalties	93,000	6,000	24,000
Technical prototype design consulting	511,738	36,932	97,000
Technical reports	24,364	2,244	-
Technical salaries	169,467	-	-
Travel	166,886	1,737	1,443
Less: accounts payable written off	(94,398)	(94,398)	-
	3,610,432	23,866	602,967

Net Loss for the Year	5,307,678	156,090	808,681
Loss Per Share - Basic		(.02)	(.08)
Weighted Average Shares Outstanding		10,399,000	10,218,000

(Diluted loss per share has not been presented as the result is anti-dilutive)

(The accompanying notes are an integral part of the financial statements)

REGI U.S., Inc.
(A Development Stage Company)
Statements of Cash Flows
(expressed in U.S. dollars)

	Accumulated from July 27, 1992 (Inception) To April 30, 2002	April 30, 2002	April 30, 2001
	$	$	$
<S>	<C>	<C>	<C>
Cash Flows to Operating Activities			
Net loss	(5,307,678)	(156,090)	(808,681)
Adjustments to reconcile net loss to cash			
Amortization	115,242	6,939	25,241
Intellectual property written off	578,509	12,364	309,145
Stock based compensation	278,296	3,083	18,500
Accounts payable written off	(96,755)	(96,755)	-
Change in non-cash working capital items			
Increase in accounts receivable	(13,400)	(13,400)	-
Increase (decrease) in accounts payable and accrued liabilities	202,363	(67,202)	181,311

Net Cash Used by Operating Activities	(4,243,423)	(311,061)	(274,484)
Cash Flows from Financing Activities			
Increase in common stock	4,167,252	194,550	74,000
Redemption of convertible debentures	-	-	(50,000)
Increase (decrease) in due to affiliates	290,001	118,182	273,415
Net Cash Provided by Financing Activities	4,457,253	312,732	297,415
Cash Flows to Investing Activities			
(Increase) in property, plant and equipment	(24,947)	-	-
(Increase) in patent protection costs	(191,139)	(2,461)	(19,544)
Net Cash Used by Investing Activities	(216,086)	(2,461)	(19,544)
Increase (decrease) in cash	(2,256)	(790)	3,387
Cash (deficiency) - beginning of period	-	(1,466)	(4,853)
Cash (deficiency) - end of period	(2,256)	(2,256)	(1,466)
Non-Cash Financing Activities			
Affiliate's shares issued for intellectual property	200,000	-	-
Shares issued for financial consulting services	241,296	-	-
Shares issued for intellectual property	345,251	-	-
Shares issued to settle debt	25,000	-	-
Stock based compensation	37,000	3,083	18,500
	848,547	3,083	18,500
Supplemental Disclosures			
Interest paid	12,593	-	

224
   Income tax paid - - -
</TABLE>

(The accompanying notes are an integral part of the financial statements)

<PAGE>

REGI U.S., Inc.
(A Development Stage Company)
Statements of Stockholders' Equity
From July 27, 1992 (Inception) to April 30, 2002

<TABLE>
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	Common Stock		Deficit Accumulated During the Development Stage
	Shares	Amount	
	#	$	$
<S>	<C>	<C>	<C>
Balance - July 27, 1992 (inception)	-	-	-
Stock issued for intellectual property	5,700,000	57,000	-
Stock issued for cash	300,000	3,000	-
Net loss for the period	-	-	(23,492)
Balance - April 30, 1993	6,000,000	60,000	(23,492)
Stock issued for cash pursuant to a public offering	500,000	500,000	-
Net loss for the year	-	-	(394,263)
Balance - April 30, 1994	6,500,000	560,000	(417,755)
Stock issued for cash pursuant to:			
options exercised	10,000	1,000	-
a private placement	250,000	562,500	-
warrants exercised	170,200	213,000	-
Net loss for the year	-	-	(1,225,743)

Balance - April 30, 1995	6,930,200	1,336,500	(1,643,498)
Stock issued for cash pursuant to:			
options exercised	232,500	75,800	-
warrants exercised	132,200	198,300	-
a private offering memorandum	341,000	682,000	-
Net loss for the year	-	-	(796,905)
Balance - April 30, 1996	7,635,900	2,292,600	(2,440,403)
Stock issued for cash pursuant to:			
options exercised	137,000	13,700	-
warrants exercised	185,400	278,100	-
private placements	165,000	257,500	-
Net loss for the year	-	-	(510,184)
Balance - April 30, 1997	8,123,300	2,841,900	(2,950,587)
Stock issued for cash pursuant to:			
options exercised	50,000	5,000	-
a units offering	500,000	500,000	-
Stock issued for acquisition of AVFS rights	400,000	288,251	-
Stock issued for financial consulting services	125,000	170,250	-
Stock issued to settle an accrued liability	50,000	25,000	-
Net loss for the year	-	-	(580,901)
Balance - April 30, 1998	9,248,300	3,830,401	(3,531,488)

