

ReGen III Corp. (formerly Gen III Oil Corporation)

MANAGEMENT DISCUSSION AND ANALYSIS
For the three and six months ended June 30, 2021

As at August 27, 2021

ReGen III Corp. (formerly Gen III Oil Corporation)

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August 27, 2021

Introduction

Gen III Oil Corporation (the “Company”) was incorporated under the laws of British Columbia, Canada and continued its incorporation into Alberta on December 6, 2017. On May 14, 2021, the Company changed its name to “ReGen III Corp.” On May 27, 2021, the Company changed the name of its wholly-owned subsidiary (“ReGen Alberta”) from “Gen III Oil (Alberta) Inc.” to “ReGen III (Alberta) Inc.”. ReGen Alberta is intended to hold the assets of a re-refinery facility in Alberta, once the Company determines to proceed further in Alberta.

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

This Management Discussion & Analysis (“MD&A”) of the Company has been prepared by management as of August 27, 2021 and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts referred to herein are in Canadian dollars unless otherwise stated.

The Company’s address is Suite 1750 - 400 Burrard St. Vancouver, B.C., V6C 3A6, Canada.

The Company acquired on an exclusive basis in February 2017, technology (“ReGen™ technology”) that enables the production of Group II and Group III base oils from the reprocessing (also known as “re-refining”) of used motor oil. Group III oil is also known as “synthetic” motor oil and is used in higher performance internal combustion and gas turbine engines. The Company currently holds eight (8) ReGen™ patents that have been granted in North America and two (2) other ReGen™ patents that have been issued in India and Singapore. The Company also holds six (6) other ReGen™ patent applications world-wide that are pending. These ReGen™ patents provide protection over the ReGen™ technology.

Forward Looking Information

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

Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information including, among other things, delays in obtaining or failure to obtain required governmental, environmental or other project approvals, changes in national or local government legislation or regulations regarding environmental factors, royalties, taxation or foreign investment, political or economic instability, terrorism, inflation, changes in currency exchange rates, fluctuations in commodity prices, delays in the development of projects, shortage of personnel with the requisite knowledge and

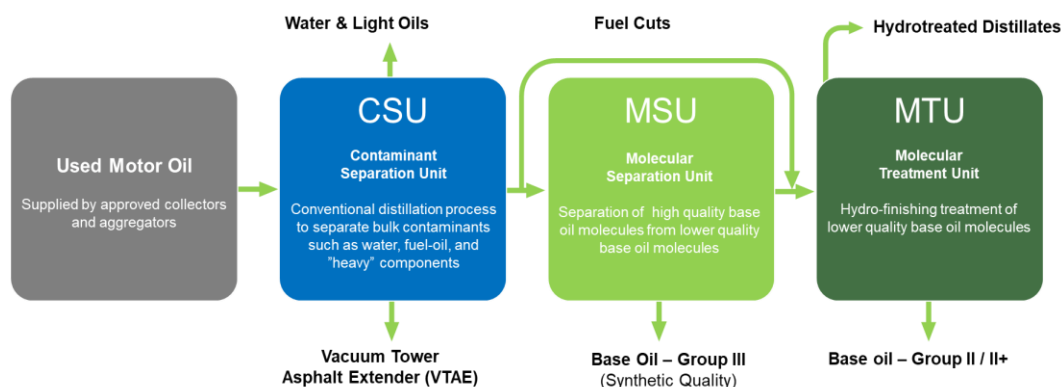
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skills, dependency on equity market financings to fund programs. In addition, forward-looking information is based on various assumptions including, among other things, the expectations and beliefs of management, the assumed long-term price of various commodities, the availability of permits and access to financing, equipment and labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or others.

ReGen™ Technology - Re-refining Used Motor Oil



The patented ReGen™ technology process re-refines used motor oil ("UMO") in three stages, as shown in the diagram above. In the first stage, a Contaminant Separation Unit cleans the UMO of basic contaminants such as water, metals, and other additives. This creates a product called a Vacuum Gas Oil that contains the lube molecules. In the second stage, the Molecular Separation Unit ("MSU") separates the higher quality lube molecules from the lower quality lube molecules. This produces the "Group III" base oil. The lower quality base oil of the MSU process stage is then taken to the Molecular Treatment Unit where it is exposed to hydrogen to upgrade its quality to "Group II/II+" base oil.

The ReGen™ technology is expected to capitalize on increasing demand for efficient UMO re-refining and resource conservation as greater emphasis is placed on the reduction of carbon dioxide equivalent emissions, as are created from the burning of UMO. The following conclusion contained in a December 2020 congressional report made by the Secretary of Energy, the Administrator of the EPA and the Director of the Office of Management and Budget under direction of Public Law 115-345 addressed to the United States Congress including the Senate and the House of Representatives titled "*Used Oil Management and beneficial Reuse Options to Address Section 1: Energy Savings from Lubricating Oil Public Law 115-345*" (available at [energy.gov](https://www.energy.gov)) (the "December 2020 EPA Report") provides the following conclusion which is illustrative of increasing demand:

"[c]onservation and recycling of the [United States] used oil 'resource' makes sense. It extends the life of our national crude oil resources, it reduces the likelihood of improperly disposed of used oil making its way into the environment to contaminate soil and water, and it is energy efficient, as it can take less energy to recycle used oil than to create new lubricating oil from virgin crude oil. Further, used oil recycling supports thousands of direct and indirect jobs, generates tax revenue and helps provide consumers with a range of economical product choices. Government policies that help to ensure a well-functioning used oil marketplace will help to deliver these benefits."

