

ReGen III Corp.

MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended March 31, 2026

As at May 28, 2026

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May 28, 2026

Introduction

ReGen III Corp. (the “Company”) was incorporated under the laws of British Columbia, Canada 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, and is wholly owned by ReGen III (USGC) Corporation and RG3 Texas LLC was incorporated in Delaware, USA on March 16, 2022, and is wholly owned by RG3 Texas Holdings LLC. RG3 Texas LLC is intended to be the Texas project operations entity, and RG3 Texas Holdings LLC is intended to be the investment holding entity, where project-level funding from the Company, equity providers and the debt providers will be contributed. ReGen III (Alberta) Inc. intends to hold the assets of a used motor oil recycling facility in Alberta, should the Company proceed further in Alberta.

The Company’s shares are listed on the TSX Venture Exchange under the symbol “GIII,” the OTCQB under the symbol “ISRJF” and the Frankfurt Exchange under the symbol “PN4”.

This Management Discussion & Analysis (“MD&A”) of the Company has been prepared by management as at May 28, 2026 and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”). All monetary amounts referred to herein are in Canadian dollars unless otherwise stated.

The Company’s principal place of business is in Vancouver, BC, Canada and its registered office address is Suite 3700, Bankers Hall West, 888 3rd St. SW, Calgary, AB T2P 5C5, Canada.

The Company acquired, on an exclusive basis in February 2017, technology (“ReGen™ technology”) that enables the production of Group II and Group III base oils from the recycling (also known as “re-refining”) of used motor oil. Group III oil is often associated with “synthetic” base oil, which are used in higher-performance consumer and industrial engine oils. The Company currently holds eleven (11) ReGen™ patents granted in North America and ten (10) ReGen™ patents issued or allowed in Australia, Brazil, Egypt, India, Indonesia, Malaysia, Saudi Arabia, Korea, and Singapore. In Europe, the Company’s patent has legal effect in 18 countries. Additionally, there are seven (7) ReGen™ patent applications pending worldwide.

Forward-Looking Information

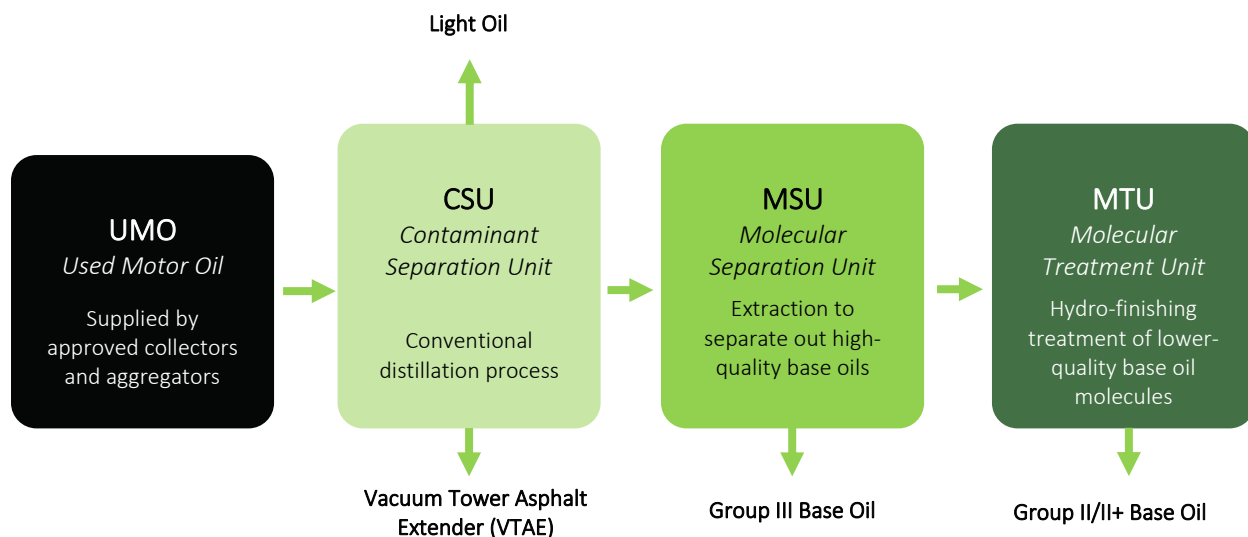
This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning applicable to Canadian legislation. These statements relate to future events or the future activities or performance of the Company, statements that involve financial projections, substantial known and unknown risks and uncertainties, certain of which are beyond the control of the Company. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are typically identified by words such as: may, would, could, will, likely, believe, expect, anticipate, intend, plan, estimate, postulate and similar expressions or which by their nature refer to future events and the negative form thereof. Forward-looking statements include, but are not limited to, the quantity and quality of the recycled products that might be produced; the cost of construction of the ReGen™ recycling facility; raising sufficient capital to support the business plan; the estimated operating costs for the facilities; the market for the finished products; the anticipated annual recurring revenue derived from those operations; and statements regarding expectations to enter into the oil recycling business.