</TABLE>

<TABLE>
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Deficit

Accumulated

	Common Stock		During the Development Stage
	Shares	Amount	
	#	$	$
<S>	<C>	<C>	<C>
Stock issued for financial consulting services	100,000	71,046	-
Net loss for the year	-	-	(397,924)
Balance - April 30, 1999	9,348,300	3,901,447	(3,929,412)
Stock issued for cash pursuant to:			
a private placement	852,101	639,075	-
less cash commission paid	-	(47,607)	-
warrants exercised	17,334	17,334	-
Net loss for the year	-	-	(413,495)
Balance - April 30, 2000	10,217,735	4,510,249	(4,342,907)
Stock issued for cash pursuant to:			
warrants exercised	4,000	2,000	-
Net loss for the year	-	-	(808,681)
Balance - April 30, 2001	10,221,735	4,512,249	(5,151,588)
Stock issued for cash pursuant to a private placement	1,066,200	266,550	-
Net loss for the year	-	-	(156,090)
Balance - April 30, 2002	11,287,935	4,778,799	(5,307,678)

</TABLE>

(The accompanying notes are an integral part of the financial statements)

1. Development Stage Company

REGI U.S., Inc. herein ("the Company") was incorporated in the State of Oregon, U.S.A. on July 27, 1992.

The Company is a development stage company engaged in the business of developing and commercially exploiting an improved axial vane type rotary engine known as the Rand Cam/Direct Charge Engine ("The RC/DC Engine"). The world-wide marketing and intellectual rights, other than the U.S., are held by Rand Energy Group Inc. ("REGI") which is the controlling shareholder of the Company. The Company owns the U.S. marketing and intellectual rights and has a project cost sharing agreement, whereby it will fund 50% of the further development of the RC/DC Engine and REGI will fund 50%.

In a development stage company, management devotes most of its activities to establishing a new business. Planned principal activities have not yet produced significant revenues and the Company has suffered recurring operating losses as is normal in development stage companies. The Company also has a working capital deficit of $559,463. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to emerge from the development stage with respect to its planned principal business activity is dependent upon its successful efforts to raise additional equity financing, receive funding from affiliates and controlling shareholders, and develop a market for its products.

During fiscal 2002 the Company has raised proceeds of $266,550 through a completed units private placement of 1,066,200 units at $0.25 per unit. These units were issued March 6, 2002. Each unit consisted of one share and one warrant to purchase an additional share at a price of $0.30 for a period of one year from the date of receipt of funds. The common stock offered will not be registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The common stock issued has not been registered with or approved by any state securities agency or the U.S. Securities and Exchange Commission and were sold pursuant to exemptions from registration.

The Company plans to raise funds through loans from a shareholder Rand Energy Group Inc. Rand Energy Group Inc. owns approximately 50% of shares of the Company, having an approximate current market value of $1,000,000, and plans to sell shares as needed to meet ongoing funding requirements if traditional equity sources of financing prove to be insufficient.

The Company receives interim support from its ultimate parent company and other affiliated companies and plans to raise additional capital through debt and/or equity financings.

After completing the offering, there will continue to be insufficient funds to provide enough working capital to fund ongoing operations for the next twelve months. The Company may raise additional funds through the exercise of warrants and stock options, if exercised.

2. Summary of Significant Accounting Policies

(a) Revenue Recognition

Product sales are recognized at the time goods are shipped. System and project revenue are recognized utilizing the percentage of completion method that recognizes project revenue and profit during construction based on expected total profit and estimated progress towards completion during the reporting period. All related costs are recognized in the period in which they occur. Revenue from licensing

the right for others to use the technology is recognized as earned over time and collection is certain.

(b) Property, Plant and Equipment

Computer equipment is amortized over 3 years on a straight-line basis.

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Financial Statements
(expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

(c) Long-Lived Assets

Costs to register and protect patents and to acquire rights are capitalized as incurred. These costs are being amortized on a straight line basis over 20 years. Long-lived assets are evaluated in each reporting period to determine if there were events or circumstances which would indicate a possible inability to recover the carrying amount. Such evaluation is based on various analyses including assessing the Company's ability to bring the commercial applications to market, related profitability projections and undiscounted cash flows relating to each application which necessarily involves significant management judgment. Where an impairment loss has been determined the carrying amount is written-down to fair market value. Fair market value is determined as the amount at which the long-lived could be sold in a current transaction between willing parties.

(d) Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, "Earnings per Share" (SFAS 128). SFAS 128 requires presentation of both basic and diluted earnings per shares (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, 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 common shares if their effect is anti-dilutive.