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The ReGen™ technology re-refines UMOs to produce base oils (Group III synthetic grade and Group II and Group II+ base lubricating oil), hydrotreated distillates, vacuum tower asphalt extender (“VTAE”) used in the roofing and road asphalt industries, a small quantity of naphtha gas, and light fuels that will be recycled in the process plant as burner fuel, each in an economic and environmentally friendly manner.

The Company intends to use ReGen™ to re-refine UMO into Group III (synthetic grade) base lubricating oils, which based on current market spot prices, sells for approximately 37% more than Group II base lubricating oils.

Additionally, using ReGen™ technology to re-refine UMO is expected to be a substitute for, and mitigate the impact of, current practices of burning used oil (as burner fuel used primarily in heavy industrial and asphalt plants), which contributes significant amounts of heavy metals, soot, sulfur, greenhouse gases, and other air contaminants as pollution by-products that result from these industrial processes. These emission issues are now facing increased scrutiny from the public and governments as they try to reduce carbon dioxide emissions to address climate change, or by disposing of it to the land/water which has been recognized as a significant environmental hazard whereby “used oil from one oil change can contaminate one million gallons of fresh water – a year’s supply for 50 people”.

The ReGen™ technology process is a combination of traditional refining industry standard operations, combined in what the Company believes is a unique configuration, at specific design temperature and pressure settings, that results in the production of re-refined base lubricating oils. The ReGen™ technology is capable of producing Group III (synthetic grade) motor oil in a commercial scale re-refining operation. Traditional re-refineries typically utilize a two-stage re-refining process to produce Group I and Group II base lubricating oils and subsequently hydro-treat all inputs, which is energy intensive and consumes more hydrogen in a less efficient manner than a re-refining process that utilizes the ReGen™ technology. From pilot plant studies and vendor-scale testing, the Company has determined that the ReGen™ process produces high-value Group III base oils and can hydro-treat roughly one third of the proposed plants’ inputs, further saving on consumables and energy consumption.

Pilot testing of the ReGen™ technology has been conducted in a 5 barrel per day (“bpd”) demonstration plant run continuously for several thousand hours using UMO feedstocks sourced from multiple suppliers. In the pilot testing, output base oil production was analyzed and proved to meet American Petroleum Industry (“API”) “Group III” specifications. Independently, a report by Oak Ridge National Laboratory in March 2009 (the “Oak Ridge Report”) assessed the data from the pilot testing and provided an assessment of market, energy impact, and utility of the ReGen™ process for re-refining UMO to produce Group I, II, and III base oils, diesel fuel, and asphalt. The Oak Ridge Report indicated:

“an excellent chance that the ReGen™ re-refining process, which includes both solvent extraction and hydrofinishing, will be successful. The major reasons for this are its process flexibility and high process integration. ... The ReGen™ process provides high energy yields in the forms of process and marketable fuels, as well as a high yield of at least two grades of base oils from the used oil. The process was developed to minimize purchased process energy. ... The ReGen™ process has higher returns on investment and shorter payout times in comparison to a recent analysis of worldwide oil re-refining processes.”

In December 2016, the Company entered into contracts for engineering studies with Stantec Consulting Ltd. (“Stantec”) and WSP Canada Inc. (“WSP”) to validate the prototype plant findings and in particular, the previously modelled second stage design capability of the ReGen™ technology to produce approximately 45% to 53% Group III (synthetic grade) base oils from UMO feedstock in addition to Group II base lubricating oils, ultralow sulphur diesel fuel, and asphalt flux from the other two stages in the ReGen™ process.

WSP was retained to confirm the general feasibility of the ReGen™ process and to provide major equipment sizing, a preliminary equipment list, process flow diagrams, a cost estimate, and other information required to proceed to the next phase of design. WSP’s report dated March 14, 2017, advised of validation by a pilot plant trial of a wide

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range of UMO feedstocks, WSP's opinion that the ReGen refining technology process is "technically sound" and that "construction and operation of the proposed re-refinery should provide finished products equivalent or greater than those contained in previous engineering studies". WSP's cost estimate for a 2,800 bpd UMO re-refinery using the patented ReGen process ranged between \$100 million and \$118 million.

Stantec was retained to define the ReGen re-refining project to a Class V level in terms of processing volumes, equipment requirements, footprint, timeline, and capital costs. Stantec's report dated March 2017 indicated Stantec's opinion that the "ReGen technology is technically viable and capable of producing high quality base oils meeting requirements of API 1509 Groups II and III". Furthermore, Stantec concluded, after conferring with major manufacturers of the process equipment required to construct and operate a 2,800 bpd re-refinery, that the project is feasible as proposed.

In December 2018, PCL Industrial Management Inc. ("PCL"), the Company's Engineering, Procurement and Construction ("EPC") contractor, presented the Company with an updated firm contract price proposal for the Alberta plant which outlines a project capex of \$114.8 million.

The Company's 5W-20, 5W-30, and 10W-30 passenger car motor oil ("PCMO") formulations are listed on the Directory of Licensees published by API and available at engineoil.api.org. This enables the Company's Group III base oil to be included in API licensed PCMO formulations, and enables blenders of finished motor oils to rely on the quality of the Company's Group III base oils.

U.S. Gulf Coast Facility

The Company has short-listed a number of properties along the Gulf Coast of the United States as the proposed site for the development and construction of a re-refinery facility to use the ReGen™ technology (the "USGC Facility"). Based on a facility design capacity of 5,600 bpd of UMO, the Company estimates an output design capacity of 4,200 bpd to 4,400 bpd of base oil production from the proposed USGC Facility. This will amount to approximately 78 million US gallons of used lubricating oils processed per year. The proposed USGC Facility is expected to be located in Texas and is intended to be the Company's primary facility.