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Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information including, among other things, delays in obtaining or failure to obtain required governmental, environmental or other project approvals, changes in national or local government legislation or regulations regarding environmental factors, royalties, taxation or foreign investment, political or economic instability, terrorism, inflation, changes in currency exchange rates, fluctuations in commodity prices, delays in the development of projects, shortage of personnel with the requisite knowledge and skills, dependency on equity market financings to fund programs. In addition, forward-looking information is based on various assumptions including, among other things, the expectations and beliefs of management, the assumed long-term price of various commodities, the availability of permits and access to financing, equipment and labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether because of new information, future events or others.

ReGen™ Technology – Recycling Used Motor Oil



ReGen™ technology is a patented process designed to efficiently recycle used motor oil (“UMO”) through a three-stage system, enhancing resource conservation and reducing carbon emissions associated with UMO disposal.

1. **Contaminant Separation Unit (“CSU”)**: In the first stage, the CSU removes basic contaminants such as water, metals, and additives from the UMO and produces the feedstock for Stage 2.
2. **Molecular Separation Unit (“MSU”)**: The second stage is the MSU, which utilizes advanced extraction techniques to remove undesirable components of the feedstock to produce a high-quality Group III base oil, recognized for its superior performance characteristics. A lower-quality oil stream is also produced that is used as feedstock to Stage 3.
3. **Molecular Treatment Unit (“MTU”)**: In the final stage, the lower-quality oil undergoes hydro-treatment in the MTU. This process upgrades the oil's quality to Group II/II+ base oil, making it suitable for a wider range of applications.

The ReGen™ process is positioned to meet the growing demand for higher-quality, re-refined base oils, driven by increasing regulatory pressures and customer preferences for sustainable products. As the industry shifts towards resource conservation and the reduction of carbon dioxide equivalent emissions, the ReGen™ technology stands out

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as a viable solution for addressing environmental challenges associated with used motor oil disposal and the growing demand for higher-quality Group III base oils.

Technical Validation

The ReGen™ technology has undergone extensive technical validation to ensure its effectiveness and commercial viability. Pilot testing was conducted in a 5 barrel per day (“bpd”) demonstration plant, which operated continuously for several thousand hours using UMO feedstocks sourced from multiple suppliers. The output base oil production was confirmed to meet American Petroleum Institute (“API”) Group III specifications.

Further pilot testing was performed to assess the performance of the Molecular Treatment Unit (“MTU”), proving out the yields and quality of the Group II/II+ base oil. Additional pilot testing by the Stage 2 process designer has been performed to confirm that the Molecular Separation Unit (“MSU”) can produce Group III base oil at design quality and yields.

Independent assessments, including a comprehensive report by Oak Ridge National Laboratory, validated the process's market potential and energy efficiency. The report highlighted the ReGen™ process's flexibility, high yields, and superior returns on investment compared to traditional re-refining methods. Additionally, engineering studies conducted by Stantec Consulting Ltd. and WSP Canada Inc. further confirmed the technical feasibility of the ReGen™ process, concluding that it can produce high-quality base oils that meet API Groups II and III standards.

The Company's 5W-20, 5W-30, and 10W-30 passenger car motor oil (“PCMO”) formulations are listed on the Directory of Licensees published by API and available at engineoil.api.org. This demonstrates that the Company's Group III base oil can be successfully used to produce finished lubricants.

ReGen III Corp. is committed to advancing this technology to capitalize on market opportunities and contribute to a more sustainable base oil and lubricant markets.

ReGen III's Strategic Response to Base Oil Supply Disruptions

The Company recently published a white paper entitled “Closing the Gap: Re-Shoring U.S. Group III Base Oil Supply” (the “White Paper”), available through its website. The White Paper was prepared in response to the 2026 Middle East conflict, which has caused significant disruption in global base oil markets, highlighting North America's reliance on imported Group III base oils and exposing significant supply chain vulnerabilities. The White Paper also addresses the resulting base oil pricing volatility, highlighting record high Group III prices as of May 2026, and structural supply constraints. The Company presents domestic re-refining as a viable and strategic supply solution to these challenges in its White Paper.

Key points from the White Paper include the following:

- North America imports an estimated **70–80% of its Group III** base oil, leaving the region highly exposed to external supply shocks.
- Beginning in March 2026, attacks on Middle East facilities shut down or damaged all major Gulf Group III facilities, removing roughly 20% of global supply. By April 2026, industry experts estimated that up to 35% of global Group III supply was offline or inaccessible, and that U.S. inventories could be depleted by as early as May or June 2026.
- The disruption is expected to persist due to structural demand, limited alternative supply, and facility repair timelines. Prices have risen to more than twice the five-year average and are expected to remain elevated into at least mid-2027.
- Closing the supply gap requires new pathways; the Company believes its ReGen™ technology offers a differentiated solution by converting used motor oil into high-value base oils at commercial yields of approximately 53% Group III and 22% Group II+. In doing so, the process leverages an abundant, domestically

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sourced and underutilized UMO feedstock, reducing exposure to supply chain risks associated with feedstock sourcing and foreign production.

Brownfield Retrofits

The Company continues to explore opportunities to develop ReGen™ UMO recycling facilities in Canada and the United States through brownfield retrofits. Based on preliminary engineering assessments, the Company estimates that retrofits to existing UMO processing facilities and Group II re-refineries can be completed at a significantly lower capital outlay per site and brought into service significantly faster (estimated at 18 months) with lower risk than greenfield builds. In a market currently defined by scarcity, the Company views this speed to market as a strategic advantage.

