

ReGen III Corp. (formerly Gen III Oil Corporation)

Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2021
(Unaudited)
(Expressed in Canadian dollars)

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Condensed Consolidated Interim Financial Statements

(Unaudited)

(Expressed in Canadian dollars)

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

	March 31, 2021	December 31, 2020
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	2,749,186	1,356,241
Accounts receivable (note 6)	60,711	146,661
Prepaid expenses	66,843	73,840
	2,876,740	1,576,742
Property	8,328	8,328
Investments	68,898	49,759
Right-of-use assets (note 4)	9,496,172	9,663,345
Total assets	12,450,138	11,298,174
LIABILITIES AND DEFICIT		
Current		
Accounts payable and accrued liabilities (note 6)	588,225	863,456
Lease liabilities (note 4)	4,332,577	3,877,816
Accrued tax provision	234,000	231,000
	5,154,802	4,972,272
Non-current		
Lease liabilities (note 4)	10,421,149	10,457,194
Term loan (note 5)	36,662	36,216
Total liabilities	15,612,613	15,465,682
Shareholders' Deficit		
Share capital (note 7)	85,144,375	82,312,392
Contributed surplus	10,436,584	9,208,376
Accumulated deficit	(98,812,332)	(95,738,035)
Accumulated other comprehensive income		
Unrealized gain on investments	68,898	49,759
Total shareholders' deficit	(3,162,475)	(4,167,508)
Total liabilities and shareholders' deficit	12,450,138	11,298,174

Nature of operations and going concern (note 1)
Commitments (notes 4 and 8)
Subsequent events (note 10)

Approved on behalf of the Board of Directors:

"Greg Clarkes"

Greg Clarkes, 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. (formerly Gen III Oil Corporation)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2021 and 2020

(Unaudited)

(Expressed in Canadian dollars)

	2021	2020
	\$	\$
Expense		
Amortization of right-of-use assets (note 4)	167,173	166,347
General and administration	90,941	114,692
Investor relations	19,799	22,657
Professional fees	534,948	146,022
Salaries and benefits (note 6)	300,698	390,675
Share-based payments (note 7)	1,381,536	51,639
Travel and accommodation	1,168	7,128
	2,496,263	899,160
Other (income) expense		
Interest income	(4,016)	(2,343)
Rent income	(3,429)	(10,776)
Finance income from lease – head office premises (note 3)	-	(548)
Finance cost for lease – plant site (note 4)	431,865	378,702
Finance costs of lease – head office premises (note 4)	16,353	6,984
Foreign exchange (gain) loss	(1,373)	17,558
Loss on shares for debt settlement (note 7)	138,634	-
	578,034	389,577
Net loss for the period	3,074,297	1,288,737
Other comprehensive loss		
Unrealized (gain) loss on investments	(19,139)	11,484
Total comprehensive loss for the period	3,055,158	1,300,221
Loss per share – basic and diluted	0.03	0.02
Weighted average number of shares outstanding - basic and diluted	98,595,130	82,291,756

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

ReGen III Corp. (formerly Gen III Oil Corporation)
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, 2019	79,954,317	8,900,467	(90,995,666)	26,794	(2,114,088)
Share-based payments (note 7)	-	51,639	-	-	51,639
Loss for the period	-	-	(1,288,737)	-	(1,288,737)
Other comprehensive loss	-	-	-	(11,484)	(11,484)
Balance as at March 31, 2020	79,954,317	8,952,106	(92,284,403)	15,310	(3,362,670)
Issuance of share capital (note 7)	2,483,737	(50,313)	-	-	2,433,424
Issuance of units (note 7)	(50,800)	50,800	-	-	-
Share issuance costs – share capital and units (note 7)	(60,580)	-	-	-	(60,580)
Share issuance costs – broker warrants (note 7)	(14,282)	14,282	-	-	-
Share-based payments (note 7)	-	241,501	-	-	241,501
Loss for the period	-	-	(3,453,632)	-	(3,453,632)
Other comprehensive gain	-	-	-	34,449	34,449
Balance as at December 31, 2020	82,312,392	9,208,376	(95,738,035)	49,759	(4,167,508)
Issuance of share capital (note 7)	2,894,184	(153,328)	-	-	2,740,856
Share issuance costs – share capital (note 7)	(62,201)	-	-	-	(62,201)
Share-based payments (note 7)	-	1,381,536	-	-	1,381,536
Loss for the period	-	-	(3,074,297)	-	(3,074,297)
Other comprehensive gain	-	-	-	19,139	19,139
Balance as at March 31, 2021	85,144,375	10,436,584	(98,812,332)	68,898	(3,162,475)