In connection with the USGC Facility, the Company has entered into a definitive, multi-year offtake agreement with BP Products North America Inc. ("BP") whereby BP has agreed to purchase all of the Company's base oil production from the Company's proposed USGC Facility.

On July 5, 2021, the Company entered into a non-binding letter of intent ("LOI") with Oiltanking North America, LLC ("Oiltanking"), setting forth the conceptual terms that will guide further discussions between ReGen III and Oiltanking, regarding the provision of land and logistical assets for the construction and operation of the new re-refinery at the Oiltanking Galveston County Terminal ("OTGAL") in Texas City, Texas. BP was subsequently notified the OTGAL site is the Company's intended location for the USGC Facility. BP has verbally approved the site. At OTGAL, Oiltanking handles specialty chemicals and petrochemicals with more than 87,000 cubic meters of storage capacity on over 200 acres providing ample room for expansion opportunities.

The LOI outlines:

- Oiltanking developing storage tanks, loading and unloading pipelines, rail and marine loading and unloading facilities and other logistics assets (collectively, the "OT Logistics Assets"). Oiltanking will effectively design, construct, operate, and maintain the OT Logistics Assets to support the new ReGen III re-refinery;
- Oiltanking and ReGen III entering into a Terminal Services Agreement; and
- Oiltanking and ReGen III entering a long-term ground lease for the re-refinery.

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The development of the USGC Facility is expected to take place over 15 to 20 months once a final investment decision is made. The table below describes the steps required to develop the USGC Facility, with the estimated duration and costs to complete each step. The first two steps include preliminary engineering work.

The Company has commenced discussions with potential investors to finance the USGC Facility. Those discussions are taking place concurrently with the preliminary steps described in the table below. The Company expects to make a final investment decision with respect to the USGC Facility by December 31, 2021, which final investment decision may be made prior to the completion of the preliminary steps described in the table below. Once a final investment decision is made, the design can be completed and the construction activities can begin.

	Duration (months)	Estimated Costs (CAD)
Preliminary Steps		
Front end engineering design for Stage 1	6 to 10	\$1.41M
Front end engineering design for Stage 2	6 to 10	\$1.31M
Front end engineering design for Stage 3	6 to 10	\$0.75M
Front end engineering design for the process support infrastructure	3 to 7	\$2.50M
Geotech, survey, and other site services	6 to 10	\$0.19M
Permitting consultants	6 to 10	\$0.12M
Project management, support, and execution services	6 to 10	\$1.19M
Site enabling and approvals activities	3 to 10	\$0.16M
Total	6 to 10*	\$7.63M
Following a Final Investment Decision		
Demolition and site preparation activities	2 to 3	\$5.44M
Detailed engineering to complete design work	6 to 8	\$26.03M
Prefabrication of process modules and equipment	9 to 11	\$140M
On-site construction activities	12 to 13	\$37.50M
Commissioning (i.e., testing the machines and running the facility)	2 to 3	\$8.40M
Total	15 to 20*	\$225M**

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** Development stages are anticipated to overlap and run concurrently to each other, so the total estimated duration for all stages is less than the sum of the estimated durations of each respective stage, with the exception of the preliminary stage of “Front end engineering design for the process support infrastructure”, which is expected to commence three months after the front end engineering design for Stages 1, 2, and 3 have commenced.*

*** Total including the estimated costs of the preliminary steps.*

The Company has engaged Koch Project Solutions, LLC (“KPS”) on an engagement that is limited to completing the first stage of a three-stage process regarding the proposed USGC Facility. The first stage consists of developing the front end engineering and design execution plan, and preliminary vetting of engineering service providers.

Subject to a final agreement expected to be entered into between KPS and the Company, KPS is expected to lead the Company’s engineering, construction, and licensed vendor teams (PCL Industrial Construction Ltd. (“PCL”), Koch Modular Process Systems (“KMPS”), and Process Dynamics Inc. (“PDI”)) through the completion of detailed design, construction, commissioning, and start-up. KPS intends to wrap all elements of project delivery under its leadership providing the Company with a single point of responsibility for engineering, construction, commissioning, and start-up.

The first phase of the KPS engagement is under way, which as noted above, involves developing a front-end engineering design execution plan and commencing the selection of potential engineering services providers for the design and development of the USGC Facility. This work was completed in June 2021. Engineering services providers have been selected and the engineering plan has been approved. The Company is preparing to enter into the second stage of the 3 -stage program with KPS to execute the engineering plan and develop a Class II cost estimate for the USGC facility.

The Company has engaged KMPS, a U.S.-based company which specializes in the design and manufacturing for modular mass transfer systems for the chemical process industry, as a subcontractor to design and fabricate the second stage module for the proposed USGC Facility. A module in this context is a complete process unit. It includes all the equipment to completely process a feedstock and produce the required output for that stage. The second stage module is the Molecular Separation Unit where the Company’s Group III base oil products are extracted.

In March 2019, KMPS completed solvent extraction production pilot testing that produced a high-quality and low-quality base oil stream. Base oil quality is defined by several benchmarks, including viscosity, sulfur content, clarity and other similar metrics. In July 2019, the Company sent a low-quality base oil sample to PDI, a U.S.-based company which specializes in liquid and gas analysis equipment for a variety of industries, for stage 3 hydro-treatment piloting. Hydro-treating is a chemical process commonly used in the oil and gas industry to expose unsaturated hydrocarbon molecules to hydrogen in order to improve their chemical qualities. The results from this pilot testing are expected in the fourth quarter of 2021 and are expected to be used to refine the design of the USGC Facility.

Other Facilities

Concurrent with development of the USGC Facility, the Company is exploring opportunities to develop ReGen™ re-refinery facilities at other locations in Canada, the United States, Mexico, South America, Europe, Australia, and other markets. The Company is also investigating opportunities to license the ReGen™ technology in order to access non-core markets and to accelerate the market penetration of ReGen™.

