

ReGen III Corp.

Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 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 nine months ended September 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 Nine Months Ended September 30, 2025**Page**

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ReGen III Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	September 30, 2025	December 31, 2024
	\$	\$
ASSETS		
Current		
Cash	165,174	280,212
Accounts receivable	32,570	33,088
Prepaid expenses	202,715	144,023
Investment in sublease (note 4)	64,259	74,027
	464,718	531,350
Property (note 3)	-	8,328
Investments	53,587	49,759
Investment in sublease (note 4)	-	59,610
Total assets	518,305	649,047
LIABILITIES AND DEFICIT		
Current		
Accounts payable (note 8)	133,692	283,020
Accrued liabilities (note 8)	431,805	344,870
Lease liabilities (note 5)	71,196	94,305
Deferred rent liability	-	63,704
Convertible debentures (note 6)	4,180,541	2,884,937
Accrued tax provision	277,000	262,000
	5,094,234	3,932,836
Deferred rent liability	8,506	8,506
Lease liabilities (note 5)	-	59,610
Convertible debentures (note 6)	-	1,022,142
Total liabilities	5,102,740	5,023,094
Shareholders' deficit		
Share capital (note 9)	104,587,126	102,365,057
Contributed surplus	16,146,547	15,532,137
Accumulated deficit	(125,371,695)	(122,321,000)
Accumulated other comprehensive income		
Unrealized gain on investments	53,587	49,759
Total shareholders' deficit	(4,584,435)	(4,374,047)
Total liabilities and shareholders' deficit	518,305	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		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Expense				
Amortization of right-of-use assets (note 5)	-	16,513	-	49,539
General and administration	78,402	108,085	268,846	349,495
Investor relations	58,261	17,346	94,517	86,421
Plant engineering and design	11,951	224,126	49,582	713,197
Professional fees	230,410	109,063	606,140	484,862
Salaries and benefits (note 8)	362,012	405,754	929,973	1,470,202
Share-based payments (note 9)	188,225	-	587,160	(24,635)
Travel and accommodation	59,394	199	104,801	28,581
	988,655	881,086	2,641,019	3,157,662
Other (income) expense				
Interest income	(4,807)	(4,389)	(7,908)	(32,253)
Rent income	(13,520)	(31,081)	(61,102)	(93,244)
Finance income from lease – head office premises (note 4)	(2,918)	(2,597)	(10,638)	(11,451)
Finance costs of lease – head office premises (note 5)	2,918	7,857	10,683	28,868
Foreign exchange (gain) loss	4,117	(15,279)	(3,429)	22,160
Interest on convertible debentures (note 6)	142,625	141,045	427,875	360,378
Interest on promissory notes (note 7)	2,445	-	17,500	-
Transaction costs (note 6)	-	11,009	-	33,694
Loss on fair value re-measurement of convertible debentures (note 6)	176,532	224,317	273,462	330,755
(Gain) loss on debt settlement (note 9)	(1,865)	-	8,628	-
Gain on sale of land (note 3)	-	-	(245,395)	-
	305,527	330,882	409,676	638,907
Loss for the period before income taxes	1,294,182	1,211,968	3,050,695	3,796,569
Deferred income tax recovery (note 14)	-	(24,427)	-	(78,250)
Net loss for the period	1,294,182	1,187,541	3,050,695	3,718,319
Other comprehensive gain				
Unrealized gain on investments	(19,138)	(3,828)	(3,828)	-
Total comprehensive loss for the period	1,275,044	1,183,713	3,046,867	3,718,319
Loss per share – basic and diluted	0.01	0.01	0.02	0.03
Weighted average number of shares outstanding – basic and diluted	133,559,611	118,355,547	127,644,461	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)	-	277,203	-	-	277,203
Deferred tax expense on equity components of convertible debentures (note 6)	-	(78,250)	78,250	-	-
Share-based payments (note 9)	-	(24,635)	-	-	(24,635)
Net loss for the period	-	-	(3,796,569)	-	(3,796,569)
Balance as at September 30, 2024	101,320,784	15,466,021	(122,302,330)	42,104	(5,473,421)
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)	-	(99,438)	-	-	(99,438)
Deferred tax expense on equity components of convertible debentures (note 6)	-	28,095	(78,250)	-	(50,155)
Share-based payments (note 9)	-	97,709	-	-	97,709
Net loss for the period	-	-	59,580	-	59,580
Other comprehensive gain	-	-	-	7,655	7,655
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)	2,316,528	27,250	-	-	2,343,778
Share issuance costs (note 9)	(94,459)	-	-	-	(94,459)
Share-based payments (note 9)	-	587,160	-	-	587,160
Net loss for the period	-	-	(3,050,695)	-	(3,050,695)
Other comprehensive gain	-	-	-	3,828	3,828
Balance as at September 30, 2025	104,587,126	16,146,547	(125,371,695)	53,587	(4,584,435)

