

ReGen III Corp.

Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2025
(Unaudited)
(Expressed in Canadian dollars)

Management's Comments on Unaudited Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of ReGen III Corp. for the three and six months ended June 30, 2025, have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company. The accompanying unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

ReGen III Corp.

Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

For the Three and Six Months Ended June 30, 2025**Page**

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ReGen III Corp.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	June 30, 2025	December 31, 2024
	\$	\$
ASSETS		
Current		
Cash	41,017	280,212
Accounts receivable	19,057	33,088
Prepaid expenses	163,076	144,023
Investment in sublease (note 4)	61,147	74,027
	284,297	531,350
Property (note 3)	-	8,328
Investments	34,449	49,759
Investment in sublease (note 4)	20,568	59,610
Total assets	339,314	649,047
LIABILITIES AND DEFICIT		
Current		
Accounts payable (note 8)	367,578	283,020
Accrued liabilities (note 8)	293,455	344,870
Share subscription payable (note 15)	325,000	-
Promissory notes (note 7)	190,055	-
Lease liabilities (note 5)	68,083	94,305
Deferred rent liability	-	63,704
Convertible debentures (note 6)	3,703,589	2,884,937
Accrued tax provision	273,000	262,000
	5,220,760	3,932,836
Deferred rent liability	8,506	8,506
Lease liabilities (note 5)	20,570	59,610
Convertible debentures (note 6)	300,420	1,022,142
Total liabilities	5,550,256	5,023,094
Shareholders' deficit		
Share capital (note 9)	102,917,550	102,365,057
Contributed surplus	15,914,572	15,532,137
Accumulated deficit	(124,077,513)	(122,321,000)
Accumulated other comprehensive income		
Unrealized gain on investments	34,449	49,759
Total shareholders' deficit	(5,210,942)	(4,374,047)
Total liabilities and shareholders' deficit	339,314	649,047

Nature of operations and going concern (note 1)

Commitments (notes 5, 6 and 12)

Subsequent events (note 15)

Approved on behalf of the Board of Directors:

"Tony Weatherill"

Tony Weatherill, Director

"Larry Van Hatten"

Larry Van Hatten, Director

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

ReGen III Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Expense				
Amortization of right-of-use assets (note 5)	-	16,513	-	33,026
General and administration	88,638	127,610	190,444	241,410
Investor relations	13,974	34,852	36,256	69,075
Plant engineering and design	20,156	172,601	37,631	489,071
Professional fees	203,415	183,319	375,730	375,799
Salaries and benefits (note 8)	275,234	485,286	567,961	1,064,448
Share-based payments (note 9)	250,280	(38,059)	398,935	(24,635)
Travel and accommodation	23,971	4,727	45,407	28,382
	875,668	986,849	1,652,364	2,276,576
Other (income) expense				
Interest income	(1,397)	(7,859)	(3,101)	(27,864)
Rent income	(13,519)	(31,082)	(47,582)	(62,163)
Finance income from lease – head office premises (note 4)	(3,517)	(3,831)	(7,720)	(8,854)
Finance costs of lease – head office premises (note 5)	3,517	9,641	7,765	21,011
Foreign exchange (gain) loss	(8,397)	10,373	(7,546)	37,439
Interest on convertible debentures (note 6)	142,625	114,333	285,250	219,333
Interest on promissory notes (note 7)	15,055	-	15,055	-
Transaction costs (note 6)	-	22,685	-	22,685
(Gain) loss on fair value re-measurement of convertible debentures (note 6)	(68,680)	(48,718)	96,930	106,438
Loss on debt settlement (note 9)	8,243	-	10,493	-
Gain on sale of land (note 3)	(245,395)	-	(245,395)	-
	(171,465)	65,542	104,149	308,025
Loss for the period before income taxes	704,203	1,052,391	1,756,513	2,584,601
Deferred income tax recovery (note 14)	-	(53,823)	-	(53,823)
Net loss for the period	704,203	998,568	1,756,513	2,530,778
Other comprehensive (gain) loss				
Unrealized (gain) loss on investments	19,138	7,656	15,310	3,828
Total comprehensive loss for the period	723,341	1,006,224	1,771,823	2,534,606
Loss per share – basic and diluted	0.01	0.01	0.01	0.02
Weighted average number of shares outstanding – basic and diluted	124,865,411	118,355,547	124,637,865	118,355,547

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

ReGen III Corp.

Condensed Consolidated Interim Statements of Changes in Deficit
(Unaudited)
(Expressed in Canadian dollars)

	Share capital	Contributed surplus	Accumulated deficit	Unrealized gain (loss) on investments	Total
	\$	\$	\$	\$	\$
Balance as at December 31, 2023	101,320,784	15,291,703	(118,584,011)	42,104	(1,929,420)
Issuance of convertible debentures and warrants (note 6)	-	191,488	-	-	191,488
Deferred tax expense on equity components of convertible debentures (note 6)	-	(53,823)	53,823	-	-
Share-based payments (note 9)	-	(24,635)	-	-	(24,635)
Net loss for the period	-	-	(2,584,601)	-	(2,584,601)
Other comprehensive loss	-	-	-	(3,828)	(3,828)
Balance as at June 30, 2024	101,320,784	15,404,733	(121,114,789)	38,276	(4,350,996)
Issuance of share capital (note 9)	246,521	-	-	-	246,521
Issuance of units (note 9)	850,250	39,750	-	-	890,000
Share issuance costs (note 9)	(52,498)	-	-	-	(52,498)
Issuance of convertible debentures and warrants (note 6)	-	(13,723)	-	-	(13,723)
Deferred tax expense on equity components of convertible debentures (note 6)	-	3,668	(53,823)	-	(50,155)
Share-based payments (note 9)	-	97,709	-	-	97,709
Net loss for the period	-	-	(1,152,388)	-	(1,152,388)
Other comprehensive gain	-	-	-	11,483	11,483
Balance as at December 31, 2024	102,365,057	15,532,137	(122,321,000)	49,759	(4,374,047)
Issuance of share capital (note 9)	566,993	(16,500)	-	-	550,493
Share issuance costs (note 9)	(14,500)	-	-	-	(14,500)
Share-based payments (note 9)	-	398,935	-	-	398,935
Net loss for the period	-	-	(1,756,513)	-	(1,756,513)
Other comprehensive loss	-	-	-	(15,310)	(15,310)
Balance as at June 30, 2025	102,917,550	15,914,572	(124,077,513)	34,449	(5,210,942)