BP Offtake Agreement

On October 27, 2020, the Company signed a Letter of Intent (“BP LOI”) with BP for the offtake of all of the Company’s future production of Group II+ and Group III base oils from the proposed USGC Facility. On May 1, 2021, the Company entered into a definitive, multi-year offtake agreement with BP (the “BP Offtake Agreement”), superseding the BP LOI, whereby BP has agreed to purchase 100% of the USGC Facility’s Group III Base Oil production and to purchase,

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accept, and market 100% of the USGC Facility's Group II Base Oil. Based on a facility design capacity of 5,600 bpd of UMO, the Company estimates an output design capacity of 4,200 bpd to 4,400 bpd of base oil production from the proposed USGC Facility.

The BP Offtake Agreement provides for a pricing model with effect from the date the USGC Facility is commercially operational, that varies based on technical specifications of the underlying base oil being provided including viscosity, colour, flashpoint, and saturates. The Company will provide BP with an indicative yearly production schedule each year.

BP is permitted to terminate the BP Offtake Agreement if either: (i) the Company has not secured financing by December 31, 2021, for the total amount required to construct the USGC Facility; or (ii) commercial operations have not occurred within two years of the date by which the Company is required to secure the total amount of financing to construct the Facility. The Company has a good working relationship with BP and is continuing to provide BP with regular updates regarding the USGC Facility financing status and other project related advances.

The BP Offtake Agreement also provides BP with a right of first look to purchase (i) the offtake on any future facilities that will produce similar products; and (ii) the ability to purchase new products made by the Company. The BP Offtake Agreement provides customary limitations of liability (such as excluding consequential damages) and provides that each party will indemnify the other for breach, negligence, or intentional misconduct of the other party, including any releases of hazardous wastes. The BP Offtake Agreement is governed by New York law, and any disputes are to be resolved first by a 30-day good faith negotiation period, or failing that, by binding arbitration situated in New York, New York.

UMO Supply

The Company prepared and secured non-binding UMO feedstock supply letters of intent (each, a "UMO LOI") in excess of 155,000,000 litres annually and continues to negotiate further UMO LOIs in excess of the full UMO feedstock requirements of the USGC Facility. These UMO LOIs provide supply coverage of UMO feedstock for periods of two to five years per supplier and outline key commercial terms, including UMO specifications, pricing terms, and delivery terms. Commercially sensitive and confidential negotiations are ongoing and are expected to continue with each of the interested vendors pursuant to the UMO LOIs in parallel with ongoing financing discussions, with the intention to enter into binding feedstock supply contracts on terms that are agreeable to the Company. The Company does not yet have any formal supply agreements in place.

GHG Credits

Based on conversations with the Company's greenhouse gas qualification consultant, Radicle (formerly Carbon Credit Solutions Inc.), the Company also expects the ReGen™ technology will qualify for greenhouse gas credits. Based on the August 2010 Greenhouse Gas Savings Study report conducted by Conestoga-Rovers & Associates on behalf the British Columbia Used Oil Management Association (the "Conestoga-Rovers Report"), the Company believes that the USGC Facility could reduce GHG equivalent emissions by up to 725,000 tonnes per year, versus the burning or disposal of UMO. The Company may receive voluntary GHG credits sold via the American Carbon Registry and may generate additional annual revenues for the sale of these credits. Based on a review of the United States Environmental Protection Agency's GHG equivalency calculator the life-cycle assessment carbon credits that are projected to be generated by the Company from the USGC Facility represent the equivalent of eliminating the emissions generated by 157,000 internal combustion engine powered cars annually.

Alberta Facility

In addition to the USGC Facility, the Company had completed preliminary front-end engineering and design work in respect of a re-refinery facility in Alberta which intended to use the ReGen™ technology to process UMO into a range of base stocks and related petroleum products (the "Alberta Facility"). The proposed site for the Alberta Facility had

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been the subject of a plant site lease agreement between the Company and Parkland Refining Ltd. (the “Parkland Lease”). Pursuant to a surrender and acceptance agreement between the Company and Parkland dated June 16, 2021 (the “Settlement Agreement”), the Parkland Lease was terminated. Material terms of the Settlement Agreement are as follows: (i) the Parkland Lease was immediately terminated; (ii) no further payments are due or payable under the Parkland Lease, and any outstanding accrued payments ceased to be payable; (iii) Parkland retained an initial \$150,000 deposit paid by the Company, and returned to the Company \$525,000 (including \$25,000 GST) in respect of all other payments previously made under the Parkland Lease; (iv) the concurrent termination of the Elbow PSA (defined below), with no further payments owing by either party thereto; and (v) Parkland and the Company providing mutual releases to each other in respect of the Parkland Lease.

As a result, for the six months ended June 30, 2021, the Company recorded a gain on extinguishment of plant site lease liability of \$6,226,118 (2020 - \$nil) net of legal costs and finance charge of \$30,677, an inclusive of \$500,000 cash settlement received.

The Company has investigated and short-listed several sites in Alberta that the Company believes could provide improved economics over the Parkland site.

Elbow River Purchase and Sale Agreement

On September 12, 2017, the Company entered into a purchase and sale marketing agreement with Elbow River Marketing Ltd. (“Elbow River”) for the majority of the Company’s finished products from the Alberta Facility (the “Elbow PSA”). Elbow River is Calgary-based wholesaler, transporter, supplier, and marketer of liquid petroleum gases, crude oil, heavy fuel oil, and refined fuel and bio-fuel products.