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 nine months ended September 30, 2025 and 2024
(Unaudited)
(Expressed in Canadian dollars)

	2025	2024
	\$	\$
Operating activities		
Loss for the period	(3,050,695)	(3,796,569)
Adjustments for items not involving cash		
Amortization of right-of-use assets (note 5)	-	49,539
Share-based payments (note 9)	587,160	(24,635)
Rent income	(10,272)	-
Finance income from lease – head office premises (note 4)	(10,638)	(11,451)
Finance costs of lease – head office premises (note 5)	10,683	28,868
Loss on fair value re-measurement of convertible debentures (note 6)	273,462	330,755
Loss on debt settlement (note 9)	8,628	-
	(2,191,672)	(3,423,493)
Net change in non-cash working capital		
Accounts receivable	(730)	10,808
Prepaid expenses	(74,831)	(13,456)
Accounts payable	(149,328)	189,650
Accrued liabilities	331,635	270,174
Accrued tax provision	15,000	17,000
Net cash flows used in operating activities	(2,069,926)	(2,949,317)
Financing activities		
Payment of lease liabilities (note 5)	(77,263)	(204,383)
Convertible debentures (note 6)	-	1,075,000
Convertible debentures issuance costs (note 6)	-	(12,609)
Issuance of share capital (note 9)	2,080,000	-
Share issuance costs (note 9)	(84,009)	-
Net cash flows from (used in) financing activities	1,918,728	858,008
Investing activities		
Property (note 3)	8,328	-
Investment in sublease (note 4)	67,174	115,579
Deferred rent liability	(39,342)	(24,363)
Net cash flows from investing activities	36,160	91,216
Decrease in cash during the period	(115,038)	(2,000,093)
Cash, beginning of the period	280,212	2,149,346
Cash, end of the period	165,174	149,253

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 nine months ended September 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 September 30, 2025, the Company had a working capital deficit of \$4,629,516, had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the nine months ended September 30, 2025, the Company reported a net loss of \$3,050,695 and total comprehensive loss of \$3,046,867 and as at September 30, 2025, had an accumulated deficit of \$125,371,695. 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 nine months ended September 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 nine months ended September 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 nine months ended September 30, 2025 were approved and authorized for issue by the Board of Directors on November 27, 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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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
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(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	<u>(167,688)</u>
Balance, as at December 31, 2024	133,637
Interest accretion	10,638
Deferred rent liability	(12,842)
Sublease payments received	<u>(67,174)</u>
Balance, as at September 30, 2025	<u>64,259</u>
	Investment in Sublease
	\$
Current portion of investment in sublease	<u>64,259</u>
Long-term portion of investment in sublease	<u>-</u>
Balance, as at September 30, 2025	<u>64,259</u>

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.

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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	-	10,683
Lease payments	-	(77,263)
Balance, as at September 30, 2025	-	71,196
	Right-of-Use-Assets \$	Lease Liabilities \$
Current portion of lease liabilities	-	71,196
Long-term portion of lease liabilities	-	-
Balance, as at September 30, 2025	-	71,196

During the three and nine months ended September 30, 2025, the Company made \$9,704 and \$44,315 (2024 - \$31,057 and \$93,171), 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

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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 September 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
	<u>134,540</u>	<u>51,218</u>	<u>185,758</u>	<u>598,152</u>
Total	<u>\$775,000</u>	<u>\$300,000</u>	<u>\$1,075,000</u>	<u>\$3,000,000</u>

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
	<u>5,302</u>	<u>2,691</u>	<u>7,993</u>	<u>32,632</u>
Total	<u>\$30,540</u>	<u>\$15,763</u>	<u>\$46,303</u>	<u>\$163,156</u>

ReGen III Corp.

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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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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 nine months ended September 30, 2025, the Company recognized a loss of \$176,532 and \$273,462 (2024 - \$224,317 and \$330,755), respectively, in the income statement due to a change in the fair value of the Debentures. During the three and nine months ended September 30, 2025, the Company paid \$21,000 and \$98,169 (2024 - \$nil and \$224,576), respectively, in cash for interest and issued 221,972 and 1,164,723 shares, respectively, for \$45,150 and \$255,150 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	<u>3,907,079</u>
Increase in fair value during the period	273,462
Balance, September 30, 2025	<u>\$ 4,180,541</u>
	Convertible Debentures
	\$
Current portion of convertible debentures	<u>4,180,541</u>
Long-term portion of convertible debentures	<u>-</u>
Balance, as at September 30, 2025	<u>4,180,541</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.