The brownfield strategy includes acquisitions with retrofits and joint ventures to deploy ReGen™ modules at existing re-refinery sites. The Company's financial modelling indicates that brownfield retrofits can generate compelling returns under normalized pricing assumptions, before factoring in potential upside from current elevated Group III base oil prices.

While the Company's focus is on North America, it believes opportunities to deploy ReGen™ technology exist in Latin America, Europe, Australia, and other markets. The Company is also open to licensing and royalty opportunities for the ReGen™ technology to access non-core markets and/or accelerate market penetration of ReGen™.

Texas Facility

The Company is currently prioritizing brownfield retrofits given current market conditions. However, the Company has completed significant work to develop a commercial UMO recycling facility in Texas City, Texas, first proposed approximately five years ago. This facility has a design capacity of 5,600 bpd of UMO and is projected to produce between 4,200 and 4,400 bpd of base oil, including approximately 3,000 to 3,200 bpd of Group III base oil.

The Company has completed Front-End Loading ("FEL") stages 1 and 2, along with value engineering assessments. An interim project cost estimate has also been prepared. The Company is pursuing offtake agreements and strategic partners for the facility and, pending financing, intends to execute the FEL-3 program prior to a Final Investment Decision ("FID"). The anticipated onstream date for the facility is expected to range from 24 to 30 months following FID.

Advario Site

The Company previously executed a non-binding Letter of Intent (the "Advario LOI") with Advario North America ("Advario") (formerly Oiltanking North America) which has since expired. The Advario site and proposed Texas City development remain under active consideration. Under the Advario LOI, Advario was to design, construct and operate storage tanks, loading/unloading facilities, and logistics assets for the UMO recycling facility, and enter into a Terminal Services Agreement. Advario completed Front-End Loading (FEL-2) engineering with the expectation of commencing FEL-3 in parallel with ReGen III's engineering efforts.

Offtake and Commercial Arrangements

The Company is actively engaged in commercial discussions with majors and super-majors, large lubricant blenders, international traders, and other industry participants. These discussions continue to advance, focusing on potential offtake arrangements for base oils and ancillary by-products, joint ventures, and strategic equity investments. To address demand for product samples, the Company initiated further pilot testing in Q1 2024, which concluded in Q3 2024, yielding high-quality Group III base oil. Since then, numerous parties have signed non-disclosure agreements ("NDA"s) and tested the Company's Group III base oil. The product has consistently met or exceeded American

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Petroleum Institute ("API") standards and industry benchmarks for Group III. Feedback from various offtake parties, including technical experts and procurement teams, has been positive, reinforcing the high quality of the Group III product.

On January 27, 2026, the Company announced it has executed a non-binding memorandum of understanding ("MOU") with a U.S.-based base oil and lubricants blender (the "Counterparty") for the future supply of the Company's Group III and Group II+ base oils. The MOU establishes a detailed commercial framework toward a definitive multi-year offtake agreement. The Counterparty is an established U.S. blender supplying customers across automotive, industrial, and specialty end markets.

ReGen III's executed MOU portfolio now represents approximately 50% or more of the estimated base oil production capacity from U.S. facilities currently contemplated under the Company's commercialization strategy. The Company continues to advance discussions with additional counterparties to further expand its offtake portfolio and is currently advancing discussions with multiple entities regarding strategic opportunities.

While the Company is optimistic that ongoing discussions with offtake parties and potential strategic partners will lead to a material outcome, the finalization of any offtake agreement or strategic equity investment will depend on satisfactory sample testing, due diligence reviews, and the negotiation and execution of definitive agreements. There can be no assurance that any transaction will be completed.

UMO Supply

During 2021 and 2023, in anticipation of progressing toward FEL-3 at Texas City, the Company secured a series of non-binding UMO feedstock letters of intent ("UMO LOIs"), covering a substantial portion of its forecast Texas City feedstock requirements. While most of these LOIs have now reached the end of their terms, they demonstrate the Company's ability to originate and structure commercial supply arrangements with leading collectors and aggregators. These UMO LOIs defined key commercial terms, including contract duration (typically 2 to 5 years), UMO specifications, geography, pricing, and delivery frameworks.

The Company remains actively engaged with UMO providers, particularly through its membership in ENFINITE (the Industrial Liquid Recyclers Association), where it maintains strong industry relationships.

Building on its experience and continued market outreach, the Company is advancing discussions with multiple counterparties to renew its UMO supply portfolio. The depth and flexibility of these relationships also position the Company to support additional projects currently under review.

Financing Update

Equity Financing

On April 1, 2026, the Company announced it closed the third and final tranche of a non-brokered private placement financing of 20,187,860 units for aggregate gross proceeds of \$4,037,572. 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 common share at an exercise price of \$0.30 per whole warrant for a period of three (3) years from the date of issuance. In connection with the closing of the placement the Company paid a total of \$80,750 in cash finders' fees for subscriptions processed through arm's length brokerage houses. Related parties of the Company purchased 2,875,000 units.

On July 14, 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. 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. In connection with the closing of the private placement, the Company paid aggregate cash finders'

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fees of \$47,450 for subscriptions processed through arm's length brokerage houses. Related parties of the Company purchased 3,380,000 Units.