(e) Accounting for Stock Based Compensation

The Company uses the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion No. 25") in accounting for its stock based method, compensation cost is the excess, if any, of the fair market value of the stock at grant date over the amount an employee or director must pay to acquire the stock. See Note 5(b).

(f) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(g) Foreign Currency Transactions/Balances

Transactions in currencies other than the U.S. dollar are translated at the rate in effect on the transaction date. Any balance sheet items denominated in foreign currencies are translated into U.S. dollars using the rate in effect on the balance sheet date.

(h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Actual results could differ from those estimates.

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Financial Statements
(expressed in U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

(i) Tax Accounting

The Company has adopted Statement of Financial Accounting Standards No. 109 ("SFAS 109") as of its inception. The Company has incurred net operating losses as scheduled below:

Year of Loss	Amount $	Year of Expiration
1993	23,000	2008
1994	393,000	2009
1995	1,007,000	2010
1996	792,000	2011
1997	521,000	2012
1998	605,000	2013
1999	417,000	2014
2000	429,000	2015
2001	518,000	2016
2002	153,000	2017
	4,858,000	

Pursuant to SFAS 109 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefit of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

The components of the net deferred tax asset at the end of April 30, 2002 and 2001, and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are scheduled below:

	2002 $	2001 $
Net Operating Loss	156,000	808,000

Statutory Tax Rate	22,500 + 39% in excess of $100,000	113,900 + 34% in excess of $335,000
Effective Tax Rate	-	-
Deferred Tax Asset	44,000	275,000
Valuation Allowance	(44,000)	(275,000)
Net Deferred Tax Asset	-	-

3. Property, Plant and Equipment

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	Cost	Accumulated Amortization	April 30, 2002 Net Book Value	April 30, 2001 Net Book Value
	$	$	$	$
<S>	<C>	<C>	<C>	<C>
Computer equipment	5,452	4,788	664	2,479

</TABLE>

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REGI U.S., Inc.
(A Development Stage Company)
Notes to the Financial Statements
(expressed in U.S. dollars)

4. Long-Lived Assets

<TABLE>
<CAPTION>

	Cost	Accumulated Amortization	April 30, 2002 Net Book Value	April 30, 2001 Net Book Value
	$	$	$	$
<S>	<C>	<C>	<C>	<C>
Patents - RC/DC Engine	90,721	23,801	66,920	69,241
Patents - AVFS	-	-	-	5,926
AVFS rights ((d) below)	-	-	-	1
Patents/rights-Hydrogen separator	-	-	-	6,779

		90,721	23,801	66,920	81,947

</TABLE>

(a) On August 20, 1992 the Company acquired the U.S. rights to the original Rand Cam-Engine from REGI by issuing 5,700,000 shares at a fair value of $0.01 per share. REGI will receive a 5% net profit royalty. The $57,000 was expensed as research and development.

(b) Pursuant to an agreement with Brian Cherry (a former director) dated July 30, 1992 and amended November 23, 1992 and April 13, 1993, the Company acquired the U.S. rights to the improved axial vane rotary engine known as the RC/DC Engine. On November 9, 1993, in consideration for the transferred technology, Mr. Cherry was issued 100,000 shares of Reg Technologies Inc. ("REG") (a public company owning 51% of REGI) with a fair value of $200,000. The $200,000 was expensed as research and development. A 1% net profit royalty will be due to the director.

(c) Pursuant to a letter of understanding dated December 13, 1993 between the Company, REGI 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 and will receive 5% of all net profits from sales, licences, royalties or income derived from the patented technology.

(d) On June 22, 1997 the Company acquired the U.S. rights to an Air/Vapor Flow System "AVFS". The Company paid $50,000 and 200,000 shares at a fair value of $154,665. The Company will pay to the inventor 8.5% on net sales derived from the AVFS. On December 31, 1997, the Company acquired the world-wide rights (except Canada) to the AVFS by paying $36,500 and issuing a further 200,000 shares at a fair value of $133,586. The inventor will also receive a minimum annual royalty of $24,000 per year beginning October 1, 1997, payable quarterly. These rights were written down to a nominal value of $1 during fiscal 2001 and $309,145 was charged to operations as a research and development cost.

On February 4, 2002 the Company terminated the agreement for the Air/Vapor Flow System "AVFS" due to the unavailability of receiving a patent on the technology.

(e) In October 2000, Reg Technologies Inc. entered into an agreement with GHM Inc., a privately owned company located in Maryland, to acquire a 50% interest in the rights to the H2O hydrogen separator technology (the "Technology"). The Technology is based on a unique system for extracting hydrogen from water. The Company will own the U.S. rights and Reg Technologies Inc. will own the worldwide rights excluding the U.S. In consideration for these rights, Reg Technologies Inc. has paid US$1,000 and has applied for a patent in the U.S. for the hydrogen separator technology.