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

ReGen III Corp. (formerly Gen III Oil Corporation)
Condensed Consolidated Interim Statements of Cash Flows
For three months ended March 31, 2021 and 2020
(Unaudited)
(Expressed in Canadian dollars)

	2021	2020
	\$	\$
Operating activities		
Net loss for the period	(3,074,297)	(1,288,737)
Adjustments for items not involving cash		
Amortization of right-of-use assets (note 4)	167,173	166,347
Share-based payments (note 7)	1,381,536	51,639
Government grant (note 5)	446	-
Lease interest – plant site (note 4)	431,865	378,702
Lease interest – head office premises (note 4)	16,353	6,984
Loss on shares for debt settlement (note 7)	138,634	-
	(938,290)	(685,065)
Net change in non-cash working capital		
Accounts receivable	85,950	18,975
Prepaid expenses	6,997	19,550
Accounts payable and accrued liabilities	(74,981)	164,673
Accrued tax provision	3,000	11,000
Net cash flows used in operating activities	(917,324)	(470,867)
Financing activities		
Payment of lease liabilities (note 4)	(29,502)	(31,304)
Issuance of share capital (note 7)	2,401,972	-
Share issuance costs (note 7)	(62,201)	-
Net cash flows from (used in) financing activities	2,310,269	(31,304)
Investing activities		
Investment in sublease (note 3)	-	14,230
Net cash flows from investing activities	-	14,230
Increase (decrease) in cash and cash equivalents during the period	1,392,945	(487,941)
Cash and cash equivalents, beginning of the period	1,356,241	732,686
Cash and cash equivalents, end of the period	2,749,186	244,745

Supplemental cash flow information (note 9)

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

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

ReGen III Corp. (formerly Gen III Oil Corporation) (the “Company” or “Gen III Oil”) was incorporated under the laws of British Columbia and continued its incorporation into Alberta on December 6, 2017. On May 14, 2021, the Company changed its name to ReGen III Corp. The Company holds patents to the ReGen™ technology and plans to use the technology to re-refine used motor oil into high quality base lubricating oils. The Company’s address is Suite 1750 – 400 Burrard St. Vancouver, B.C., V6C 3A6, Canada.

These condensed consolidated interim 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 March 31, 2021, the Company had a working capital deficit of \$2,278,062 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, 2021, the Company reported a net loss of \$3,074,297 and comprehensive loss of \$3,055,158 and as at March 31, 2021, had an accumulated deficit of \$98,812,332. The Company has not generated revenues from operations. The Company is dependent on debt and equity financings to fund its 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. The Company’s ability to obtain financing may be subject to additional risks brought on by the current Covid-19 pandemic such as, but not limited to, temporary business closures, travel restrictions, quarantines, the general market uncertainty and reduced economic activity. 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, 2021 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.

Covid-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic related to the virus known as Covid-19. The expected impacts on global commerce has been and are anticipated to be far reaching. To date, the movement of people and goods has become restricted.

As the duration of the Covid-19 pandemic and its continuing effect on the economy is unknown at this time, the Company continues to gather information and assess the impact of this pandemic on the future of its development plans.

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

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, 2021. 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, 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) 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.sedar.com. 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 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 months ended March 31, 2021 were approved and authorized for issue by the Board of Directors on May 28, 2021.