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 consisted 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.

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 consisted 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.

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Debt Financing

Promissory notes

The Company has entered into various promissory note agreements (“Notes”) with directors and entities related to directors. The Notes have a fixed interest obligation of 10%, have a term of one year, and can be repaid at the option of the Company prior to the end of the term.

While these loans have a fixed contractual maturity date, management has updated the estimates of expected life based on historical repayment patterns and cash flow forecasts. Interest is accrued over the estimated term of twelve months using an effective interest rate of approximately 29.3%. The Notes are unsecured.

Note continuity schedule:

	Directors	Entities related to directors	Total
	\$	\$	\$
Balance, as at December 31, 2024	-	-	-
Principal	500,000	425,000	925,000
Accrued interest	33,180	7,173	40,353
Repayment of principal	(175,000)	-	(175,000)
Interest Payment	(17,500)	-	(17,500)
Balance, as at December 31, 2025	340,680	432,173	772,853
Principal	200,000	50,000	250,000
Accrued interest	35,107	28,760	63,867
Repayment of principal	(525,000)	(225,000)	(750,000)
Interest payment	(52,500)	(22,500)	(75,000)
Loss on settlement of promissory notes	1,713	2,239	3,952
Gain on fair value re-measurement	-	(44,255)	(44,255)
Balance, as at March 31, 2026	-	221,417	221,417

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Convertible debentures

On December 10, 2025, the Company announced it closed the exchange of its issued and outstanding convertible debenture units (“Old Units”) with new convertible debenture units (“New Units”) (the “Unit Exchange”). Holders of 3,975 of the 4,075 Old Units participated in the Unit Exchange.

New Units are each comprised of:

- a convertible debenture in the principal amount of \$1,000, bearing interest at 12% p.a. and maturing in two years, convertible into common shares of the Company at \$0.25 per share;
- 500 detached warrants, exercisable into common shares of the Company for a period of two years at \$0.35 per share.

For holders who participated in the Unit Exchange, accrued interest on the Old Units was paid on December 29, 2025, unless waived or deferred; otherwise, all other entitlements under the Old Units expired on closing.

Directors of the Company, and an entity related to a director, now hold 945 New Units which if immediately converted and exercised respectively, would result in the issue of 5,130,000 common shares of the Company.

In November and December 2023 and May and July 2024, the Company closed offerings of an aggregate 4,075 of Old Units for aggregate gross proceeds of \$4,075,000, pursuant to these non-brokered private placements (the “Placements”). The Company paid aggregate finder fees of \$136,500 in cash for subscriptions processed through arm’s length brokerage houses.

Old Units were each comprised of:

- a convertible debenture in the principal amount of \$1,000, bearing interest at 14% p.a. and maturing in two years, convertible into common shares of the Company at \$0.55 per share;
- 500 detached warrants, exercisable into common shares of the Company for a period of two years at \$0.55 per share.

In the Unit Exchange referred to above, 100 Old Units, that matured on November 17, 2025, did not participate in the Unit Exchange and were settled under the terms of the Old Units on December 29, 2025 and are no longer outstanding.

Project Financing

ReGen III Corp. is actively pursuing various project-level financing avenues to support the development of its UMO recycling facilities. The following outlines the Company’s financing initiatives:

a) National Bank Financial Inc.

National Bank Financial Inc. has been engaged to provide financial advisory and investment banking services for existing and proposed project-level financing structures. National Bank Financial Inc. will also assist the Company in evaluating and executing strategic opportunities. The Company continues to discuss project financing for Texas City and other facilities with National Bank Financial Inc.

b) U.S. Department of Energy Office of Energy Dominance Financing (EDF)

Following a detailed pre-application consultation process, ReGen III submitted its Part I application to the U.S. Department of Energy (“DOE”) Office of Energy Dominance Financing (“EDF”), formerly the Loan Programs Office (“LPO”), under the Title 17 Clean Energy Financing Program. In June 2024, EDF confirmed that the RG3 Texas LLC Project qualifies as an eligible Innovative Energy Project, allowing the Company to proceed with its Part II Application

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for a loan guarantee. If awarded, the DOE-guaranteed loan could provide non-dilutive financing for up to 70% of eligible project costs associated with the engineering and construction of the Texas UMO re-refinery. The Company continued to engage with EDF in 2026.

The Company is also exploring additional debt financing options, strategic investments, joint ventures, and incentives available for clean technology projects.

Sustainability and Environmental Impact

The Company is dedicated to sustainability and resource conservation through its innovative ReGen™ technology, which efficiently recycles UMO into high-quality base oils. This technology is poised to meet the growing demand for high-quality re-refined base oils while significantly reducing carbon dioxide equivalent (CO₂e) emissions associated with traditional disposal methods, such as burning UMO.

The December 2020 congressional report titled “Used Oil Management and Beneficial Reuse Options to Address Section 1: Energy Savings from Lubricating Oil” underscores the importance of recycling used oil, stating, “[c]onservation and recycling of the [United States’] used oil ‘resource’ makes sense. It extends the life of our national crude oil resources, reduces the likelihood of improperly disposed of used oil contaminating soil and water, and is energy efficient.” The report also highlights that used oil recycling supports thousands of jobs, generates tax revenue, and provides consumers with economical product choices.