In connection with the Settlement Agreement, the Elbow PSA was terminated pursuant to a termination agreement between the Company and Elbow River dated June 16, 2021 (the “Termination Agreement”). Material terms of the Termination Agreement are as follows: (i) the Elbow PSA was immediately terminated; (ii) no further payments are due or payable under the Elbow PSA; and (iii) Elbow River and the Company mutually released each other in respect of the obligations under the Elbow PSA.

Financing Update

On January 11, 2021, the Company completed a non-brokered private placement of 5,714,284 shares at a price of \$0.35 per common share, for gross proceeds of approximately \$2,000,000.

On June 22, 2021, the completed a short form prospectus financing of 9,200,000 shares at a price of \$1.25 per common share, for gross proceeds of \$11,500,000.

On November 7, 2018, the Company announced that it received a non-binding term sheet (the “EDC Term Sheet”) from Export Development Canada (“EDC”) for a term loan for up to \$72 million (the “Proposed EDC Loan”) to finance a re-refinery facility in Alberta. On March 31, 2020, the Company secured an extension of the terms available under the EDC Term Sheet until March 31, 2021. The EDC Term Sheet expired on March 30, 2021. During Q1 2021, the Company was unofficially informed by EDC the funds remain intact and available to the Company. Separately from the discussions between the Company and EDC regarding a re-refinery facility in Alberta, EDC also informed the Company it was willing to complete preliminary due diligence to structure a term sheet proposal for the USGC Facility. The Company provided supporting documentation to EDC and the Trade Law Bureau of Global Affairs Canada which resulted in a formal letter of interest being received from the EDC on June 24, 2021. The Company continues to provide additional due diligence materials to EDC in order to secure a term sheet for the USGC Facility.

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Results of Operations**Variance Analysis**

The following table sets forth selected expense items that have significant variances between the three and six months ended June 30, 2021 and 2020.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Professional fees	335,821	87,795	870,769	233,817
Salaries and benefits	327,747	270,401	628,445	661,076
Share-based payments	426,523	77,537	1,808,059	129,176

Professional fees – The increase was mainly due to legal fees for the definitive offtake agreement and project execution management services for the proposed USGC facility.

Salaries and benefits – In the second quarter of 2020, a payroll subsidy was received from the National Research Council of Canada's Industrial Research Assistance Program. Therefore, salaries and benefits were higher in the current quarter as compared to the same period last year. The year-to-date decrease was mainly due to the reduction in staff.

Share-based payments – The variance was due to the timing, number and vesting periods of options granted. The fair value of the stock options was estimated at the grant date using the Black-Scholes Option Pricing Model, or if determinable, the fair value of the services provided. In addition, during the first quarter of 2021, the Company recognized an expense of \$557,700 as a result of amendments to the terms of certain stock options.

For the three and six months ended June 30, 2021 and 2020, the Company recognized the following other income and other expense in its condensed consolidated interim statement of comprehensive (income)/loss:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Rent income	(3,428)	(10,913)	(6,857)	(22,237)
Finance cost for lease - plant site	402,498	392,261	834,363	770,963
Finance cost for lease – head office premises	15,815	18,637	32,168	25,621

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Use of Proceeds from Financings

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 and received net proceeds of \$389,176, which has been used for general corporate purposes as intended.

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 and received net proceeds of \$504,900. The Company has spent \$31,373 for project engineering and \$473,527 for general corporate purposes as intended.

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 net proceeds of \$1,968,402 for project engineering, working capital and general corporate purposes. To date, the Company has spent \$249,700 for project engineering and \$nil for general corporate purposes. The Company expects to spend the remaining funds of \$1,718,702 for general corporate purposes in the next 12 months.

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On June 22, 2021, the completed a short form prospectus financing of 9,200,000 shares at a price of \$1.25 per common share, for net cash proceeds of \$10,719,840. A reconciliation of the use of funds is provided below.

Description	Original Expected Use (\$)	Revisions to Expected Use (\$)	Updated Expected Use (\$)	Actual Spent (\$)	Remaining to be Spent (\$)
USGC Facility					
Front end engineering design for Stage 1	1,412,000	-	1,412,000	-	1,412,000
Front end engineering design for Stage 2	1,312,100	-	1,312,100	-	1,312,100
Front end engineering design for Stage 3	749,760	-	749,760	-	749,760
Front end engineering design for process support infrastructure	2,499,200	-	2,499,200	-	2,499,200
Geotech, survey, and other site services	187,440	-	187,440	-	187,440
Permitting consultants	124,960	-	124,960	-	124,960
Project management, support, and execution services	1,191,140	-	1,191,140	25,000	1,166,140
Site enabling and approvals activities	162,400	-	162,400	-	162,400
Corporation's Engineering Oversight Team	400,000	200,000	600,000	23,777	576,223
Finalize KPS execution management services agreement	50,000	-	50,000	-	50,000
Site Agreements	200,000	-	200,000	-	200,000
Contingency on the above items	-	1,093,784	1,093,784	-	1,093,784
Offering expenses	300,000	(30,194)	269,806	269,806	-
Selling, General & Administrative Expenses	867,250	-	867,250	-	867,250
Total	\$9,456,250	\$1,263,590	\$10,719,840	\$318,583	\$10,401,257

The table above has been adjusted to include an additional net cash proceeds of \$ 1,263,590 received from the over-allotment option exercised by the underwriters of the financing. An additional line item - "Contingency on the above items for \$1,093,784" – has been included to account for possible contingencies and \$200,000 has been added to "Corporation's Engineering Oversight Team" as more work is expected in this category.