The Company has written off the patents/rights of the technology due to the doubtful approval of the patent.

5. Common Stock

(a) Warrants outstanding

There are warrants outstanding to acquire 830,767 shares exercisable at $0.50 per share expiring August 31, 2001. These warrants have been extended. As of March 6, 2002 there are a further 1,066,200 warrants outstanding to purchase 1,066,200 shares at $0.30 per share expiring one year after receipt of funds.

(b) Stock Option Plan

The Company has a Stock Option Plan to issue up to 2,500,000 shares to certain key directors and employees, approved April 30, 1993 and amended December 5, 2000. Pursuant to the Plan the Company has granted stock options to certain directors and employees. The options are granted for services provided to the Company. Statement of Financial Accounting Standards No. 123 ("SFAS 123") requires that an enterprise recognize, or at its option, disclose the impact of the fair value of stock options and other forms of stock based compensation in the determination of income. The Company has elected under SFAS 123 to continue to measure compensation costs on the intrinsic value basis set out in APB Opinion No. 25. As stock options are granted at exercise prices based on the market price of the Company's shares at the date of grant, no compensation cost is recognized. However, under SFAS 123, the impact on net income and income per share of the fair value of stock options must be measured and disclosed on a fair value based method on a pro forma basis. As performance stock is issued for services rendered the fair value of the shares issued is recorded as compensation expense or capitalized, at the date the conditions are met to issue shares. The fair value of the employee's purchase rights, pursuant to stock options, under SFAS 123, was estimated using the Black-Scholes model.

The weighted average number of shares under option and option price for the year ended April 30, 2002 is as follows:

	Shares Under Option #	Weighted Average Option Price $	Weighted Average Remaining Life of Options (Months)
Beginning of year	1,485,000	0.60	50
Granted	-	-	
Exercised	-	-	
Cancelled	-	-	
Lapsed	-	-	
End of year	1,485,000 *	0.60	38

* On May 10, 2002 1,000,000 of these options were repriced at $0.20 per share and certain options were amended to increase the original options granted from 150,000 to 300,000 and reduce the option price to $0.20 per share. Also on May 10, 2002 160,000 options were granted to employees at $0.20 per share expiring May 10, 2007 and 200,000 options were granted to a consultant for investor relations at $0.20 per share expiring May 10, 2007.

REGI U.S., Inc.
(A Development Stage Company)
Notes to the Financial Statements
(expressed in U.S. dollars)

5. Common Stock (continued)

If compensation expense had been determined pursuant to SFAS 123, the Company's net loss and net loss per share for fiscal 2002 and 2001 would have been as follows:

	2002 $	2001 $
Net loss		
As reported	(156,090)	(808,681)
Pro forma	(263,110)	(837,391)
Basic net loss per share		
As reported	(.02)	(.08)
Pro forma	(.03)	(.08)

(c) Performance Stock Plan

The Company has allotted 1,000,000 shares to be issued pursuant to a Performance Stock Plan approved and registered on June 27, 1997. Compensation is recorded when the conditions to issue shares are met at their then fair market value. There are no options currently granted pursuant to this plan.

(d) Private Placement

During fiscal 2002 the Company has raised proceeds of $266,550 through a completed units private placement of 1,066,200 units at $0.25 per unit. These units were issued March 6, 2002. Each unit consisted of one share and one warrant to purchase an additional share at a price of $0.30 for a period of one year from the date of receipt of funds. The common stock offered will not be registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The common stock issued has not been registered with or approved by any state securities agency or the U.S. Securities and Exchange Commission and were sold pursuant to exemptions from registration.

6. Due to Affiliates

Amounts owing to affiliates are unsecured, non-interest bearing and are due on demand. These companies are affiliated through significant ownership of the Company and through having common Presidents.

7. Commitments and Contingent Liabilities

(a) The Company is committed to fund 50% of the further development of the RC/DC Engine.

(b) See Note 1 for substantial doubt about continuing as a going concern.

8. Subsequent Event

On May 10, 2002 1,000,000 of the options were repriced at $0.20 per share and certain options were amended to increase the original options granted from 150,000 to 300,000 and reduce the option price to $0.20 per share. Also on May 10, 2002 160,000 options were granted to employees at $0.20 per share expiring May 10, 2007 and 200,000 options were granted to a consultant for investor relations at $0.20 per share expiring May 10, 2007.

<PAGE>
Exhibit 10.4

AGREEMENT

l. The parties to this agreement are Advanced Ceramics Research 3292 E. Hemisphere Loop, Tucson, AZ 85706-5013 ("ACR") and REGI U.S., Inc., a U.S. corporation located at #120 - 3011 Viking Way, Richmond, B.C. V6V 1W1, Canada, and having a U.S. mailing address at P.O. Box 687, Point Roberts, WA 98281 ("REGI"). This agreement relates to the SBIR No. 1-144 ("The Navy contract"). For good and valuable consideration, the parties agree as follows.