The ReGen™ technology recycles UMO to produce high-quality Group III and Group II/II+ base lubricating oils, light oil, and vacuum tower asphalt extender (“VTAE”) used in roofing and road asphalt industries. Unlike UMO converted into fuels, the base oils produced can be recycled repeatedly, as they do not break down during use in internal combustion engines.

Additionally, the ReGen™ process mitigates the environmental impact of burning used oil, which would otherwise contribute significant amounts of heavy metals, soot, sulfur, greenhouse gases, and other pollutants. The Environmental Protection Agency (“EPA”) notes that “used oil from one oil change can contaminate one million gallons of fresh water – a year’s supply for 50 people.”

Based on assessments by reputable third-party consultants, ReGen III Corp. believes that its ReGen™ technology may qualify for greenhouse gas (“GHG”) credits. A June 2022 Lifecycle Assessment (“LCA”) by GHD Group PTY Ltd. for the proposed 5,600 bpd Texas Facility estimated that the ReGen™ process could reduce lifecycle CO₂e emissions by 82% relative to traditionally refined base oils combusted at end-of-life and by 36% relative to the production of virgin base oils. In February 2024, ReGen III engaged an independent environmental consultant to evaluate eligibility for voluntary GHG offset credits. While the consultant concluded that monetization is feasible and outlined a framework to do so, there can be no assurance that the Company will meet the requirements necessary to monetize such credits.

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Results of Operations

Variance Analysis

The following table sets forth selected expense items that have significant variances between the three months ended March 31, 2026 and 2025.

	Three months ended	
	March 31,	
	2026	2025
	\$	\$
Plant engineering and design	2,658	17,475
Professional fees	104,764	172,315
Salaries and benefits	382,559	292,727
Share-based payments	79,133	148,655

Plant engineering and design – There were minimal plant engineering and design activities in the current period.

Professional fees – The decrease in professional fees was mainly due to the decrease in legal fees related to patent matters.

Salaries and benefits – The increase in salaries and benefits was due to the addition of one full time staff, offset by the reduction of two full time staff.

Share-based payments – The variance was due to the timing, number and vesting periods of options granted. The fair value of the stock options was estimated at the grant date using the Black-Scholes Option Pricing Model, or if determinable, the fair value of the services provided.

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For the three months ended March 31, 2026 and 2025, the Company recognized the following other income and other expense in its consolidated statement of comprehensive loss:

	Three months ended	
	March 31,	
	2026	2025
	\$	\$
Interest income	(939)	(1,704)
Rent income	(13,519)	(34,063)
Finance income from lease – head office premises	(1,628)	(4,203)
Finance cost of lease – head office premises	1,628	4,248
Foreign exchange loss	10,443	851
Interest on promissory notes	63,867	-
Loss on settlement of promissory notes	3,952	-
Gain on fair value re-measurement of promissory notes	(44,255)	-
Interest on convertible debentures	119,250	142,625
Loss on fair value re-measurement of convertible debentures	168,597	165,610
Loss on debt settlement	-	2,250

Summary of Quarterly Financial Results

The following table provides selected financial information of the Company for each of the last 8 quarters presented in accordance with IFRS Accounting Standards.

	For the Quarters Ended			
	March 31,	December 31,	September 30,	June 30,
	2026	2025	2025	2025
	\$	\$	\$	\$
Financial Results:				
Expense	691,238	880,223	988,655	875,668
Other (income) expense	307,396	33,829	305,527	(171,465)
Loss before income taxes	998,634	914,052	1,294,182	704,203
Deferred income tax recovery	-	(137,072)	-	-
Net loss	998,634	776,980	1,294,182	704,203
Basic and diluted loss per share	0.01	0.01	0.01	0.01

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	For the Quarters Ended			
	March 31,	December 31,	September 30,	June 30,
	2025	2024	2024	2024
	\$	\$	\$	\$
Financial Results:				
Expense	776,696	634,553	881,086	986,849
Other (income) expense	275,614	(643,978)	330,882	65,542
(Income) loss before income taxes	1,052,310	(9,425)	1,211,968	1,052,391
Deferred income tax (recovery) expense	-	28,095	(24,427)	(53,823)
Net loss	1,052,310	18,670	1,187,541	998,568
Basic and diluted loss per share	0.01	0.00	0.01	0.01

The decrease in expenses for the quarter ended March 31, 2026 was mainly due to professional fees. The increase in expenses for the quarter ended December 31, 2025 was due to salaries and benefits and share-based payments. The increase in expenses for the quarter ended September 30, 2025 was due to accrued wages to two former officers upon termination of employment. The increase in expenses for the quarter ended June 30, 2025 was due to share-based payments. The increase in expenses for the quarter ended March 31, 2025 was due to professional fees for the proposed UMO recycling facility and salaries and benefits. For the quarter ended December 31, 2024, there was a reversal of accrued director's fees. The decrease in expenses for the quarters ended December 31, 2024, September 30, 2024 and June 30, 2024 was due to the decrease in plant engineering and design and salaries and benefits.