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

ReGen III Corp.

Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2025 and 2024

(Unaudited)

(Expressed in Canadian dollars)

	2025	2024
	\$	\$
Operating activities		
Loss for the period	(1,756,513)	(2,584,601)
Adjustments for items not involving cash		
Amortization of right-of-use assets (note 5)	-	33,026
Share-based payments (note 9)	398,935	(24,635)
Rent income	(10,272)	-
Finance income from lease – head office premises (note 4)	(7,720)	(8,854)
Finance costs of lease – head office premises (note 5)	7,765	21,011
Loss on fair value re-measurement of convertible debentures (note 6)	96,930	106,438
Loss on debt settlement (note 9)	10,493	-
	(1,260,382)	(2,457,615)
Net change in non-cash working capital		
Accounts receivable	12,783	(14,005)
Prepaid expenses	(35,192)	51,486
Accounts payable	84,558	(59,484)
Accrued liabilities	163,190	38,212
Accrued tax provision	11,000	13,000
Net cash flows used in operating activities	(1,024,043)	(2,428,406)
Financing activities		
Payment of lease liabilities (note 5)	(56,888)	(136,024)
Convertible debentures (note 6)	-	775,000
Convertible debentures issuance costs (note 6)	-	(7,855)
Promissory notes (note 7)	175,000	-
Share subscription payable (note 15)	325,000	-
Issuance of share capital (note 9)	330,000	-
Share issuance costs (note 9)	(4,050)	-
Net cash flows from (used in) financing activities	769,062	631,121
Investing activities		
Property (note 3)	8,328	-
Investment in sublease (note 4)	46,800	77,052
Deferred rent liability	(39,342)	-
Net cash flows from investing activities	15,786	77,052
Decrease in cash during the period	(239,195)	(1,720,233)
Cash, beginning of the period	280,212	2,149,346
Cash, end of the period	41,017	429,113

Supplemental cash flow information (note 13)

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

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

ReGen III Corp. (the “Company” or “ReGen III”) was incorporated under the laws of British Columbia and continued its incorporation into Alberta on December 6, 2017. The Company’s wholly owned subsidiaries, ReGen III (Alberta) Inc., was incorporated under the provincial laws of Alberta on November 1, 2017 and ReGen III (USGC) Corporation, was incorporated in Delaware, USA on October 29, 2021. The Company’s indirect subsidiaries, RG3 Texas Holdings LLC was incorporated in Delaware, USA on March 16, 2022 is wholly owned by ReGen III (USGC) Corporation and RG3 Texas LLC was incorporated in Delaware, USA on March 16, 2022 is wholly owned by RG3 Texas Holdings LLC. The Company holds patents to the ReGen™ technology and plans to use the technology to recycle used motor oil into high quality base lubricating oils. The Company’s principal place of business is in Vancouver, BC, Canada and it’s registered office address is Suite 3810, Bankers Hall West, 888 3 St. SW, Calgary, AB T2P 5C5, Canada.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assumes that the Company will continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. At June 30, 2025, the Company had a working capital deficit of \$4,936,463, had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the six months ended June 30, 2025, the Company reported a net loss of \$1,756,513 and total comprehensive loss of \$1,771,823 and as at June 30, 2025, had an accumulated deficit of \$124,077,513. The Company has not generated revenues, and it is dependent on debt and equity financings to fund its development operations. Management of the Company believes that the current level of funds is not sufficient to pay for expected cash expenditures over the next 12 months. The recoverability of the underlying value of the Company’s assets is entirely dependent on the Company’s ability to obtain the necessary financing to complete development of the ReGen™ technology and future profitable production. Significant amounts of capital expenditures are required for the Company to execute its business plan and there are no assurances that the Company will have sufficient funds for this purpose. In the event that sufficient financing is not completed, the Company will be required to scale back its planned activities and expenditures, including general and administrative expenditures. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. The Company’s condensed consolidated interim financial statements for the three and six months ended June 30, 2025 do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and such adjustments could be material.

2. BASIS OF PREPARATION**(a) Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) effective for the Company’s reporting period ending December 31, 2025. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2024, which were prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the IASB. The accounting policies applied are the same as those applied in the Company’s most recent annual financial statements which are filed under the Company’s profile on SEDAR+ at www.sedarplus.ca. The results for interim periods are not necessarily indicative of results for the entire year. The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 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 condensed consolidated interim

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)**(a) Statement of Compliance (continued)**

financial statements and the reported amounts of expenses during the period. As a result, actual amounts may differ from those estimates. These condensed consolidated interim financial statements for the three and six months ended June 30, 2025 were approved and authorized for issue by the Board of Directors on August 28, 2025.

(b) Principles of Consolidation

The condensed consolidated interim financial statements include the financial statements of the Company, and its subsidiaries as indicated in the table below.