2. REGI hereby grants a license to ACR for all intellectual property rights which relate to technology known by the parties as the RAND CAM TM concept for RAND CAM TM based motors of 10 HP or less for the Navy Contract for remote piloted applications, the term of this license as defined in section #4 of this agreement. For example, such intellectual property includes U.S. patent Nos. 4,401,070, 5,429,084, 5,551,853 and 5,509,793. The parties intend the license to include intellectual property rights currently possessed by REGI and which may be acquired by REGI during the duration of this agreement.

3. ACR shall have the right to discretionarily select and engage subcontractors for work to be conducted under the Navy Contract on a confidential basis. These subcontractors must sign Non-Disclosure Agreements.

4. REGI U.S., Inc. agrees that, a five (5} year license will be granted to ACR for the RAND CAM TM concept motors of 10 HP or less for this Navy Contract. The license shall thereby extend for the duration of ACR's work under all development phases and manufacturing resulting from the awarded Navy Phase I & II SBIR Programs) related to RAND CAM TM.

5. Subject to the approval and successful completion of the Phase II SBIR program, REGI U.S., Inc. agrees to grant a five (5) year exclusive license agreement to ACR for commercial and Military rights for the Rand Cam TM motors for the applications developed under this Navy Contract. In turn, ACR will:

   a. ACR will furnish to REGI all design information for the engine developed under the Navy Contract including drawings, improvements, manuscripts, art work, and cost and/or pricing data in order for REGI to fabricate components or assemblies pursuant to the Navy Contract. REGI agrees not to compete with ACR under this agreement and future agreements arising from this Navy Contract.

   b. ACR agrees to pay REGI a royalty fee of 5% of the purchase price offered for each engine sold pursuant to the award of the Navy Contract to be paid to REGI within 30 days after ACR receives funds from purchaser for the said purchase and 5% from all commercial application sales. Royalty payments to be paid on a Quarterly basis within 30 days from each Quarter date to REGI.

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c. ACR agrees that REGI will receive 30% of the SBIR Phase I contracts (typically $50K to $ I00K) and 50% of the SBIR Phase II SBIR (typically $500K to $750K) contracts related to the RAND CAM TM concept. The funds under these contracts to be paid within 30 days from receipt of funds received by ACR from the Phase I & Phase II contracts.

6. REGI U.S., Inc. agrees to provide the services of Patrick Badgley, an officer and employee of REGI U.S., Inc. as a principal subcontractor consultant during the Navy Contract funded program, as needed by ACR and at ACR's reasonable discretion for a fee of 30% of the Phase I funds and 50% of the Phase II funds. REGI will receive 50% of any additional SBIR contracts that are awarded related to RAND CAM TM technology.

7. REGI shall have a right of first refusal to seek patent protection of inventions arising from work under the Navy Contract. REGI shall bear all expenses relating to patents on inventions which it so elects to pursue, and REGI shall be the owner of such patents. ACR shall have an exclusive license under such patents as defined in section #4 of this agreement.

8. Both parties agree that the exclusive license rights will terminate, and the license will convert to non-exclusive, in the event that commercial sales in excess of $500,000 U.S. are not made within one (1) year after completion of this Navy Contract. In the event that $500,000 U.S. commercial/military sales are not achieved in any one year, ACR may pay a royalty payment of $25,000 U.S. to REGI U.S., Inc, to keep the exclusive license rights in good standing for each additional year.

9. This agreement will be construed according to the laws of the State of Washington. If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, such provision(s) shall be enforced to the maximum extent possible consistent with applicable law and the remaining provisions of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of March 20, 2002.

ADVANCED CERAMICS RESEARCH, INC.	REGI U.S., INC.
/s/ Anthony C. Mulligan	/s/ John Robertson
Anthony C. Mulligan	John Robertson
President and CEO	President

UAV ENGINE LICENSE

This License is made this 24th day of April, 2002, by Rand Energy Group, Inc., U.S.A. an Oregon Corporation having a place of business at Point Roberts, Washington ("REGI U.S." herein); Reg Technologies, Inc., a Canadian Company with its principal place of business at Richmond, B.C., Canada, ("Reg" herein); Rand Energy Group, Inc., a Canadian Company with its principal offices in Richmond, B.C., Canada: ("Rand Energy" herein) (collectively, Reg, REGI U.S. and Rand Energy are, unless otherwise indicated, referred to herein as "Reg") and Radian Incorporated, a Delaware Corporation which has its primary office in Alexandria, Virginia ("Radian" herein).