The increase in other expenses for the quarter ended March 31, 2026 was due to interest on promissory notes and interest on Debentures and the fair value re-measurement of Debentures. The decrease in other expense for the quarter ended December 31, 2025 was due to the fair value re-measurement related to the exchange of Debentures. Other expense in the quarter ended September 30, 2025 was mainly due to the fair value re-measurement of Debentures. Other income in the quarter ended June 30, 2025 was mainly due to the fair value re-measurement of Debentures and the gain on the sale of land. Other expense in the quarter ended March 31, 2025 was mainly due to the fair value re-measurement of Debentures. Other income in the quarter end December 31, 2024 was due to the change in estimate relating to provisions for services, offset by the loss on fair value re-measurement of Debentures. The increase in other expenses for the quarter ended September 30, 2024 was due to the fair value re-measurement of Debentures. The decrease in other expenses for the quarter ended June 30, 2024 was due to the fair value re-measurement of Debentures.

Liquidity, Capital Resources, Commitments and Contingencies**Working Capital and Cash**

During the three months ended March 31, 2026, cash increased by \$549,005. The increase was mainly due to net cash received from the issuance of shares of \$1,878,572 and cash received from investment of sublease of \$20,808, offset by \$754,567 of cash used in operating activities, payment of \$20,808 for lease liabilities and net cash payment of \$575,000 for promissory notes.

As at March 31, 2026, the Company had a working capital of \$1,164,359 comprised of cash of \$593,755, accounts receivable of \$26,098, share subscription receivable of \$1,430,454, prepaid expenses of \$110,650 and investment in sublease of \$26,558, offset by accounts payable of \$49,051, accrued liabilities of \$423,687, lease liabilities of \$33,495, promissory notes of \$221,417, deferred rent liability of \$8,506 and accrued tax provision of \$287,000.

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MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2026

The following summary of financing activities is more fully described in the preceding Financing section of this MD&A:

In November and December 2023 and May and July 2024, the Company closed Placements of 4,075 Units for aggregate gross proceeds of \$4,075,000. The Old Debenture principal of the Old Units was repayable as follows: \$3,000,000 in the fourth quarter of 2025 and \$1,075,000 payable in the second and third quarters of 2026. The maturity, conversion price, warrant coverage and warrant exercise price was amended as described in the Unit Exchange and the maturity of 3,975 New Units, or \$3,975,000, was extended for two years to December 10, 2027 and are no longer classified as a current liability as at December 31, 2025.

Non-brokered private placements of units of the Company consisting of common shares and common share purchase warrants were completed in the fourth quarter of 2024. On an aggregate basis, across the initial and final tranche of this non-brokered private placement, the Company issued 4,450,000 units for gross proceeds of \$890,000.

In January and February 2025, 1,100,000 warrants were exercised, of which 500,000 were exercised by a director of the Company (Brad White). The Company issued 1,100,000 common shares, of which 500,000 were issued to a director of the Company, at a price of \$0.30 per share for gross proceeds of \$330,000.

On July 14, 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. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant.

On April 1, 2026, the Company closed the third and final tranche of a non-brokered private placement financing of 20,187,860 units at a price of \$0.20 per unit for aggregate gross proceeds of \$4,037,572. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant.

The Company utilized unsecured promissory notes provided by directors and entities related to directors during the year and subsequent to year end as a source of cash as set out in the Note continuity schedule. The outstanding Note principal as at December 31, 2025 was \$750,000, and including accrued interest of \$22,853, represents an aggregate liability of \$772,853.

Going Concern

The Company's condensed consolidated interim financial statements for the three months ended March 31, 2026 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 March 31, 2026, the Company had a working capital of \$1,164,359, had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the three months ended March 31, 2026, the Company reported a net loss of \$998,634 and a total comprehensive loss of \$1,006,289 and as at March 31, 2026, had an accumulated deficit of \$127,147,309. 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 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. 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 months ended March 31, 2026 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.

ReGen III Corp.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2026

Capital Management

The Company manages its capital structure, its share capital, and adjusts it, based on the funds available to the Company, in order to support future business opportunities. The Company had \$3,674,370 of non-current liabilities, share capital of \$107,579,350 and accumulated deficit of \$127,147,309 as at March 31, 2026. 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, monitoring, 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 financing to fund activities. In order to carry out future projects and pay for administrative costs, the Company expects to 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.

Contractual Obligations and Contingencies

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, promissory notes and Debentures on a calendar year basis as at March 31, 2026 are provided in the table below.

	2026	2027	Total
	\$	\$	\$
Office lease payments	34,680	-	34,680
Promissory notes	275,000	-	275,000
Debentures	-	3,975,000	3,975,000
Total	309,680	3,975,000	4,284,680

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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2026

Transactions with Related Parties

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

	Three months ended	
	March 31,	
	2026	2025
	\$	\$
Salaries to Key Management personnel	309,770	242,806
Share-based payments to Key Management personnel	79,133	147,618
Total	388,903	390,424

Included in accounts payable as at March 31, 2026 is \$7,500 (December 31, 2025 - \$7,500) of directors' fees, \$38,800 (December 31, 2025 - \$30,800) of financial consulting fees payable to a former officer and a director and \$12,733 (December 31, 2025 - \$27,964) of expense reimbursements payable to officers (see table below).