ReGen III Corp. (formerly Gen III Oil Corporation)**MANAGEMENT DISCUSSION AND ANALYSIS**

For the three and six months ended June 30, 2021

Summary of Quarterly Financial Results

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

	For the Quarters Ended			
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	\$	\$	\$	\$
Financial Results:				
Expense	1,372,307	2,496,263	616,863	580,253
Other (income) expense	(5,809,184)	578,034	437,493	721,437
Net (income) loss	(4,436,877)	3,074,297	1,054,356	1,301,690
Basic and diluted (earnings) loss per share	(0.04)	0.03	0.01	0.01

	For the Quarters Ended			
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	\$	\$	\$	\$
Financial Results:				
Expense	713,021	899,160	796,920	954,972
Other expense	384,565	389,577	544,810	273,658
Net loss	1,097,586	1,288,737	1,341,730	1,228,630
Basic and diluted loss per share	0.01	0.02	0.02	0.02

The decrease in expenses for the June 30, 2021 quarter compared to the March 31, 2021 quarter is due to higher share-based payments as a result of amendments to the terms of certain stock options and professional fees incurred in the March 31, 2021 quarter. Other income and net income for the June 30, 2021 quarter was mainly due to the gain on extinguishment of lease liability. The decrease in expenses for the quarters from December 31, 2019 to June 30, 2020 compared to September 30, 2019 was due the reduction of services of engineering consultants engaged to design the re-refinery plant and construct a test pilot plant relating to the ReGen™ technology. These engineering activities were substantially completed in 2019. Further decreases in the September 30, 2020 and December 31, 2020 quarters were due to decrease in salaries due to the reduction in staff and a payroll subsidy received from the National Research Council of Canada's Industrial Research Assistance Program. For the September 30, 2020 quarter there was a reversal of accrued directors' fees upon the resignation of two directors, who agreed to forgive their accrued directors' fees. Expenses for the March 31, 2021 quarter increased mainly due to the grant of stock options and amendment to existing stock options that resulted in additional share-based compensation expense. Other expense

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increased for the quarters starting from December 31, 2019 due to finance cost for leases when the Company adopted IFRS 16 Leases with the date of initial application of January 1, 2019. Other expenses increased for the September 30, 2020 quarter due to deferred transaction costs that were expensed as the Company did not continue negotiating financing with the party to which the deferred transaction costs relate. Other expense increased for the March 31, 2021 quarter due to the loss on shares for debt settlement when the Company issued shares to settle debt.

Liquidity, Capital Resources, Commitments and Contingencies

Working Capital and Cash

During the three months ended June 30, 2021, cash and cash equivalents increased by \$10,220,443. The increase was mainly due to \$10,719,218 net cash received from issuance of share capital, offset by \$453,481 of cash used in operating activities and payment of \$45,294 for lease liabilities. During the six months ended June 30, 2021, cash and cash equivalents increased by \$11,613,388. The increase was mainly due to \$13,058,989 net cash received from issuance of share capital, offset by \$1,370,805 of cash used in operating activities and payment of \$74,796 for lease liabilities.

As at June 30, 2021, the Company had working capital of \$12,319,152 comprised of cash and cash equivalents of \$12,969,629, accounts receivable of \$39,326 and prepaid expenses of \$46,871, offset by accounts payable and accrued liabilities of \$418,544, lease liabilities of \$81,130 and accrued withholding tax provision of \$237,000.

Going Concern

The Company's condensed consolidated interim financial statements for the three and six months ended June 30, 2021 have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At June 30, 2021, the Company had working capital of \$12,319,152, had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the six months ended June 30, 2021, the Company reported a net income of \$1,362,580 and comprehensive income of \$1,351,097 and as at June 30, 2021, had an accumulated deficit of \$94,375,455. The Company has not generated revenues, and it is dependent on debt and equity financings to fund its development operations. 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 in order 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. Management of the Company believes that the current level of funds is sufficient to pay for committed expenditures over the next 12 months.

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.

The Company's business could be adversely impacted by the effects of COVID-19. In addition to global macroeconomic effects, the COVID-19 outbreak and any other related adverse public health developments may cause disruption to operations, research, and development, and sales activities. The Company's future third-party manufacturers, third-party distributors, and customers may be disrupted by worker absenteeism, quarantines, restrictions on employees ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures or other travel or health-related restrictions. Depending on the magnitude of such effects on the Company's future activities or the operations of its future third-party manufacturers and third-party

distributors, the supply of its products may be delayed, which could adversely affect business, operations, and customer relationships. In addition, the COVID-19 or other disease outbreak will, in the short-run, and may, over the longer term, adversely affect the economies and financial markets of many countries, resulting in an economic downturn that will affect demand for products and impact operating results. Although the magnitude of the impact of the COVID-19 outbreak on the Company's business and operations remains uncertain, the continued spread of COVID-19 or the occurrence of other epidemics and the imposition of related public health measures and travel and business restrictions will adversely impact business, financial condition, operating results, and cash flows. In addition, the Company has experienced and may experience disruptions to business operations resulting from quarantines, self-isolations, or other movement and restrictions on the ability of employees to perform their jobs that may impact the ability to develop and design products in a timely manner or meet required milestones or other commitments. 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.

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 \$475,889 of non-current liabilities, share capital of \$95,544,598 and accumulated deficit of \$94,375,455 as at June 30, 2021. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Planning, annual budgeting, monitoring, cash flow forecasting and implementing controls over major investment decisions are primary tools used to manage the Company's capital.

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

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

Contractual Obligations and Contingencies

On August 11, 2021, the Company began Stage 2 of the 3-Stage project development plan and entered into an agreement with KPS for project management services to execute the approved front end and cost estimating plan for construction and the USGC Facility developed in Stage 1 as noted above. The agreement has an estimated value of approximately US\$7.4 million and is billed to the Company on a time and materials basis. The Company has the right at any time, with or without cause, to terminate further performance of the engineering services by giving ten days written notice to KPS specifying the date of termination.