WITNESSETH

Whereas, Reg owns a fifty-one percent (51%) interest in Rand Energy which owns know-how and patent rights in rotary engine technology referred herein as "Rand Cam TM Direct Charge Engine Technology" and "Rand Cam TM Diesel Engine Technology" and "Rand Cam TM Cold Turbine Engine Technology" (these three terms are defined below); and,

Whereas, REGI U.S. controls certain rights of ownership in the United States to the three stated technologies; and,

Whereas, Radian has examined certain preliminary information and technical data provided by Reg concerning these Rand Cam TM Technologies and wishes to investigate and otherwise define the costs of manufacture and profitability of "Power Generation Products" using such technology; and.

Whereas, Reg and Radian have expressed a mutual interest in negotiating a license agreement, as hereinafter outlined, for the manufacture and sale of Radian Products using said technology if the studies referred to in the preceding paragraph meet the expectations of the parties hereto and if other contingencies of each party are met;

Now, Therefore, in consideration of the foregoing premises, the agreements hereinafter set out and other good and valuable consideration not recited herein, the parties hereto have agreed as follows:

I. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

(a) "Rand Cam TM Direct Charge Engine Technology" means a positive displacement, electrical ignition, machine which consists of a rotor with multiple axial vanes forming combustion chambers as a rotor and vanes rotate in a cam shaped housing. This cam housing is referred to as a stator, which contains a toroidal trough of varying depth, machined into each stator.

(b) "Rand Cam TM Diesel Engine Technology" means a positive displacement, compression ignition, machine, which consists of a rotor with multiple axial vanes forming combustion chambers as a rotor and vanes rotate in a cam shaped housing. This cam housing is referred to as a stator, which contains a toroidal trough of varying depth machined into each stator.

(c) "Rand Cam TM Compressor Technology" means a positive displacement machine whose purpose is to compress a compressible fluid such as air from a lower pressure to a higher pressure, which consists of a rotor with multiple axial vanes forming compression chambers as a rotor and vanes rotate in a cam shaped housing. This cam housing is referred to as a stator, which contains a toroidal trough of varying depth machined into each stator.

(d) "Rand Cam TM" Expander Technology" means a positive displacement machine whose purpose is to expand a compressible fluid such as air from a higher pressure to a lower pressure thus generating positive power, which consists of a rotor with multiple axial vanes forming expansion chambers as a rotor and vanes rotate in a cam shaped housing. This cam housing is referred to as a stator, which contains a toroidal trough of varying depth machined into each stator.

(e) "Rand Cam TM Cold Turbine Technology" means a Brayton Cycle (Gas Turbine Cycle) machine consisting of one or more "Rand Cam TM Compressors" used as compressors in the Brayton Cycle and one or more "Rand Cam TM Expanders" used as the expanders (turbines) in the Brayton Cycle machine.

(f) "Radian Products" means equipment utilizing the various Rand Cam TM Technologies along with other technologies which Radian will use to design, manufacture and market UAV engines of over 10 horsepower maximum engine power utilizing "Rand Cam TM Direct Charge Engine Technology" engines, "Rand Cam TM Diesel Engine Technology" engines and "Rand Cam TM Cold Turbine Technology" engines. Engines produced by Radian will be used exclusively for UAV equipment produced by Radian and replacement engines and parts for said equipment. "The Technology" shall mean the Rand Cam TM", Direct Charge Engine Technology, Rand Cam TM Diesel Engine Technology, Rand Cam TM Compressor Technology, Rand Cam TM Expander Technology and Rand Cam TM Cold Turbine Technology as embodied in know-how, formulae, processes, designs, sketches, photographs, plans, drawings, specifications samples, models, reports, studies, findings, invention and ideas and other means of conveying information whether any of the foregoing is adapted to use in manufacture or not.

(g) "Invention" means discoveries, concepts, and ideas, whether patentable or not, that go beyond minor, routine modifications, including, but not limited to processes, methods, formulae and techniques as well as improvements thereto and extensions thereof.

(h) "Reg's Technical Information" means Technical Information in the possession of Reg as of the effective date which relates to any of the aforementioned Rand Cam TM technologies which Reg may disclose to Radian and which in Reg's opinion may be useful in accomplishing the purposes of this Agreement.

(i) "Reg Patent Rights" means patents and patent applications of all countries which contain claims which cover one or more features of Reg Technical Information and which are based on Inventions conceived or reduced to practice as of the effective date by Reg or its employees or by others as to those Inventions Reg has the right to make the grants provided by this Agreement, subject, however, to the conditions under which Reg acquires the right from said others to make said grants.