(b) Principles of Consolidation

The condensed consolidated interim financial statements include the financial statements of the Company, and its wholly owned subsidiary, Gen III Oil (Alberta) Inc., a corporation incorporated under the provincial laws of Alberta on November 1, 2017.

(c) New Accounting Pronouncements

There are no new accounting pronouncements that are expected to have a significant impact on the Company’s financial position and results of operations.

3. INVESTMENT IN SUBLEASE

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

	\$
As at December 31, 2019	23,944
Interest accretion	686
Lease payments received	(24,630)
As at March 31, 2021 and December 31, 2020	-

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has recorded the plant site and head office leases as a right-of-use assets and lease liability in the statement of financial position as at December 31, 2019. On January 1, 2019, the lease liabilities of the original head office lease and the plant lease were measured at the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discount rate of 12%, which is the Company's incremental borrowing rate.

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.

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, 2019	9,649,864	12,188,124
New operating lease	681,347	681,347
Prepaid rent	-	(30,890)
Amortization	(667,866)	-
Interest accretion – plant site	-	1,600,117
Interest accretion – head office premises	-	60,376
Lease payments	-	(164,064)
Balance, as at December 31, 2020	9,663,345	14,335,010
Amortization	(167,173)	-
Interest accretion – plant site	-	431,865
Interest accretion – head office premises	-	16,353
Lease payments	-	(29,502)
Balance, as at March 31, 2021	9,496,172	14,753,726

	Right-of-Use-Assets	Lease Liabilities
	\$	\$
Current portion of lease liabilities	-	4,332,577
Long-term portion of lease liabilities	-	10,421,149
Head office premises	533,722	-
Plant site	8,962,450	-
Balance, as at March 31, 2021	9,496,172	14,753,726

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

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

The Company's outstanding lease payments on a calendar year basis as at March 31, 2021 are shown in the table below.

	2021	2022	2023	2024	2025	Thereafter
	\$	\$	\$	\$	\$	\$
Total office lease payments	135,883	169,203	188,813	192,978	2,082	-
Plant site lease payments	5,082,000	1,200,000	1,288,000	1,296,000	1,296,000	17,256,672
Total lease payments	5,217,883	1,369,203	1,476,813	1,488,978	1,298,082	17,256,672

During the three months ended March 31, 2021, the Company made \$20,221 (2020 - \$15,600) 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 administrative expenses.

The plant site lease agreement commenced on February 1, 2018 and is for an initial term of 20 years. The Company and landlord may mutually agree to extend the lease term for an additional two terms, one for 10 years and the other for five years. Annual basic rent is \$1,200,000 with an increase of the greater of 2% or the Alberta Consumer Price Index on each fifth anniversary of the lease term. Currently, the landlord may cancel the lease agreement if rent payments are in arrears and if the Company does not rectify after receiving 30 days written notice. According to the lease agreement, rent payments are in arrears. However, the landlord has not completed certain pre-construction work nor given written notice of the rent arrears. The Company has recorded the rent payment arrears, plus interest accretion, as current liabilities. However, the Company and the landlord are in communication to rectify the situation to the satisfaction of both parties. The lease agreement requires the Company to decommission the existing Bowden plant facility before construction of the new oil re-refinery plant, provided that the landlord completes certain pre-construction work, which to-date has not been completed. The Company estimates that the cost of this decommission work to be approximately \$3.5 million. In addition, the Company is required to provide a security deposit of \$2 million before commencement of any work on the plant facility, which to-date has not commenced.

5. TERM LOAN

On June 11, 2020, the Company obtained an unsecured and interest free \$40,000 term loan from the Government of Canada that is available for drawdown until December 31, 2020. On June 11, 2020, the Company drew down \$40,000 of the term loan. As the term loan was not repaid by December 31, 2020, it was converted to a 2-year unsecured and interest free term loan to be repaid by December 31, 2022. On December 31, 2022, the Company has the option to convert the term loan into a 3-year unsecured term loan at an annual interest rate of 5%. The remaining balance is to be paid in full no later than December 31, 2025. The balance of the loan may be repaid less a 25% forgiveness if repaid in full by December 31, 2022.