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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 repaid the principal (\$175,000) and the interest (\$17,500) to the director during the three months ended September 30, 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 former 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		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries to Key Management personnel	224,569	351,929	708,648	1,218,276
Professional fees to company controlled by a Director	-	9,500	-	26,000
Share-based payments to Key Management personnel	172,154	-	549,873	(24,635)
Total	396,723	361,429	1,258,521	1,219,641

Included in accounts payable as at September 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 \$9,004 (December 31, 2024 - \$1,153) of expense reimbursements payable to officers and a director.

Included in accrued liabilities as at September 30, 2025 is \$nil (December 31, 2024 - \$18,750) of net salary payable to an officer and \$21,947 (December 31, 2024 - \$22,685) of financial advisory consulting fees payable to a former director. Included in accrued liabilities as at September 30, 2025 is \$37,743 (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.

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8. RELATED PARTY TRANSACTIONS (continued)

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 repaid the principal (\$175,000) and the interest (\$17,500) to the director during the three months ended September 30, 2025.

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 years from the date of issuance. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of \$47,450 for subscriptions processed through arm's length brokerage houses. Related parties of the Company purchased 2,630,000 units.

In 2025 and 2024, the Company made the following cash payments and issued the following common shares to directors of the Company to pay the semi-annual interest payments due on its convertible debentures:

	2025 Q1	2025 Q2	2025 Q3	Total
Cash	\$ 19,100	\$ 7,000	\$ 17,500	\$ 43,600
Number of common shares issued	8,267	87,500	15,486	111,253
In lieu of cash	\$ 3,150	\$ 17,500	\$ 3,150	\$ 23,800
Price per share	\$ 0.3810	\$ 0.2000	\$ 0.2034	

	2024 Q1	2024 Q2	2024 Q3	Total
Cash	\$ -	\$ 21,100	\$ -	\$ 21,100
Number of common shares issued	-	-	-	-

In 2025 and 2024, the Company made the following cash payments and issued the following common shares to a company controlled by a director to pay the semi-annual interest payments due on its convertible debentures:

	2025 Q1	2025 Q2	2025 Q3	Total
Cash	\$ -	\$ 14,000	\$ -	\$ 14,000
Number of common shares issued	-	35,000	-	35,000
In lieu of cash	\$ -	\$ 7,000	\$ -	\$ 7,000
Price per share	\$ -	\$ 0.2000	\$ -	

	2024 Q1	2024 Q2	2024 Q3	Total
Cash	\$ -	\$ 7,506	\$ -	\$ 7,506
Number of common shares issued	-	-	-	-

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8. RELATED PARTY TRANSACTIONS (continued)

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

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.
August 5, 2025	1,000,000	\$0.19	August 5, 2030	Stock options granted to an officer. These stock options vest 25% per year over four years and may be accelerated subject to meeting performance milestones.

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.

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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	9,914,723	1,970,028
Exercise of warrants	1,100,000	346,500
Share issuance costs	-	(94,459)
September 30, 2025	134,534,825	104,587,126

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.

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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.

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. The fair value of the shares issued on July 11, 2025 was \$0.1950 per share, and therefore, the Company recognized a gain on debt settlement of \$1,865 (2024 - \$nil) for the three months ended September 30, 2025.

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 years from the date of issuance. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of \$47,450 for subscriptions processed through arm's length brokerage houses.

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

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9. SHARE CAPITAL (continued)

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

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.

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 nine months ended September 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.
August 5, 2025	1,000,000	\$0.19	August 5, 2030	Stock options granted to an officer. These stock options vest 25% per year over four years and may be accelerated subject to meeting performance milestones.

The aggregate fair value of the stock options granted during the three and nine months ended September 30, 2025 was \$119,089 and \$1,043,023 (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 September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Risk free interest rate	2.90% - 2.99%	Nil	2.55% - 2.99%	Nil
Expected dividend yield	Nil	Nil	Nil	Nil
Expected annual volatility	86.65% - 87.07%	Nil	86.65% - 90.04%	Nil
Expected life	3.69 years – 5 years	Nil	3.21 years – 5 years	Nil
Forfeiture rate	12%	Nil	0% - 20%	Nil

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9. SHARE CAPITAL (continued)

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

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).

A summary of the status of the Company's stock options as at September 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	4,475,000	0.25
Outstanding – September 30, 2025	21,235,000	0.47

The following stock options were outstanding as at September 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
1,000,000	0.19	August 5, 2030
21,235,000		

(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.