(j) "Proprietary Information" shall mean (i) that written technical information stated in writing to be considered "Proprietary Information" and (ii) that orally disclosed technical information that is promptly reduced to writing and stated in writing to be considered as "Proprietary information". Such Proprietary Information shall not include technical or business information which:

a. was in the possession of the receiving party prior to receiving it from the delivering party; or
b. is or becomes a part of the public knowledge or literature by acts other than those of the receiving party after receiving it; or
c. is or becomes available to the receiving party without restriction on its use or disclosure from a source other that the delivering party; or
d. is or becomes available to a third party on an unrestricted basis; or
e. is transmitted by the delivering party to the receiving party after receiving notification in writing from the receiving party that it

does not desire to receive any further Proprietary Information

(k) "Study Information" means the Proprietary Information produced as a result of undertaking the performance of the Study portion of this Agreement (first six (6) months) whether produced by the efforts of contributions of Radian or Reg, the use and ownership of which shall be governed by the terms and conditions of this Agreement as hereinafter defined and provided.

II. Handling and Ownership of Proprietary and Study Information

(a) Both parties agree to treat the other party's Proprietary Information and the Study Information as proprietary for a period of five (5) years from the date received and will protect such Proprietary and Study Information with the same degree of care it uses to protect its own proprietary information of like kind. There shall be no restrictions on the handling of information, which is not Proprietary, or Study Information as defined herein.

(b) Study Information, which relates and applies only to the Technology, shall belong exclusively to Reg regardless of which party developed or was responsible for the invention of such Study Information. When

requested by Reg in writing, Radian shall execute and deliver patent or invention assignments or such other documentation as may be reasonably required to allow Reg to perfect patent claims or ownership of Study Information, which relates or applies only to the Technology.

(c) Where Study Information has application or use outside the Technology, Reg shall, upon Radian's written request, promptly grant Radian a non-exclusive, worldwide, royalty free License to use such Study Information. Such License shall not allow Radian to sub-license such Study Information without the prior written consent of Reg.

(d) It shall be the responsibility of Reg to pursue and pay for the costs of protecting the Study Information through patent or copyright claims, however, when Reg has elected not to pursue formal protection of such Study Information and Radian desires to pursue and provide further protection, such as Patent or Copyright claims, it will first make written demand upon Reg that it provide such protection. Such written demand shall provide a description of the Study Information with sufficient specificity to reasonable allow Reg to identify and evaluate such Study Information. if Reg notifies Radian in writing that it does not chose to provide such protection within thirty (30) days of such notice, or if Radian receives no written assurance that Reg will pursue such additional protection within thirty (30) days of such written notice from Radian, Radian shall be free to pursue such additional protection at its own costs and expense. In the event, after compliance with the notice requirements hereof, Radian elects to pursue such additional protection, then the ownership of that specifically identified Study Information shall become the Proprietary Information of Radian.

(e) Upon Reg's written request, Radian shall promptly grant Reg a non-exclusive, worldwide, royalty free License to use that Study Information which Radian has acquired ownership of under the provisions of the preceding paragraph.

(f) Both Parties agree that each will require all their respective officers, employees or consultants who have or will be granted access

to Proprietary and Study Information to execute mutually acceptable assignments of inventions agreements and mutually acceptable Confidentiality and Non-Circumvention Agreements prior to their being granted access to Proprietary or Study Information.

III. Licensing Agreement for the Manufacture and Sale of Products

(a) Reg hereby grants an exclusive License to Radian for the Manufacture of Rand Cam TM Diesel Engines for application in Unmanned Autonomous Vehicles (UAV's) over 10 horsepower maximum engine power within the United States of America, including non-exclusive rights to worldwide sales for this application, (the "Radian License").

(b) Radian hereby agrees in good faith to perform a six (6) month duration Study of the design, analysis, manufacturing costs, risk assessment and marketing analysis to validate the risk and profitability of the product. This study includes the fabrication and test of a prototype engine.

(c) At the conclusion of the study, Radian has the option of terminating this agreement without penalty, or to give (at no cost) a working version of the prototype engine to Reg to maintain the Radian License.

(d) Radian will pay Reg a six (6) percent royalty on the sales of engines, parts and service utilizing Rand Cam"M Technology used in UAV's, including 6% of all funding received from the Government and Military sources to develop and manufacture the Rand CaMTM technology.

(e) Five (5) years from the date of this Agreement the minimum annual royalty payment is expected to be $100,000.00 U.S. If Reg does not receive this minimum royalty payment on an annual basis, Reg shall have the right to revoke the Radian License.