As the term loan is interest free, the Company recorded the present value of term loan using a discount rate of 5%, which is the implicit interest rate of the term loan. Accordingly, on June 11, 2020, the Company recorded \$35,228 as the estimated fair value of the term loan and recognized \$4,772 as government grant. Interest on the term loan will be accreted using the effective interest method with an interest rate of 5%. During the three months ended March 31, 2021, the Company recognized \$446 (2020 - \$nil) of accreted interest. If the Company repays the term loan by December 31, 2022, the Company will recognize the difference between the carrying value of the loan and the amount repaid as government grant.

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

6. 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, the President, the former Executive Vice President, the Chief Operating Officer, the Executive Vice President Corporate Finance, the Chief Financial Officer and the Directors.

	Three months ended March 31,	
	2021	2020
	\$	\$
Salaries to Key Management personnel	246,434	268,635
Professional fees to a company controlled by a Director	22,500	16,500
Share-based payments to Key Management personnel	1,372,782	48,351
Total	1,641,716	333,486

Included in salaries to Key Management personnel for the three months ended March 31, 2021, is \$nil in bonuses paid (2020 - \$15,885) for achieving private placement financing milestones.

Included in accounts payable and accrued liabilities as at March 31, 2021 is \$3,684 (December 31, 2020 - \$322,500) of accrued directors' fees, \$23,636 (December 31, 2020 - \$213,800) of wages and professional fees payable to officers and directors and \$4,937 (December 31, 2020 - \$7,777) of accrued expense reimbursements payable to officers and directors.

Included in accounts receivable as at March 31, 2021 is \$12,691 (December 31, 2020 - \$14,566) of withholding taxes paid on behalf of directors.

On September 30, 2019, members of the Company's board of directors purchased an aggregate of 900,000 units of the Company's non-brokered private placement at \$0.20 per unit for gross proceeds of \$180,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per share until September 30, 2020, which was subsequently extended to December 30, 2020. Cash commission of \$94,605 was paid and 473,025 broker warrants were issued to one of the finder companies in which an officer of the Company is a director.

On May 29, 2020, the Company completed a non-brokered private placement and issued an aggregate of 2,773,659 shares at a price of \$0.15 per share for gross proceeds of \$416,049. The Company paid finder's fees of \$25,973 in cash and issued 173,156 share purchase warrants to one of the finder companies in which an officer of the Company is a director.

On September 17, 2020, the Company completed a non-brokered private placement of 2,540,000 units at a price of \$0.20 per unit for gross proceeds of \$508,000. Each unit consists of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of \$0.30 per share until September 17, 2021. A member of the Company's board of directors purchased an aggregate of 250,000 units of the private placement for gross proceeds of \$50,000.

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS (continued)

On November 24, 2020, the Company proposed to settle \$200,250 of accrued directors' fees, net of statutory deductions, in exchange for 513,460 common shares at a deemed price of \$0.39 per share. The shares for debt proposal was approved by the TSX Venture Exchange, settled and recorded by the Company on February 3, 2021 at a price of \$0.39 per share. The fair value of the shares was recorded as \$0.66 per share, which was the February 3, 2021 closing price of the shares on the TSX Venture Exchange. The difference between \$0.39 and \$0.66, \$138,634, was recognized as a loss on shares for debt settlement.

<u>Debt Amount</u>	<u>Number of Shares</u>	<u>Nature of Debt</u>
\$171,375	439,423	33 months of directors' fees less statutory deductions
\$ 28,875	74,037	33 months of committee fees less statutory deductions
\$200,250	513,460	Total

In December 2020, the Company issued 250,000 shares and 125,000 shares to a member and a former member of the Company's board of directors respectively, on the exercise of warrants at an exercise price of \$0.30 per share for gross proceeds of \$112,500.