Subsidiary	Incorporation jurisdiction	Functional currency	Ownership %	
			2024	2023
ReGen III (Alberta) Inc.	Alberta	Canadian dollar	100%	100%
ReGen III (USGC) Corporation	Delaware	Canadian dollar	100%	100%
RG3 Texas Holdings LLC	Delaware	US dollar	100%	100%
RG3 Texas LLC	Delaware	US dollar	100%	100%

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for investments and convertible debentures that have been measured at fair value.

All inter-company transactions, balances, income and expenses are eliminated through the consolidation process.

(c) New and Amended Standards and Interpretations**IFRS 18, Presentation and Disclosure in Financial Statements**

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

IFRS 18 sets out overall requirements for the presentation and disclosure in financial statements. It requires an entity to present a complete set of financial statements at least annually, with comparative amounts for the preceding year (including comparative amounts in the notes). It replaces IAS 1 Presentation of Financial Statements. IFRS 18 aims to improve financial reporting by:

- requiring an entity to present two new defined subtotals in the statement of profit or loss—operating profit and profit before financing and income taxes;
- requiring an entity to disclose management-defined performance measures—subtotals of income and expenses not specified by IFRS Accounting Standards that are used in public communications to communicate management's view of an aspect of a company's financial performance; and
- adding new principles for aggregation and disaggregation of items.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

(c) New and Amended Standards and Interpretations (continued)

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The Company's financial statement presentation will be revised to conform to this standard upon adoption on January 1, 2027.

Amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures

The IASB issued amendments to IFRS 9 and IFRS 7 to:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

These new requirements will apply from January 1, 2026, with early application permitted. The Company is currently evaluating the impact of these amendments on the Company's consolidated financial statements.

3. PROPERTY

The Company owned land with a carrying value of \$8,328 as at December 31, 2024. On April 29, 2025, the Company completed the sale of its land to a third party for gross proceeds of \$295,000 and recorded a \$245,395 (2024 - \$nil) gain on sale of land.

4. INVESTMENT IN SUBLEASE

The Company entered into an agreement effective on August 22, 2023, to sublease its previous office premises for a term that expired on February 28, 2025. As a result, the Company recognized an investment in sublease on August 22, 2023. As at August 22, 2023, the total future sublease payments of \$222,596 over the sublease term was discounted at the Company's incremental borrowing rate of 15% and the Company recorded an investment in sublease of \$200,403.

On October 22, 2024, the Company entered into a sub-sublease agreement effective on November 1, 2024, for the sub-sublease of its existing office premises for a term that expires on September 30, 2026. As a result, the Company recognized an investment in sublease on October 22, 2024. As at October 22, 2024, the total future sublease payments of \$151,147 over the sublease term was discounted at the Company's incremental borrowing rate of 15% and the Company recorded an investment in sublease of \$132,705.

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

4. INVESTMENT IN SUBLEASE (continued)

Set out below, are the carrying amounts of the Company's investment in sublease and the movements during the period:

	Investment in Sublease \$
Balance, as at December 31, 2023	141,149
Discounted future sublease payments as at October 22, 2024	132,705
Prepaid rent	11,812
Interest accretion	15,659
Sublease payments received	(167,688)
Balance, as at December 31, 2024	133,637
Interest accretion	7,720
Deferred rent liability	(12,842)
Sublease payments received	(46,800)
Balance, as at June 30, 2025	81,715

	Investment in Sublease \$
Current portion of investment in sublease	61,147
Long-term portion of investment in sublease	20,568
Balance, as at June 30, 2025	81,715

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company entered into a sublease agreement effective on September 1, 2023, for the sublease of its new office premises for a term that expires on September 30, 2026. The Company has recorded this sublease as a right-of-use asset and lease liability on September 1, 2023. As at September 1, 2023, the total future sublease payments of \$244,494 over the sublease term was discounted at the Company's incremental borrowing rate of 15% and the Company recorded a lease liability and right-of-use-asset of \$198,156.

On June 17, 2019, the Company entered into a lease agreement for the lease of its office premises for an initial term of five years commencing on March 1, 2020. The Company has recorded this lease as a right-of-use asset and lease liability on March 1, 2020. As at March 1, 2020, the total future lease payments of \$896,169 over the initial lease term was discounted at the Company's incremental borrowing rate of 12% and the Company recorded a lease liability and right-of-use-asset of \$681,347.

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-Use-Assets \$	Lease Liabilities \$
Balance, as at December 31, 2023	181,643	361,327
Prepaid rent	-	30,890
Amortization	(55,043)	-
Write-off due to sublease	(126,600)	-
Interest accretion – head office premises	-	34,874
Lease payments	-	(273,176)
Balance, as at December 31, 2024	-	153,915
Prepaid rent	-	(16,139)
Interest accretion – head office premises	-	7,765
Lease payments	-	(56,888)
Balance, as at June 30, 2025	-	88,653
	Right-of-Use-Assets \$	Lease Liabilities \$
Current portion of lease liabilities	-	68,083
Long-term portion of lease liabilities	-	20,570
Balance, as at June 30, 2025	-	88,653

During the three and six months ended June 31, 2025, the Company made \$9,704 and \$34,611 (2024 - \$31,057 and \$62,114), respectively, of variable lease payments consisting of property maintenance expenses. In addition to basic rent, the Company pays monthly property maintenance expenses during the term of the office leases. All of these costs are recognized in general and administration expenses.