(f) All improvements and extensions made to the Technology by Radian, other than the Study Information, shall be the property of Radian. It shall be the responsibility of Radian to pursue and pay for the costs of protecting such improvements and extensions through patent or copyright claims, however, when Radian has elected not to pursue formal protection of such improvements and extensions and Reg desires to pursue and provide further protection, such as Patent or Copyright claims, it will first make written demand upon Radian that it provide such protection. Such written demand shall provide a description of the subject improvement and extensions with sufficient specificity to reasonable allow Radian to identify and evaluate such improvement and extensions. If Radian notifies Reg in writing that it does not chose to provide such protection within thirty (30) days of such notice, or if Reg receives no written assurance that Radian will pursue such additional protection with thirty (30) days of such written notice from Reg, Reg shall be free to pursue such additional protection at its own costs and expense. In the event, after compliance with the notice requirements hereof, Reg elects to pursue such additional protection, then the ownership of these specifically identified improvements and extensions shall become the Proprietary Information of Reg.

(g) Upon Radian's written request, Reg shall promptly grant Radian a non-exclusive, worldwide, royalty free License to use the extensions and improvements which Reg has acquired ownership of under the provisions of the preceding paragraph. Such License shall not limit Radian to sub-license such extensions and improvements without the prior written consent of Reg.

(h) Reg will indemnify Radian from all potential patent infringement and other claims brought by outside parties and offers clear and unobstructed use of license granted herein to Radian.

(j) Radian agrees to pay to REGI $150.00 per hour for Patrick Badgley's or REGI's similarly qualified engineer for consulting work requested by Radian On the Rand Cam TM technology for Radian during the term of this agreement, to be paid monthly. Accordingly, REGI must submit weekly timecards, and a written weekly report, for all hours authorized and performed. That submittal should be to a Radian POC.

IV. GENERAL PROVISIONS.

(a) Independent Contractors: The parties to this Agreement are independent contractors. Neither party is an agent or representative of the other party. Neither party shall have any right, power or authority to enter into any understanding for or on behalf of, or incur any obligation or liability of, or to otherwise bind the other party. This Agreement shall not be interpreted or construed to create an association, joint venture or partnership between the parties or to impose any partnership obligations or liability upon either party.

(b) Neither party makes any warranties to each other or any other person or entity, whether express, implied or statutory, as to the description, quality, merchantability, _completeness or fitness for any purpose of any services or information provided hereunder or described herein, or as to any other matter al of which warranties are hereby excluded and specifically disclaimed.

(c) Applicable Laws. The parties have agreed that the Laws of the Commonwealth of Virginia shall be applicable to the interpretation and enforcement of this Agreement, except as to matters pertaining to procedure and the application of the rules governing a conflict of Laws, in which case the laws of the forum of the Court having jurisdiction of any matter included in the Agreement shall be applied.

(d) Defaults and Breaches. In the event of default hereunder or a breach hereof, the party asserting the default or breach shall notify the other party in writing of the particulars of the default or breach. The other party shall have a period of forty--five (45) days to correct such default or breach on all matters except the payment of moneys or funds in which case the notice period shall be ten (10) days. If the defaulting party corrects the items of default or breach included in the written notice within the grace period, the default is cured and may not be used as an item of default or breach hereunder again.

(e) Proceedings in Courts or Before Regulatory Agencies. It is the Agreement of the parties that the submission of any legal or regulatory proceedings hereunder shall be instituted in the United States of America. If the matter is largely a matter of civil law, the matter will be submitted to a Court of Competent Jurisdiction in the Commonwealth of Virginia. The losing party in the court or regulatory proceeding shall pay all costs including reasonable attorney's fees, costs of discovery, and costs of court incurred by the prevailing party.

(f) Notices. Any and all notices required to be given in writing hereunder maybe given by ordinary mail. When ordinary mail is used for delivery

within the United States of America, the delivery thereof will be presumed to have been made five (5) days following the post office mark on the envelope thereof. Other means of delivery of notice may be utilized, however the burden of proof of delivery thereof rests with the sender of such notices. Notices will be considered properly addressed for delivery as follows:

To Radian:	To Reg.
Mr. Robert Grisar	Mr. John Robertson
Director	President
Radian MILPARTS	Rand Energy Group
35353 Curtis Boulevard	3011 Viking Way, Suite 120
Suite 591	Richmond, BC Canada
Eastlake, OH 44095	V6V 1W1

The parties may change their respective addresses for purposes of this provision by notifying the other party in writing.

Further the parties saith not:

REGI U.S., Inc. Reg Technologies, Inc. Rand Energy Group, Inc.	Radian Inc.
By: /s/ John Robertson	By: /s/ Jerry Mailey
John Robertson, President	Jerry Mailey, Director of Contracts
Date 05/6/02	Date 5/15/02

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Exhibit 23.1

Consent of Independent Auditors

Board of Directors
REGI U.S., Inc.

We consent to the use of our report dated August 2, 2002 on the financial statements of REGI U.S., Inc. as of April 30, 2002 and 2001 that are included in the Form 10-KSB, which is included, by reference in the Company's Form S-8.

Dated this 13th day of August, 2002.

MANNING ELLIOTT
Chartered Accountants

/s/ Manning Elliott

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