On February 1, 2021, the board of directors approved the amendment of the vesting date for 1,080,000 stock options granted to directors on March 13, 2018 with an exercise price of \$0.70 per share to vest immediately on February 1, 2021 from a contingent vesting. On March 8, 2021, the expiry date of these stock options was extended to March 13, 2023 from March 13, 2021.

In February and March 2021, an aggregate of 1,250,000 common shares were issued to officers and a director for the exercise of stock options for gross proceeds of \$350,000.

On March 29, 2021, TSX Venture Exchange approved the extension of the expiry date of 2,500,000 stock options, originally granted on April 1, 2019 to directors, from April 1, 2021 to April 1, 2023, and to reprice the exercise price from \$0.40 per option to \$0.80 per option.

The following stock options were granted to related parties:

Date of grant	Number of options granted	Exercise price per share	Expiry Date	Terms
February 2, 2021	2,200,000	\$0.63	February 2, 2023	Stock options granted to directors that fully vest on the grant date.
March 19, 2021	750,000	\$0.85	March 19, 2023	Stock options granted to a new director. The stock options vest 90 days from date of grant.

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

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

7. 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, 2019	82,291,756	79,954,317
Issuance of share capital (note 6)	2,773,659	416,049
Issuance of units (note 6)	2,540,000	457,200
Exercise of warrants (note 6)	5,031,250	1,559,688
Share issuance costs – share capital and units	-	(60,580)
Share issuance costs – broker warrants	-	(14,282)
December 31, 2020	92,636,665	82,312,392
Issuance of share capital (note 6)	5,714,284	1,999,999
Shares for debt settlement (note 6)	513,460	338,883
Exercise of warrants (note 6)	193,156	46,655
Exercise of options (note 6)	1,300,000	508,647
Share issuance costs – share capital and units	-	(62,201)
March 31, 2021	100,357,565	85,144,375

On September 30, 2019, the Company closed a non-brokered private placement at \$0.20 per unit for gross proceeds of \$2,181,500. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per share until September 30, 2020, which was subsequently extended to December 30, 2020. The Company paid finders' fees consisting of cash fees in the aggregate of \$135,105 and 665,525 broker warrants exercisable at a price of \$0.30 per share until September 30, 2020. Cash commission of \$94,605 was paid and 473,025 broker warrants were issued to one of the finder companies in which an officer of the Company is a director. Members of the Company's board of directors purchased an aggregate of 900,000 units (note 6). In December 2020, the Company issued 250,000 shares and 125,000 shares to a member and a former member of the Company's board of directors respectively, on the exercise of warrants at an exercise price of \$0.30 per share for gross proceeds of \$112,500.

On May 29, 2020, the Company completed a non-brokered private placement (the "Offering"). In connection with the closing of the Offering, the Company issued an aggregate of 2,773,659 shares (the "Shares") at a price of \$0.15 per Share for gross proceeds of \$416,049. The Company paid aggregate finder's fees of \$26,873 and issued 173,156 Share purchase warrants (the "Finder's Warrants") in connection with subscriptions from subscribers introduced to the Offering by the finders. Each Finder's Warrant is exercisable to acquire one Share in the capital of the Company at an exercise price of \$0.15 per Share until May 29, 2021, which is 12 months from the date of issuance. The Company paid finder's fees of \$25,973 in cash and issued 173,156 Finder's Warrants to one of the finder companies in which an officer of the Company is a director (note 6).

On September 17, 2020, the Company completed a non-brokered private placement of 2,540,000 units at a price of \$0.20 per unit for gross proceeds of \$508,000. Each unit consists of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of \$0.30 per share until September 17, 2021. The Company paid cash finder's fee of \$3,000. A member of the Company's board of directors purchased an aggregate of 250,000 units of the private placement for gross proceeds of \$50,000 (note 6).