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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Transactions with Related Parties

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Salaries to Key Management personnel	254,750	252,750	501,184	521,385
Professional fees to company controlled by a Director (Larry Van Hatten)	29,000	16,500	51,500	33,000
Share-based payments to Key Management personnel	340,105	74,815	1,712,887	123,166
Total	623,855	344,065	2,265,571	677,551

Included in salaries to Key Management personnel for the three and six months ended June 30, 2021, is \$nil in bonuses paid (2020 - \$15,885) for achieving private placement financing milestones.

Included in accounts payable and accrued liabilities as at June 30, 2021 is \$5,000 (December 31, 2020 - \$322,500) of accrued directors' fees, \$16,427 (December 31, 2020 - \$213,800) of wages and professional fees payable to officers and directors and \$nil (December 31, 2020 - \$7,777 Greg Clarkes) of accrued expense reimbursements payable to officers and directors (see table below).

	June 30, 2021	December 31, 2020
	\$	\$
Related Party Accounts Payable and Accrued Liabilities		
Greg Clarkes - Director's fee from January 1, 2018 to December 31, 2020	-	90,000
Larry Van Hatten - Director's fee from January 1, 2018 to December 31, 2020	-	90,000
Paul Dipasquale - Director's fee from January 1, 2018 to December 31, 2020	-	90,000
Brian O'Sullivan - Director's fee from October 1, 2020 to December 31, 2020	-	7,500
Greg Clarkes - Chairman of Compensation Committee fee from January 1, 2018 to December 31, 2020	-	15,000
Larry Van Hatten - Chairman of Audit Committee fee from January 1, 2018 to December 31, 2020	-	30,000
Brian O'Sullivan - Director's fee from March 1, 2021 to April 30, 2021	5,000	-
Total directors' fees payable	5,000	322,500

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	June 30, 2021	December 31, 2020
	\$	\$
Related Party Accounts Payable and Accrued Liabilities		
Greg Clarkes – September 1, 2020 to December 31, 2020 consulting fees	-	105,000
Larry Van Hatten – February 1, 2020 to December 31, 2020 consulting fees	-	64,800
Rick Low – April 1, 2020 to December 31, 2020 deferred salaries	-	36,000
Rhodanthe Corporate Services (company controlled by Corporate Secretary Christina Boddy) May 1, 2020 to December 31, 2020 consulting fees	-	8,000
Larry Van Hatten – June 2021 consulting fees	11,025	-
Rhodanthe Corporate Services (company controlled by Corporate Secretary Christina Boddy) May 1, 2021 to June 30, 2021 consulting fees	5,402	-
Total wages and professional fees payable to officers and directors	16,427	213,800

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 (see table below).

	June 30, 2021	December 31, 2020
	\$	\$
Related Party Accounts Receivable		
Greg Clarkes – payroll withholding taxes on exercise of options in 2019	12,691	12,691
Paul Dipasquale – payroll withholding taxes on exercise of options in 2019	-	1,875
Total	12,691	14,566

On September 30, 2019, members of the Company's board of directors purchased an aggregate of 900,000 units (Gregory Clarkes, 500,000; John Detmold, 250,000; Bryan Nethery, 150,000) 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 Mark Redcliffe, Executive VP, Corporate Finance of the Company, was an unpaid, independent director as at June 30, 2021 who subsequently resigned. In December 2020, the Company issued 375,000 shares (Greg Clarkes 250,000 and John Detmold 125,000) on the exercise of warrants at an exercise price of \$0.30 per share for gross proceeds of \$112,500. 548,025 warrants (Bryan Nethery 75,000 and finder company 473,025) expired unexercised.

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 Mark Redcliffe, Executive VP, Corporate Finance of the Company, was an unpaid, independent director as at June 30, 2021 who subsequently resigned. On January 8, 2021, the Company issued 173,156 shares on the exercise of warrants at an exercise price of \$0.15 for gross proceeds of \$25,973.

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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. Paul DiPasquale, a director of the Company, purchased an aggregate of 250,000 units of the private placement for gross proceeds of \$50,000.

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. This 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.

	Debt Amount	Number of Shares	Nature of debt
Greg Clarkes, director & officer	\$ 57,750	148,077	33 months of directors' fees less statutory deductions
Greg Clarkes, director & officer	9,625	24,679	33 months of fees as compensation committee chair less statutory deductions
	\$ 67,375	172,756	
Larry Van Hatten, director	\$ 57,750	148,077	33 months of directors' fees less statutory deductions
Larry Van Hatten, director	19,250	49,358	33 months of fees as compensation committee chair less statutory deductions
	\$ 77,000	197,435	
Paul DiPasquale, director	\$ 55,875	143,269	33 months of directors' fees less statutory deductions
Total	\$ 200,250	513,460	

In December 2020, the Company issued 250,000 shares to Greg Clarkes (director and officer) and 125,000 shares to John Detmold (former director) 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 Greg Clarkes, director and officer (720,000) and Larry Van Hatten, director (360,000) 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 1,200,000 common shares (Brian O'Sullivan, former director – 750,000, Gordon Driedger, President & COO – 200,000, Mark Redcliffe, Executive VP, Corporate Finance – 200,000, Rick Low, CFO – 50,000, Christina Boddy – Corporate Secretary 50,000) were issued to officers and a director for the exercise of stock options for gross proceeds of \$350,000.