6. CONVERTIBLE DEBENTURES

On November 17, 2023, the Company closed 2,355 Convertible Debenture units, on December 20, 2023, 645 units, on May 30, 2024, 775 units and on July 15, 2024, 300 units (collectively, the "Units") at a price of \$1,000 per Unit for aggregate gross proceeds of \$4,075,000 pursuant to its non-brokered private placements (the "Placement"). The Company incurred a total of \$209,458 in transaction costs in connection with the Placement.

Each Unit consists of \$1,000 in principal amount of unsecured convertible debenture (a "Debenture") and 1,000 common share purchase warrants (a "Warrant"). Each Warrant is exercisable to purchase one common share at a price of \$0.55 for a period of 24 months after closing.

The Debentures have a term of 24 months from date of issuance and will accrue interest at a rate of 14% per annum, payable in arrears on a semi-annual basis, and on maturity. After 12 months from date of issuance, the Company may, subject to the prior approval of the TSX Venture Exchange (the "Exchange"), elect to pay outstanding interest in common shares ("Interest Shares") at a price per share equal to the greater of (i) the

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

6. CONVERTIBLE DEBENTURES (continued)

volume weighted average price of the common shares on the Exchange for the five (5) trading days prior to the date such interest is due, and (ii) the Discounted Market Price (as defined by the Exchange) at that time.

The Debentures are convertible at the option of the holder into common shares at a price of \$0.55 per common share. After four (4) months from date of issuance, the Company may redeem the Debentures in whole or in part by payment of 115% of the principal amount being redeemed, in cash, together with payment of any accrued but unpaid interest on the principal amount being redeemed, in cash or Interest Shares or a combination thereof.

For accounting purposes, the Debenture is a compound financial instrument that contains both liability and equity components (i.e. an embedded derivative that meets the definition of equity). The Company designated the Debentures upon initial recognition as fair value through profit and loss ("FVTPL") and accordingly recorded their fair values upon initial recognition and at June 30, 2025. Upon initial recognition, the fair value of the financial liability element and equity components of the proceeds received from the issuance of the Debentures is as follows:

	May 30, 2024	July 15, 2024	Total 2024	Total 2023
Debenture liability (at FVTPL)	\$640,460	\$248,782	\$889,242	\$2,401,848
Conversion feature – equity	72,247	16,847	89,094	389,990
Warrants – equity	62,293	34,371	96,664	208,162
	134,540	51,218	185,758	598,152
Total	\$775,000	\$300,000	\$1,075,000	\$3,000,000

Upon initial recognition, Debenture transaction costs have been allocated using the relative gross proceeds as follows:

	May 30, 2024	July 15, 2024	Total 2024	Total 2023
Debenture liability (at FVTPL)	\$25,238	\$13,072	\$38,310	\$130,524
Conversion feature – equity	2,847	885	3,732	21,210
Warrants – equity	2,455	1,806	4,261	11,422
	5,302	2,691	7,993	32,632
Total	\$30,540	\$15,763	\$46,303	\$163,156

ReGen III Corp.

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(Expressed in Canadian dollars)

6. CONVERTIBLE DEBENTURES (continued)

The fair value of convertible debentures allocated to equity, net of transaction costs, were as follows:

	May 30, 2024	July 15, 2024	Total 2024	Total 2023
	\$72,247	\$16,847	\$89,094	\$389,990
	(2,847)	(885)	(3,732)	(21,210)
Conversion feature – equity	69,400	15,962	85,362	368,780
	62,293	34,371	96,664	208,162
	(2,455)	(1,806)	(4,261)	(11,422)
Warrants – equity	59,838	32,565	92,403	196,740
Total	\$129,238	\$48,527	\$177,765	\$565,520

Transaction costs allocated to the debenture liability have been recorded as an expense in the income statement, whereas transaction costs allocated to the equity components have been recorded as a reduction in equity.

The fair value of the Debentures is based on binomial lattice methodology with the following inputs and assumptions:

Instrument	Valuation Date	Stock price	Expected volatility	Discount Rate	Risk-free rate	Term (years)
November 17, 2023	November 17, 2023	\$0.36	85%	22.0%	4.3%	2.00
November 17, 2023	December 31, 2023	\$0.30	90%	19.7%	3.8%	1.88
December 20, 2023	December 20, 2023	\$0.30	85%	20.9%	3.7%	2.00
December 20, 2023	December 31, 2023	\$0.30	85%	20.3%	3.7%	1.97

Instrument	Valuation Date	Stock price	Expected volatility	Discount Rate	Risk-free rate	Term (years)
November 17, 2023	March 31, 2025	\$0.185	58.5%	19.5%	3.1%	0.63
December 20, 2023	March 31, 2025	\$0.185	58.5%	18.3%	3.1%	0.72
May 30, 2024	March 31, 2025	\$0.185	56.3%	19.5%	3.0%	1.16
July 15, 2024	March 31, 2025	\$0.185	56.3%	19.5%	3.0%	1.29

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

6. CONVERTIBLE DEBENTURES (continued)

Instrument	Valuation Date	Stock price	Expected volatility	Discount Rate	Risk-free rate	Term (years)
November 17, 2023	December 31, 2024	\$0.42	58.5%	19.8%	3.1%	0.88
December 20, 2023	December 31, 2024	\$0.42	58.5%	19.8%	3.1%	0.97
May 30, 2024	December 31, 2024 and May 30, 2024	\$0.42 – and \$0.33	56.3% and 59.4%	19.8% and 21.5%	3.0% and 4.3%	1.41 and 2.00
July 15, 2024	December 31, 2024 and July 15, 2024	\$0.42 –and \$0.27	56.3% and 60.0%	19.8% and 21.7%	3.0% and 3.8%	1.54 and 2.00

During the three and six months ended June 30, 2025, the Company recognized a gain (loss) of \$68,680 and \$(96,930) (2024 - \$48,718 and \$(106,438)), respectively, in the income statement due to a change in the fair value of the Debentures. During the three and six months ended June 30, 2025, the Company paid \$54,250 and \$77,169 (2024 - \$nil and \$nil), respectively, in cash for interest and issued 824,250 and 942,751 shares, respectively, for \$164,850 and \$210,000 interest, respectively, in lieu of a cash payments (see notes 8 and 9).