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(b) Issued and outstanding (continued):

On January 11, 2021, the Company closed a non-brokered private placement of 5,714,284 common shares at a price of \$0.35 per common share for gross proceeds of \$1,999,999. The Company paid aggregate finders' fees of \$31,411.

On February 3, 2021, the Company settled \$200,250 of accrued directors' fees, net of statutory deductions, in exchange for 513,460 common shares at a deemed price of \$0.39 per share (note 6).

The Company also issued common shares for the following:

Date	Gross proceeds received	Shares issued	Exercise price per share	Description
January 8, 2021	\$25,973	173,156	\$0.15	Exercise of 173,156 warrants.
February & March 2021	\$220,000	550,000	\$0.40	Exercise of 550,000 stock options (note 6).
March 2021	\$150,000	750,000	\$0.20	Exercise of 750,000 stock options (note 6).
March 2021	\$6,000	20,000	\$0.30	Exercise of 20,000 warrants.

(c) Stock Options and Share-Based Payments

On February 1, 2021, the board of directors approved the amendment of the vesting date for 1,080,000 stock options granted on March 13, 2018 with an exercise price of \$0.70 per share to vest immediately on February 1, 2021 from a contingent vesting. On March 8, 2021, the expiry date of these stock options was extended to March 13, 2023 from March 13, 2021 (note 6).

On March 29, 2021, TSX Venture Exchange approved the extension of the expiry date of 2,500,000 stock options, originally granted on April 1, 2019, from April 1, 2021, to April 1, 2023, and to reprice the exercise price from \$0.40 per option to \$0.80 per option (note 6).

Stock options granted during the three months ended March 31, 2021 and the year ended December 31, 2020 to the Company's officers, directors, employees and consultants were as follows:

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
February 4, 2020	600,000	\$0.25	February 4, 2022	Stock options granted to an employee of which 300,000 vested on May 31, 2020 and 300,000 vest upon commissioning of the Bowden plant.
June 2, 2020	600,000	\$0.20	June 2, 2022	Stock options granted to an employee of which 300,000 vested on June 2, 2020 and 300,000 vest upon financing of the Company's first re-refinery plant.
September 30, 2020	750,000	\$0.20	September 30, 2022	Stock options granted to a director that vested on December 29, 2020.
November 18, 2020	1,000,000	\$0.30	May 18, 2022	Stock options granted to a consultant for providing non-exclusive financial advisory services for a monthly fee with an initial term expiring December 31, 2021. The options fully vested on the grant date.
February 2, 2021	2,200,000	\$0.63	February 2, 2023	Stock options granted to directors that fully vest on the grant date (note 6).
March 19, 2021	750,000	\$0.85	March-19, 2023	Stock options granted to a new director. The stock options vest 90 days from date of grant (note 6).
March 23, 2021	200,000	\$0.80	March 23, 2023	Stock options granted to a consultant. The stock options vest 90 days from date of grant.

ReGen III Corp. (formerly Gen III Oil Corporation)

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For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

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

The aggregate fair value of the stock options granted during the three months ended March 31, 2021 was \$1,782,704 (2020 - \$47,819). The aggregate fair value of the stock options granted during the year ended December 31, 2020 was \$182,794. The fair value of the stock options granted to employees was estimated at the grant date using the Black-Scholes Option Pricing Model. The fair value of the stock options granted to a non-employee, was recorded at the fair value of the goods and services received based on the reduction in the rate that the non-employee charged to the Company. The Company is unable to reliably estimate the fair value of the goods and services received for stock options granted to other non-employees because the fees charged by those non-employees are at market rates with no allowance for stock options granted. Accordingly, 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 March 31,	
	2020	2020
Risk free interest rate	0.15% - 0.29%	0.62% - 1.58%
Expected dividend yield	nil	nil
Expected annual volatility	117% - 120%	109% - 111%
Expected life	2 years	2 years
Forfeiture rate	0% - 20%	0% - 18%