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9. SHARE CAPITAL (continued)

(d) Warrants (continued)

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 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).

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 years from the date of issuance. The Company used the residual value method to allocate the cash consideration received. Of the total proceeds, \$1,706,250 was allocated to the shares being the fair value based on the trading price as at July 11, 2025 of the shares (\$0.195 per share) and the residual of \$43,750 was allocated to the warrants.

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

	Number of Warrants outstanding	Weighted 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 granted	4,375,000	0.45
Warrants exercised	(1,100,000)	0.30
Warrants expired	(1,846,251)	1.25
Outstanding – September 30, 2025	11,800,000	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.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The Company's financial instruments at September 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.

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 September 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	273,462
Balance, September 30, 2025	\$ 4,180,541

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 \$163,000.

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 in the Consolidated Statement of Financial Position at September 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.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 September 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 nine months ended September 30, 2025, the Company received \$7,908 of interest income from banks. A 1% change in interest rate would affect income (loss) before tax of approximately \$1,600.

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 September 30, 2025, the Company had \$165,174 in cash, \$5,094,234 in current liabilities and \$8,506 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 \$5,400 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 \$104,587,126 and \$8,506 of non-current liabilities as at September 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.

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2025 and 2024
 (Expressed in Canadian dollars)

12. COMMITMENTS 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 and Debentures on a calendar year basis as at September 30, 2025 are provided in the table below.

	2025	2026	Total
	\$	\$	\$
Office lease payments	20,808	55,488	76,296
Debentures	3,000,000	1,075,000	4,075,000
Total	3,020,808	1,130,488	4,151,296

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		Nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Operating activities				
Interest income received from banks	4,807	4,389	7,908	32,253
Total lease receipts	30,079	60,767	124,332	182,301
Total lease payments paid	30,079	99,416	137,718	297,554

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	78,250
Recognized in income tax recovery	(78,250)
September 30, 2024 and September 30, 2025	\$ -

ReGen III Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2025 and 2024
(Expressed in Canadian dollars)

15. SUBSEQUENT EVENTS

- (a) On October 22, 2025, the Company granted 1,075,000 stock options to officers with an exercise price of \$0.19 and an expiry date of October 22, 2030. The 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's board of directors.
- (b) On October 30, 2025, the Company provided all holders of its Series 1 and 2 Convertible Debentures (collectively the "Old Debentures") with a cashless exchange offer (the "Exchange Offer") for new Convertible Debentures ("New Debentures"). A total of \$4,075,000 in Old Debentures is available for exchange into New Debentures, and holders of \$3,975,000 of Old Debentures entered into formal settlement agreements. Final approval of the TSX Venture Exchange to close the Exchange Offer has not been received as of the date of these financial statements. The key terms of the Exchange Offer are as follows:
- Each New Debenture will consist of \$1,000 in principal amount of unsecured convertible debenture and 500 common share purchase warrants of the Company (a "Warrant"). Each Warrant will be exercisable to purchase one common share at a price of \$0.35 for a period of 24 months after closing. The Warrants will replace the warrants which were originally issued with the Old Debentures (the "Old Warrants"), such that the Old Warrants will be cancelled.
 - The New Debentures will have a term of 24 months and will accrue interest at a rate of 12% per annum, payable in arrears on a semi-annual basis, and on the maturity date. After 12 months, the Company may elect to pay outstanding interest in common shares ("Interest Shares") at a price per share equal to the greater of (i) the volume weighted average price of the common shares on the Exchange for the 5 trading days prior to the date which is 5 trading days before the date such interest is due; and (ii) the Market Price as determined by the policies of the Exchange.
 - The New Debentures will be convertible at the option of the holder into common shares at a price of \$0.25 per common share. After 4 months, the Company may redeem the outstanding principal amount, in whole or in part (the "Redeemed Principal"), by payment equal to 115% of the Redeemed Principal in cash, together with payment of any accrued but unpaid interest on the Redeemed Principal in cash or Interest Shares or any combination thereof.
 - All accrued but unpaid interest on the holder's Old Debentures will be paid in cash 15 days after Closing.
 - The New Debentures and Warrants will be subject to a 4-month hold period under applicable securities legislation and applicable Exchange policies.
- (c) Subsequent to September 30, 2025, the Company entered into the following unsecured promissory note agreements:

Advance Date	Lender	Principal Amount	Interest	Maturity Date
October 24, 2025	Director	\$250,000	10%	October 24, 2026
October 31, 2025	Company controlled by the Director	\$100,000	10%	October 31, 2026