The following table presents the change in Debentures.

Balance, December 31, 2023	\$ 2,561,684
Fair value at issuances during the year	889,242
Increase in fair value during the year	456,153
Balance, December 31, 2024	3,907,079
Increase in fair value during the period	96,930
Balance, June 30, 2025	<u>\$ 4,004,009</u>
	Convertible Debentures
	\$
Current portion of convertible debentures	3,703,589
Long-term portion of convertible debentures	300,420
Balance, as at June 30, 2025	<u>4,004,009</u>

A director of the Company and a company controlled by a director acquired ownership or control of 545 Units, and which if immediately converted and exercised respectively as of closing, would result in the issue of 1,535,908 common shares of the Company.

In connection with the issuance of convertible debentures, the movements in the Company's deferred tax balance is as follows:

December 31, 2023	\$ -
Recognized in equity	50,155
Recognized in income tax recovery	(50,155)
December 31, 2024	<u>\$ -</u>

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

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7. PROMISSORY NOTES

On April 3, 2025 and April 28, 2025, the Company and a director of the Company, entered into loan agreements whereby the director loaned an aggregate of \$175,000 to the Company under unsecured promissory notes. The Company is obligated to repay the director \$110,000 on or before July 3, 2025 and \$82,500 on or before July 28, 2025.

8. RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount established and agreed to by the related parties. Key Management personnel include the Chief Executive Officer and President, former Chief Executive Officer the former President and interim Chief Executive Officer, the Executive Vice President and Chief Strategy Officer, the Chief Operating Officer, the Chief Financial Officer, the former Executive Vice President, Supply, Origination and Business Development, the Vice President Corporate Finance, and the Directors.

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries to Key Management personnel	241,273	420,893	484,079	866,347
Professional fees to company controlled by a Director	-	8,500	-	16,500
Share-based payments to Key Management personnel	230,101	(38,059)	377,719	(24,635)
Total	471,374	391,334	861,798	858,212

Included in accounts payable as at June 30, 2025 is \$7,500 (December 31, 2024 - \$7,500) of directors' fees, \$30,800 (December 31, 2024 - \$30,800) of financial consulting fees payable to a former officer and a director and \$32,793 (December 31, 2024 - \$1,153) of expense reimbursements payable to officers and a director.

Included in accrued liabilities as at June 30, 2025 is \$10,887 (December 31, 2024 - \$18,750) of net salary payable to an officer and \$21,509 (December 31, 2024 - \$22,685) of financial advisory consulting fees payable to a former director. Included in accrued liabilities as at June 30, 2025 is \$13,652 (December 31, 2024 - \$14,240) of interest payable for convertible debentures to a director and a company controlled by the director.

A director of the Company and a company controlled by the director acquired ownership or control of 545 Units (see note 6), and which if immediately converted and exercised respectively as of closing, would result in the issue of 1,535,908 common shares of the Company.

On October 24, 2024, the Company closed the initial tranche of a non-brokered private placement financing of 2,650,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$530,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of \$0.30 per share until October 24, 2027. If, at any time after February 25, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of \$0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of \$12,750 for subscriptions processed through arm's length brokerage houses. Related parties of the Company purchased 625,000 Units.

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

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8. RELATED PARTY TRANSACTIONS (continued)

On December 18, 2024, the Company issued 30,342 common shares in lieu of \$7,000 cash interest to a company controlled by director at a price of \$0.2307 per share to pay the semi-annual interest payment due in the amount of \$7,000 on its convertible debentures.

On January 9, 2025, the Company issued 8,267 common shares in lieu of \$3,150 cash interest to a director at a price of \$0.3810 per share to pay the semi-annual interest payment due in the amount of \$3,150 on its convertible debentures.

On June 17, 2025, the Company issued 35,000 common shares in lieu of \$7,000 cash interest to a company controlled by a director at a price of \$0.20 per share to pay the semi-annual interest payment due in the amount of \$7,000 on its convertible debentures.

During the three and six months ended June 30, 2025, the Company made cash payments of \$7,000 and \$14,640 (2024 - \$nil), respectively to a director to pay the semi-annual interest payment due on its convertible debentures.

During the three and six months ended June 30, 2025, the Company made cash payments of \$14,000 and \$14,000 (2024 - \$nil), respectively to a company controlled by a director to pay the semi-annual interest payment due on its convertible debentures.

On April 3, 2025 and April 28, 2025, the Company and a director of the Company, entered into loan agreements whereby the director loaned an aggregate of \$175,000 to the Company under unsecured promissory notes. The Company is obligated to repay the director \$110,000 on or before July 3, 2025 and \$82,500 on or before July 28, 2025.