A summary of the status of the Company's stock options as at March 31, 2021 and changes during the period are as follows:

	Number of options	Weighted average exercise price \$
Outstanding – December 31, 2019	6,742,500	0.52
Options granted	2,950,000	0.24
Options exercised	(62,500)	0.70
Options expired	(2,300,000)	0.58
Outstanding – December 31, 2020	7,330,000	0.39
Options granted	3,150,000	0.69
Options - exercised	(1,300,000)	0.28
Options expired	(250,000)	0.70
Outstanding – March 31, 2021	8,930,000	0.62

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7. SHARE CAPITAL (continued)

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

The following stock options were outstanding as at March 31, 2021:

Number of options	Exercise price per option \$	Expiry date
600,000	0.25	February 4, 2022
1,000,000	0.30	May 18, 2022
600,000	0.20	June 2, 2022
2,200,000	0.63	February 2, 2023
1,080,000	0.70	March 13, 2023
750,000	0.85	March 19, 2023
200,000	0.80	March 23, 2023
2,500,000	0.80	April 1, 2023
8,930,000		

(d) Warrants

On September 30, 2019, the Company closed a non-brokered private placement at \$0.20 per unit for gross proceeds of \$2,181,500. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per share until September 30, 2020, which was subsequently extended to December 30, 2020. The Company used the residual value method to allocate the cash consideration received. Of the total proceeds received, \$2,072,425 was allocated to the shares being the fair value of the shares (\$0.19 per share) and the residual of \$109,075 was allocated to the warrants. In connection with the September 30, 2019 private placement, the Company issued 665,525 broker warrants exercisable at a price of \$0.30 per share until September 30, 2020. The fair value of \$42,287 for the broker warrants was estimated at the grant date using the Black-Scholes Option Pricing Model. In December 2020, the Company issued 5,031,250 shares for the exercise of an aggregate of 5,031,250 warrants at an exercise price of \$0.30 per share for gross proceeds of \$1,509,375 and 422,500 of the remaining warrants expired unexercised.

On May 29, 2020, the Company completed the Offering. In connection with the closing of the Offering, the Company issued an aggregate of 2,773,659 Shares at a price of \$0.15 per Share for gross proceeds of \$416,049. The Company paid aggregate finder's fees of \$26,873 and issued 173,156 Finder's Warrants in connection with subscriptions from subscribers introduced to the Offering by the finders. Each Finder's Warrant is exercisable to acquire one Share in the capital of the Company at an exercise price of \$0.15 per Share until May 29, 2021, which is 12 months from the date of issuance. The fair value of \$14,282 for the Finder's warrants was estimated at the grant date using the Black-Scholes Option Pricing Model.

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

Inputs	May 29, 2020	September 30, 2019
Risk free interest rate	0.26%	1.59%
Expected dividend yield	nil	nil
Expected annual volatility	127%	120%
Expected life	1 year	1 year
Forfeiture rate	0%	0%

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For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(d) Warrants (continued)

On September 17, 2020, the Company completed a non-brokered private placement of 2,540,000 units at a price of \$0.20 per unit for gross proceeds of \$508,000. Each unit consists of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant is exercisable to acquire one share at an exercise price of \$0.30 per share until September 17, 2021. The Company used the residual value method to allocate the cash consideration received. Of the total proceeds, \$457,200 was allocated to the shares being the fair value of the shares (\$0.18 per share) and the residual of \$50,800 was allocated to the warrants.

On September 30, 2020, 665,525 warrants expired unexercised.

On November 5, 2019, the Company extended the expiry dates of the 1,883,375 warrants to November 16, 2020 from November 16, 2019 and the 318,750 warrants to December 5, 2020 from December 5, 2019, all of which expired unexercised. The extension of these warrants did not result in any incremental value of the warrants.