	March 31,	December 31,
	2026	2025
	\$	\$
Related Party Accounts Payable		
Jose Luis Salinas Lanfranco – Director's fee	6,250	6,250
Catherine Banat – Director's fee	1,250	1,250
Total directors' fees payable	7,500	7,500

	March 31,	December 31,
	2026	2025
	\$	\$
Related Party Accounts Payable		
Larry Van Hatten – Consulting fees	14,175	14,175
Greg Clarkes – Consulting fees	16,625	16,625
Total professional fees payable to director and former officer	30,800	30,800

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MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2026

	March 31, 2026	December 31, 2025
	\$	\$
Related Party Accounts Payable		
Tony Weatherill (Chief Executive Officer and President)	8,613	16,218
Brad Kotush (CFO)	-	2,074
Kirk McNamara (CCO)	1,964	9,672
Kim Hedlin (VP, Corporate Finance)	2,156	-
Total expense reimbursements payable to officers	12,733	27,964

Included in accrued liabilities as at March 31, 2026 is \$21,975 (December 31, 2024 - \$21,608) of professional fees payable to a former director (Catherine Banat), \$20,042 (December 31, 2025 - \$3,692) of interest payable for Debentures to Brad White and an entity related to him and \$14,710 of interest payable to Liam Gallacher (December 31, 2025 - \$2,710).

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. Brad White purchased 500,000 units and a company controlled by Larry Van Hatten, a director of the Company, purchased 125,000 units.

In January and February 2025, 1,100,000 warrants were exercised. The Company issued 1,100,000 common shares at a price of \$0.30 per share for gross proceeds of \$330,000. 500,000 warrants were exercised by Brad White.

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. 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. 2,630,000 units were purchased by directors and an officer of the Company (Liam Gallacher 1,625,000 units, Brad White 505,000 units and Brad Kotush 500,000 units).

During the year ended December 31, 2025, directors and an entity related to a director irrevocably waived interest on convertible debentures in the amount of \$41,219 and \$22,129, respectively.

On April 1, 2026, the Company closed the third and final tranche of a non-brokered private placement financing of 20,187,860 units at a price of \$0.20 per unit for aggregate gross proceeds of \$4,037,572. 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 \$0.30 per whole warrant for a period of two (2) years from the date of issuance. 2,875,000 units were purchased by directors, an entity related to a director and an officer of the Company (Liam Gallacher 1,625,000 units, entity related to Brad White 1,125,000 units and Brad Kotush 125,000 units).

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During the three months ended March 31, 2026 and 2025, the Company made the following cash payments and issued the following common shares to directors of the Company (Brad White and Liam Gallacher) to pay the semi-annual interest payments due on its convertible debentures:

	2026 Q1	2025 Q1
Cash	\$ -	\$ 19,100
Number of common shares issued	-	8,267
In lieu of cash	\$ -	\$ 3,150
Price per share	\$ -	\$ 0.3810

During the three months ended March 31, 2026, and the three months ended December 31, 2025, the Company entered into the following unsecured promissory note agreement repayable at 1.10 times the principal amount (principal repayments and interest) payment:

Advance Date	Lender	Principal Amount (\$)	Interest (\$)	Maturity Date
October 24, 2025	Director (Liam Gallacher)	250,000	25,000	October 24, 2026
October 31, 2025	Entity related to a director (Brad White)	100,000	10,000	October 31, 2026
December 1, 2025	Entity related to a Director (Brad White)	75,000	7,500	December 1, 2026
December 1, 2025	Director (Liam Gallacher)	75,000	7,500	December 1, 2026
December 29, 2025	Entity related to a Director (Brad White)	200,000	20,000	December 29, 2026
December 29, 2025	Entity related to a Director (Bob Rennie)	50,000	5,000	December 29, 2026
January 12, 2026	Director (Brad White)	200,000	20,000	January 12, 2027
February 20, 2026	Entity related to a Director (Brad White)	50,000	5,000	February 20, 2027
March 23, 2026	Entity related to a Director (Brad White)	(225,000)	-	repayment
March 23, 2026	Director (Liam Gallacher)	(325,000)	-	repayment
March 27, 2026	Director (Liam Gallacher)	-	(32,500)	repayment
March 27, 2026	Director (Brad White)	(200,000)	(20,000)	repayment
March 27, 2026	Entity related to a Director (Brad White)	-	(22,500)	repayment

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For the three months ended March 31, 2026

The following stock options were granted to related parties:

Date of grant	Number of options granted	Exercise price per share	Expiry Date	Terms
April 28, 2025	1,400,000	\$0.30	April 28, 2030	Stock options granted to directors that vest on July 27, 2025: Liam Gallacher Director 450,000 Jose Lanfranco Director 750,000 Bob Rennie Director 200,000
August 5, 2025	1,000,000	\$0.19	August 5, 2030	Stock options granted to Brad Kotush (CFO). These stock options vest 25% over four years and may be accelerated subject to meeting performance milestones.
October 22, 2025	1,075,000	\$0.19	October 22, 2030	Kirk McNamara was granted 625,000 stock options on his appointment as Chief Commercial Officer ("CCO") on October 22, 2025. A total of 450,000 were granted to two other officers of the Company on the same date. Kimberly Hedlin Vice President, Corporate Finance 200,000 Tom Lawlor COO 250,000 These stock options will be exercisable two years after grant upon meeting at least one of the performance milestones outlined below: The Company demonstrating net positive revenue generation through manufacturing (product sales) and an EBITDA greater than \$10M USD equivalent per year; and Successful completion of a corporate transaction, sale, or change of control of the Company and/or its intellectual property where the Company's market capitalization value is greater than \$100M USD equivalent; or an average share price greater than \$0.65 USD equivalent over any consecutive 30-day period; or a market capitalization and/or share price acceptable to the Company' board of directors. Prior to his appointment as CCO, Kirk McNamara was a consultant to the Company and was granted 2,000,000 stock options on March 25, 2025. These stock options have an exercise price of \$0.25 per share, vest subject to performance and time-based milestones and expire on March 25, 2030.

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, marketing, and telephone charges.

Financial Instruments and Risk Management

Fair Value of Financial Instruments

The Company's financial instruments at March 31, 2026 include cash, accounts receivable, investments, accounts payables, accrued liabilities, promissory notes 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

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MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2026

Coppermoly Ltd. ("COY") shares was based on the closing prices of those shares on Australian Stock Exchange. The value of the promissory notes and Debentures are carried at their fair values.

Fair Value Hierarchy

Financial instruments recorded at fair value on 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 March 31, 2026 and December 31, 2025 are recorded at fair value and classified as Level 1.

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For the three months ended March 31, 2026

The following table presents the change in Debentures that are classified as Level 3 and recorded at fair value in the Consolidated Statement of Financial Position.

Balance, December 31, 2024	\$ 3,907,079
Repayment of matured convertible debenture	(100,000)
Fair value of Old Debentures exchange	(3,975,000)
Fair value of New Debentures exchange	3,467,326
Increase in fair value during the period	<u>206,368</u>
Balance, as at December 31, 2025	3,505,773
Increase in fair value during the period	<u>168,597</u>
Balance, as at March 31, 2026	<u>\$ 3,674,370</u>
	Convertible
	Debentures
	\$
Current portion of Debentures	-
Long-term portion of Debentures	<u>3,674,670</u>
Balance, as at March 31, 2026	<u>3,674,370</u>

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 in the range of approximately \$35,000 to \$56,000.

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 on the Consolidated Statement of Financial Position at March 31, 2026 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 and debt financings are sourced in Canadian dollars and the majority of expenditures are expected to be incurred in US dollars. As at March 31, 2026, 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 three months ended March 31, 2026, the Company received \$939 of interest income from banks. A 1% change in interest rate would affect income (loss) before tax of approximately \$6,000.

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 March 31, 2026, the Company had \$593,755 in cash, \$1,023,156 in current liabilities, and \$3,674,370 in non-current liabilities.

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

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For the three months ended March 31, 2026

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 \$3,000 before tax.

Outstanding Share Data

As at May 28, 2026, the following shares are outstanding:

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

- Issued and outstanding: 154,722,685 common shares

- Stock options outstanding:

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
1,000,000	0.19	August 5, 2030
1,075,000	0.19	October 22, 2030
22,310,000		

- Warrants outstanding:

Number of warrants	Exercise price per warrant \$	Expiry date
4,375,000	0.45	July 11, 2027
1,550,000	0.30	October 24, 2027
1,800,000	0.30	November 22, 2027
1,987,500	0.35	December 10, 2027
4,768,930	0.30	March 23, 2029
3,825,000	0.30	March 27, 2029
1,500,000	0.30	April 1, 2029
19,806,430		

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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For the three months ended March 31, 2026

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the valuation of equity instruments.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. Estimating the fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, and dividend yield and making assumptions about them.

The Company's convertible debentures are valued using Black-Scholes methodology. Changes in the inputs to the calculation could impact the carrying value of the convertible debentures and the amount of unrealized gains or losses recognized in profit or loss.

The Company evaluates its going concern by estimating future expenditures using actual historical expenditures and current and estimated future commitments. Historical trends may not be an accurate indicator of future performance and circumstances for commitments may change.

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In estimating the recoverable amount of the asset, the Company uses market values or estimated cash flows based on historical trends and expected future cash flows. Historical trends may not be an accurate indicator of future performance and actual results may differ significantly from estimates.

Significant accounting judgements for Leases and convertible debentures

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases, to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company applies significant judgments in determining its incremental borrowing rate used in calculating the present value of lease payments and convertible debentures. The Company considers factors such as interest rates in borrowings that are similar in nature and term to its leases and debt. The Company compares its incremental borrowing rate to the rate incurred by similar market participants

Recent Accounting Pronouncements

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.

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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.

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. The Company does not expect the impact to be material.

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 sole 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. The Company has adopted these amendments for the Company’s consolidated financial statements for the year ending December 31, 2026 and we do not expect these additional disclosures in the annual financial statements to have a significant impact.

Risks and Uncertainties

Except for the going concern risk as disclosed under “Liquidity, Capital Resources, Commitments and Contingencies,” there have been no material changes to Risks and Uncertainties as disclosed in the Company’s December 31, 2025 Management Discussion and Analysis.