The following options that were granted to officers and directors expired unexercised:

Number of options expired unexercised	Exercise price per share	Expiry Date
675,000	\$1.77	January 10, 2024
200,000	\$1.64	April 19, 2024

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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8. RELATED PARTY TRANSACTIONS (continued)

The following stock options were granted to related parties:

Date of grant	Number of options granted	Exercise price per share	Expiry Date	Terms
October 24, 2024	1,350,000	\$0.20	October 24, 2026	Stock options granted to officers that vest on January 1, 2025.
December 2, 2024	6,500,000	\$0.28	December 2, 2029	Stock options granted to an officer. These stock options vest over three years at 33.3% per year and vesting may be accelerated based on achievement of performance milestones set by the Company's board. These stock options are subject to approval by the Company's shareholders at the annual general meeting and the TSX Venture Exchange which approval was received on February 18, 2025 and March 24, 2025, respectively.
April 28, 2025	1,400,000	\$0.30	April 28, 2030	Stock options granted to directors. These stock options vest 90 days after the grant date.

On May 17, 2024, the following unvested stock options were forfeited due to the resignation of an officer:

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
July 17, 2023	500,000	\$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025 (note 9(c)).

In addition to the related party transactions noted above, the Company reimbursed all these related parties for out-of-pocket direct costs incurred on behalf of the Company. Such costs include travel, postage, courier charges, printing and telephone charges.

ReGen III Corp.

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9. SHARE CAPITAL

- (a) Authorized: Unlimited common shares without par value
Unlimited number of preferred shares without par value

- (b) Issued and outstanding:

	Number of common shares	\$
December 31, 2023	118,355,547	101,320,784
Issuance of share capital	714,555	246,521
Issuance of units	4,450,000	850,250
Share issuance costs	-	(52,498)
December 31, 2024	123,520,102	102,365,057
Issuance of share capital	942,751	220,493
Exercise of warrants	1,100,000	346,500
Share issuance costs	-	(14,500)
June 30, 2025	125,562,853	102,917,550

On October 24, 2024, the Company closed the initial tranche of a non-brokered private placement financing of 2,650,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$530,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of \$0.30 per share until October 24, 2027. If, at any time after February 25, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of \$0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of \$12,750 for subscriptions processed through arm's length brokerage houses.

On November 22, 2024, the Company closed the final tranche of a non-brokered private placement financing of 1,800,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$360,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of \$0.30 per share until November 22, 2027. If, at any time after March 23, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of \$0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of \$7,000 for subscriptions processed through arm's length brokerage houses.

On an aggregate basis, across the initial and final tranche of the non-brokered private placement, the Company issued 4,450,000 units for gross proceeds of \$890,000.

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

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9. SHARE CAPITAL (continued)**(b) Issued and outstanding (continued):**

On December 18, 2024, the Company issued 714,555 common shares at a price, based on the volume weighted average price of the common shares on the Exchange for the five trading days prior to the date such interest was due, of \$0.2307 per share to pay the semi-annual interest payment due in the amount of \$164,850 on its convertible debentures. The fair value of the shares issued on December 18, 2024 was \$0.3450 per share, and therefore, the Company recognized a loss on debt settlement of \$81,671 (2025 - \$nil) for the year ended December 31, 2024.

On January 9, 2025, the Company issued 118,501 common shares at a price, based on the volume weighted average price of the common shares on the Exchange for the five trading days prior to the date such interest was due, of \$0.3810 per share to pay the semi-annual interest payment due in the amount of \$45,150 on its convertible debentures. The fair value of the shares issued on January 9, 2025 was \$0.400 per share, and therefore, the Company recognized a loss on debt settlement of \$2,250 (2024 - \$nil) for the three months ended March 31, 2025.

On June 17, 2025, the Company issued 824,250 common shares at a price, based on the volume weighted average price of the common shares on the Exchange for the five trading days prior to the date such interest was due, of \$0.20 per share to pay the semi-annual interest payment due in the amount of \$164,850 on its convertible debentures. The fair value of the shares issued on June 17, 2025 was \$0.21 per share, and therefore, the Company recognized a loss on debt settlement of \$8,243 (2024 - \$nil) for the three months ended June 30, 2025.

The Company also issued common shares for the following:

Date	Gross proceeds received	Shares issued	Exercise price per share	Description
January 2025 and February 2025	\$330,000	1,100,000	\$0.30	Exercise of 1,100,000 warrants. 500,000 warrants were exercised by a director of the Company

(c) Stock Options and Share-Based Payments

On November 28, 2024, the Company put in place LTIP which is a 20% fixed plan and authorizes the Company's board to grant, to the Company's directors, officers, employees, management company employees and consultants, Options, RSU's, PSU's, DSU's, and/or SAR's to acquire up to 24,561,109 shares of the Company. The LTIP replaces the Company's stock option plan and was approved by the Company's shareholders on February 18, 2025 and the TSX Venture Exchange on March 24, 2025.

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)**(c) Stock Options and Share-Based Payments (continued)**

The Company granted 6,500,000 stock options on December 2, 2024 that were subject to approval by the Company's shareholders at the annual general meeting and the TSX Venture Exchange which approval was received on February 18, 2025 and March 24, 2025, respectively. The measurement date for these stock options was March 24, 2025 and accordingly, the Company recorded share-based expense for the three months ended March 31, 2025. Stock options granted during the six months ended June 30, 2025 and the year ended December 31, 2024 were as follows:

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
October 24, 2024	1,450,000	\$0.20	October 24, 2026	Stock options granted to employees that vest on January 1, 2025.
December 2, 2024	6,500,000	\$0.28	December 2, 2029	Stock options granted to an officer. These stock options vest over three years at 33.3% per year and vesting may be accelerated based on achievement of performance milestones set by the Company's board. These stock options are subject to approval by the Company's shareholders at the annual general meeting and the TSX Venture Exchange which approval was received on February 18, 2025 and March 24, 2025, respectively.
March 25, 2025	2,000,000	\$0.25	March 25, 2030	Stock options granted to a consultant that vest subject to performance and time-based milestones.
April 28, 2025	1,475,000	\$0.30	April 28, 2030	Stock options granted to directors and a non-employee. These stock options vest 90 days after the grant date.