On September 28, 2020, the Company extended the expiry date of the 5,453,750 warrants to December 30, 2020 from September 30, 2020, 422,500 of which expired unexercised. The extension of these warrants did not result in any incremental value of the warrants.

The following warrants were exercised:

Date	Gross proceeds received	Shares issued	Exercise price per share	Description
January 8, 2021	\$25,973	173,156	\$0.15	Exercise of 173,156 warrants from issuance dated May 29, 2020
March 2021	\$6,000	20,000	\$0.30	Exercise of 20,000 warrants from issuance dated September 17, 2020

A summary of the status of the Company's warrants as at March 31, 2021 and changes during the period are as follows:

	Number of Warrants outstanding	Weighted average exercise price \$
Outstanding – December 31, 2019	8,321,400	0.41
Warrants granted	1,443,156	0.28
Warrants exercised	(5,031,250)	0.30
Warrants expired	(3,290,150)	0.57
Outstanding – December 31, 2020	1,443,156	0.28
Warrants exercised	(193,156)	0.17
Outstanding – March 31, 2021	1,250,000	0.30

The 1,250,000 warrants outstanding as at March 31, 2021 consist of the following:

Number of warrants	Exercise price per warrant \$	Expiry date
1,250,000	0.30	September 17, 2021

ReGen III Corp. (formerly Gen III Oil Corporation)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(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.

Cumulative translation adjustments

Unrealized gain on investments 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.

8. COMMITMENTS

On September 12, 2017, the Company entered into a purchase and sale agreement (“PSA”) with Elbow River Marketing Ltd. (“Elbow River”) for the majority of the Company’s finished products from a proposed re-refinery in Bowden, Alberta. Under the terms of the PSA, Elbow River will purchase the majority of the Company’s Bowden plant production and provide rail and truck transportation from the Bowden plant to Elbow River’s customers. The agreement is for an initial term of five years from commencement of commercial operations as defined in the agreement. As of June 1, 2018, the agreement may be terminated by Elbow River acting reasonably by notice in writing. No notice has been received to date. Under the agreement, the Company has undertaken to reimburse reasonable set up costs incurred by Elbow River should the Company fail to deliver product by the projected commercial operations date that had been advised to Elbow River. As construction of the Bowden plant has not started, the Company has not yet advised Elbow River of such date and due to the nature and timing of these costs, it is not practicable to estimate such reimbursable costs at this time.

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.

9. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,	
	2021	2020
	\$	\$
Operating activities		
Interest income received from banks	4,014	2,334
Total lease payments paid	49,723	46,904
Total lease receipts	-	21,532
Interest paid on lease liabilities	16,353	6,984

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10. SUBSEQUENT EVENTS

- (a) In April 2021, the Company issued 250,000 common shares and received gross proceeds of \$75,000 from the exercise of 250,000 warrants at an exercise price of \$0.30 per common share.
- (b) On May 1, 2021, the Company signed a definitive offtake agreement with BP Products North America Inc. for the Company's base oil production from its proposed 5,600-barrel-per-day U.S. Gulf Coast rerefining facility.
- (c) On May 14, 2021, the Company changed its name to ReGen III Corp.
- (d) On May 27, 2021 the Company announced that it has entered into an engagement letter with Paradigm Capital Inc. to act as sole bookrunner, on behalf of a syndicate of underwriters led by Paradigm Capital Inc. (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a "bought deal" basis, 8,000,000 common shares in the capital of the Company (the "Common Shares") at an offering price of \$1.25 per Common Share (the "Offering Price") for gross proceeds of \$10 million (the "Offering"). The Company has granted the Underwriters an option (the "Over-Allotment Option") which will allow the Underwriters to purchase up to an additional 15% of the Offering at the Offering Price. The Over-Allotment Option may be exercised in whole or in part at any time up to and including 30 days following the closing date of the Offering. The Offering is expected to close on or about June 17, 2021 and is subject to certain customary closing conditions, including the approval of the TSX Venture Exchange and applicable securities regulatory authorities.