The aggregate fair value of the stock options granted during the three and six months ended June 30, 2025 was \$189,093 and \$924,224 (2024 - \$nil and \$nil), respectively. The fair value of the stock options granted to employees and directors was estimated at the grant date using the Black-Scholes Option Pricing Model. In some cases, the Company is unable to reliably estimate the fair value of the goods and services received for stock options granted to non-employees because the fees charged by those non-employees are at market rates with no allowance for stock options granted. In these cases, the

Company estimated the fair value of the stock options granted to those non-employees using the Black-Scholes Option Pricing Model.

The inputs for the Black-Scholes Option Pricing Model are as follows:

Inputs	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Risk free interest rate	2.59% - 2.90%	Nil	2.55% - 2.90%	Nil
Expected dividend yield	Nil	Nil	Nil	Nil
Expected annual volatility	86.95% - 89.87%	Nil	86.95% - 90.04%	Nil
Expected life	3.64 years - 5 years	Nil	3.21 years - 5 years	Nil
Forfeiture rate	0%	Nil	0% - 20%	Nil

On May 17, 2024, the following unvested stock options were forfeited due to the resignation of an officer:

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
July 17, 2023	500,000	\$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025 (note 8).

ReGen III Corp.

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9. SHARE CAPITAL (continued)

(c) Stock Options and Share-Based Payments (continued)

A summary of the status of the Company's stock options as at June 30, 2025 and changes during the period are as follows:

	Number of options	Weighted average exercise price \$
Outstanding – December 31, 2023	10,385,000	0.86
Options granted	7,950,000	0.27
Options - expired	(1,075,000)	1.75
Options - forfeited	(500,000)	0.75
Outstanding – December, 2024	16,760,000	0.52
Options granted	3,475,000	0.27
Outstanding – June 30, 2025	20,235,000	0.48

The following stock options were outstanding as at June 30, 2025:

Number of options	Exercise price per option \$	Expiry date
1,450,000	0.20	October 24, 2026
2,000,000	0.77	February 6, 2028
6,810,000	0.75	August 29, 2028
6,500,000	0.28	December 2, 2029
2,000,000	0.25	March 25, 2030
1,475,000	0.30	April 28, 2030
20,235,000		

(d) Warrants

On October 24, 2024, the Company closed the initial tranche of a non-brokered private placement financing of 2,650,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$530,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of \$0.30 per share until October 24, 2027. If, at any time after February 25, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of \$0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. The Company used the residual value method to allocate the cash consideration received. Of the total proceeds, \$490,250 was allocated to the shares being the fair value based on the trading price as at October 24, 2024 of the shares (\$0.185 per share) and the residual of \$39,750 was allocated to the warrants.

On November 22, 2024, the Company closed the final tranche of a non-brokered private placement financing of 1,800,000 units of the Company at a price of \$0.20 per unit for gross proceeds of \$360,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of \$0.30 per share until November 22, 2027. If, at any time after March 23, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of \$0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. The Company used

ReGen III Corp.

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9. SHARE CAPITAL (continued)

(d) Warrants (continued)

the residual value method to allocate the cash consideration received. Of the total proceeds, \$360,000 was allocated to the shares being the fair value based on the trading price as at November 22, 2024 of the shares (\$0.27 per share) and the residual of \$nil was allocated to the warrants.

In connection with the Placement, the Company issued 4,075,000 Warrants (see note 6).

A summary of the status of the Company's warrants as at June 30, 2025 and 2024 and changes during the period are as follows:

	Number of Warrants outstanding	Weighed average exercise price \$
Outstanding – December 31, 2023	4,846,251	0.82
Warrants granted	5,525,000	0.35
Outstanding – December 31, 2024	10,371,251	0.57
Warrants exercised	(1,100,000)	0.30
Warrants expired	(1,846,251)	1.25
Outstanding – June 30, 2025	7,425,000	0.44

(e) Reserves

Contributed surplus

Share-based payments and warrant values, if any, are recognized in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount in contributed surplus is reclassified to share capital, adjusted for any consideration paid.

Accumulated other comprehensive income

Unrealized gain on investments is classified as fair value changes through other comprehensive income.

Financial assets classified as fair value changes through other comprehensive income are measured at fair value with unrealized gains and losses being recognized in other comprehensive loss.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The Company's financial instruments at June 30, 2025 include cash, accounts receivable, investments, accounts payable, promissory notes, accrued liabilities and Debentures.

The fair value of cash, accounts receivable, accounts payable, promissory notes and accrued liabilities approximates their carrying value due to their immediate or short-term nature, unless otherwise noted. The fair value of the Coppermoly Limited ("COY") shares was based on the closing prices of those shares on Australian Stock Exchange. The value of the Debentures is carried at their fair values.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value Hierarchy

Financial instruments recorded at fair value in the Consolidated Statements of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices)

Level 3 – Inputs for the assets or liabilities are not based on observable market data

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the highest level of the hierarchy for which a significant input has been considered in measuring fair value. The Company's cash, accounts receivable, investment in Coppermoly Ltd., accounts payable and accrued liabilities in the Consolidated Statement of Financial Position as at June 30, 2025 and December 31, 2024 are recorded at fair value and classified as Level 1. The following table presents the change in Debentures (note 6) that are classified as Level 3 and recorded at fair value in the Consolidated Statement of Financial Position.

Balance, December 31, 2023	\$ 2,561,684
Fair value at issuances during the year	889,242
Increase in fair value during the year	456,153
Balance, December 31, 2024	3,907,079
Increase in fair value during the period	96,930
Balance, June 30, 2025	\$ 4,004,009

The fair value of the Debentures is dependent on the credit spread between the market rate of interest and fixed rate of interest on the Debentures. A 5% change in the credit spread would affect income (loss) before tax by up to \$104,500.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk – is the risk of a financial loss to the Company if a counterparty fails to meet its contractual obligations. The Company's cash is largely held in a Canadian financial institution and management believes that the credit risk with respect to financial instruments recorded in the Consolidated Statement of Financial Position at June 30, 2025 is minimal. The Company's accounts receivable consists of amounts receivable from the government. Management believes that the credit risk with respect to accounts receivable is minimal.

Currency risk – currency risk arises due to fluctuations in the exchange rates. The Company's equity financings are sourced in Canadian dollars and the majority of expenditures are expected to be incurred in US dollars. As at June 30, 2025, the Company's holdings in foreign currencies are not material and exposure to currency risk is minimal.

Interest rate risk – is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest income is subject to bank deposit interest rates. During the six months ended June 30, 2025, the Company received \$3,101 of interest income from banks. A 1% change in interest rate would affect income (loss) before tax of approximately \$400.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk – is the risk that the Company will be unable to meet its obligations as they become due. The Company manages its liquidity risk by implementing a budget, forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at June 30, 2025, the Company had \$41,017 in cash, \$5,220,760 in current liabilities and \$329,496 in non-current liabilities.

The Company's current liabilities arose as a result of corporate expenses and accruals. Payment due dates for corporate expenses varies from invoice date to between 30 and 60 days from date of the invoices.

Price risk – the Company is exposed to price risk with respect to commodity and equity pricing, and the investment in COY. The Company is exposed to changes in market prices and a sensitivity analysis suggests that a 10% change in COY share prices would affect other comprehensive income or loss by approximately \$3,400 before tax.

11. CAPITAL MANAGEMENT

The Company manages its capital structure, being its share capital, and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company had share capital of \$102,917,550 and \$329,496 of non-current liabilities as at June 30, 2025. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Planning, annual budgeting, cash flow forecasting and implementing controls over major investment decisions are primary tools used to manage the Company's capital.

The Company's investment policy is to hold cash in interest bearing bank accounts and highly liquid short-term interest-bearing investments with maturities of three months or less which can be liquidated at any time without penalties.

The Company currently has no source of revenues. As such, the Company is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. COMMITMENTS AND CONTINGENCIES

The Company has engaged Raymond James & Associates Inc. ("Raymond James"), a subsidiary of Raymond James Financial, Inc. to assist the Company in identifying and pursuing project-level acquisition opportunities and may provide other financial advisory services in connection with such acquisitions as requested by the Company and to act as an initial purchaser or placement agent to the Company for debt instruments or debt obligations issued by the Company to finance the Company's Texas recycling project. The placement of these debt instruments may include the participation of commercial lenders and/or certain United States governmental agencies. The Company is obligated to reimburse expenses incurred by Raymond James for its services. In addition, the Company is obligated to pay US\$100,000 if the Company terminates this agreement after Raymond James completes an application for financing with certain United States governmental agencies but prior to closing.

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12. COMMITMENTS AND CONTINGENCIES (continued)

The Company has engaged National Bank Financial Inc. to provide financial advisory and investment banking services in support of existing and proposed project-level financing structures, National Bank Financial Inc. will also advise and assist the Company with the evaluation and execution of other strategic opportunities. The Company is obligated to reimburse expenses incurred by National Bank Financial Inc. for its services.

The Company's commitments for leases and Debentures on a calendar year basis as at June 30, 2025 are provided in the table below.

	2025 \$	2026 \$	Total \$
Office lease payments	41,183	55,488	96,671
Debentures	3,000,000	1,075,000	4,075,000
Total	3,041,183	1,130,488	4,171,671

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial condition or future results of operations of the Company.

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30,		Six months ended June 30,	
	2025 \$	2024 \$	2025 \$	2024 \$
Operating activities				
Interest income received from banks	1,397	7,859	3,101	27,864
Total lease receipts	30,079	60,767	94,253	121,534
Total lease payments paid	30,079	99,416	107,639	198,138

14. DEFERRED INCOME TAX RECOVERY

Movements in the Company's deferred tax balance in the period is as follows:

December 31, 2023	\$ -
Recognized in equity	53,823
Recognized in income tax recovery	(53,823)
June 30, 2024 and June 30, 2025	\$ -

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2025 and 2024(Expressed in Canadian dollars)

15. SUBSEQUENT EVENTS

- (a) On July 11, 2025, the Company issued 221,972 common shares at a price, based on the volume weighted average price of the common shares on the Exchange for the five trading days prior to the date such interest was due, of \$0.2034 per share to pay the semi-annual interest payment due in the amount of \$45,150 on its convertible debentures.
- (b) On July 11, 2025, the Company closed a non-brokered private placement financing of 8,750,000 units at a price of \$0.20 per unit for aggregate gross proceeds of \$1,750,000, \$325,000 of which was received in May 2025. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional share at an exercise price of \$0.45 per whole warrant for a period of two (2) years from the date of issuance.
- (c) Subsequent to June 30, 2025, the outstanding amounts of the promissory notes were repaid.
- (d) On July 31, 2025, the Company made cash payment of \$21,000 to pay the semi-annual interest payment due on its convertible debentures.
- (e) On August 5, 2025, the Company granted 1,000,000 stock options to an officer with an exercise price of \$0.19 and an expiry date of August 5, 2030. These options vest 25% per year over four years and may be accelerated subject to meeting performance milestones.