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On March 29, 2021, TSX Venture Exchange approved the extension of the expiry date of 2,500,000 stock options, originally granted to Greg Clarkes, director & officer (1,700,000), Larry Van Hatten, director (500,000) and Paul DiPasqule, director (300,000) 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 that fully vest on the grant date were granted to Greg Clarkes, director & officer (1,500,000), Larry Van Hatten, director (500,000) and Paul DiPasqule, director (200,000).
March 19, 2021	750,000	\$0.85	March 19, 2023	Stock options granted to Bob Rennie, 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.

Financial Instruments and Risk Management

Fair Value of Financial Instruments

The Company's financial instruments at June 30, 2021 include cash and cash equivalents, accounts receivable, Investments, accounts payables and accrued liabilities and term loan.

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their immediate or short-term nature, unless otherwise noted. The fair value of COY shares was based on the closing prices of those shares on Australian Stock Exchange.

Fair Value Hierarchy

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

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

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

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

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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 following table presents the financial instruments recorded at fair value in the Consolidated Statement of Financial Position, classified using the fair value hierarchy described above:

Asset	Level 1 \$	Level 2 \$	Level 3 \$
June 30, 2021:			
Cash and cash equivalents	12,969,629	-	-
Accounts receivable	39,326	-	-
Investment in Coppermoly Ltd.	38,276	-	-
Accounts payable and accrued liabilities	418,544	-	-
Term loan	-	-	37,119
December 31, 2020:			
Cash and cash equivalents	1,356,241	-	-
Accounts receivable	146,661	-	-
Investment in Coppermoly Ltd.	49,759	-	-
Accounts payable and accrued liabilities	863,456	-	-
Term Loan	-	-	36,216

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 and cash equivalents is largely held in a Canadian financial institution and management believes that the credit risk with respect to financial instruments recorded on the Consolidated Statement of Financial Position at June 30, 2021 is minimal. The Company's accounts receivable consists of amounts receivable from government and directors. Management believes that the credit risk with respect to accounts receivable is minimal.

Currency risk – currency risk arises due to fluctuations in the exchange rates. The Company's equity financings are sourced in Canadian dollars and the majority of expenditures are expected to be incurred in US dollars. As at June 30, 2021, the Company's holdings in foreign currencies are not material and exposure to currency risk is minimal.

Interest rate risk – is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest income is subject to bank deposit interest rates. During the six months ended June 30, 2021, the Company received \$9,393 of interest income from banks. A 1% change in interest rate would affect income (loss) before tax of approximately \$130,000. The Company's term loan with a carrying value of \$37,119 as at June 30, 2021 from the Government of Canada for COVID-19 assistance is non-interest bearing.

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,

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planning and approval of significant expenditures and commitments. As at June 30, 2021, the Company had \$12,969,629 in cash and cash equivalents, \$736,674 in current liabilities and \$475,889 in non-current liabilities.

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

Price risk – the Company is exposed to price risk with respect to commodity and equity pricing, and the investment in COY. The Company is exposed to changes in market prices and a sensitivity analysis suggests that a 10% change in COY share prices would affect other comprehensive income or loss by approximately \$3,000 before tax.

Outstanding Share Data

As at August 27, 2021, the following shares are outstanding:

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

- Issued and outstanding: 100,657,565 common shares

- Stock options outstanding:

Number of options	Exercise price per option \$	Expiry date
600,000	0.25	February 4, 2022
1,000,000	0.30	May 18, 2022
300,000	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
507,000	1.25	June 22, 2023
9,137,000		

- Warrants outstanding:

Number of warrants	Exercise price per warrant \$	Expiry date
450,000	0.30	September 17, 2021

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Critical Accounting Estimates

There were no material changes to the Company's critical accounting estimates and judgments for the three and six months ended June 30, 2021 from those as reported in the Company's MD&A for the year ended December 31, 2020.

Recent 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.

Risks and Uncertainties

The Company's expectation to enter into the oil re-refining business involves a significant degree of risk. The risk factors set out below should be considered. It should be noted that the risks discussed below are not exhaustive and that other risks may apply. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Company.

Risks Associated with the Company's Common Shares

Liquidity and Capital Resources

Historically, capital requirements have been primarily funded through the sale of Common Shares and debt. Factors that could affect the availability of financing include the progress and results of ongoing development of the USGC Facility, the state of international debt and equity markets, and investor perceptions and expectations of global UMO markets and the Company. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company.

Trading Price for the Company's Common Shares is Volatile

The securities of publicly traded companies can experience a high level of price and volume volatility and the value of the Company's securities can be expected to fluctuate depending on various factors, not all of which are directly related to the success of the Company and its operating performance, underlying asset values or prospects. The trading price of the Company's common shares has been and may continue to be subject to large fluctuations, which may result in losses to investors. The trading price of the Company's common shares may increase or decrease in response to a number of events and factors, including:

- (a) issuances of the Company's common shares or debt securities by the Company;
- (b) the Company's operating performance and the performance of competitors and other similar companies;
- (c) the addition or departure of key management and other personnel;
- (d) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- (e) the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities;
- (f) changes in recommendations by research analysts who track the Company's common shares or the shares of other companies in the resource sector; and

In addition, the market price of the Company's common shares is affected by many variables not directly related to the Company's success and not within the Company's control. Factors which may influence the price of the Company's securities, include, but are not limited to: worldwide economic conditions; changes in government policies; investor perceptions; movements in global interest rates and global stock markets; variations in operating costs; the cost of capital that the Company may require in the future; the market price of UMOs; the price of commodities necessary for the Company's operations; the development and operations of the USGC Facility; the share price performance of the Company's competitors; news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related industry and market issues affecting the UMO sector; publicity about the Company, the Company's personnel or others operating in the industry; loss of a major funding source; and all market conditions that are specific to the recycled motor oil industry, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Company's common shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price Company's common shares on the exchanges on which the Company trades has historically made the Company's share price volatile and suggests that the Company's share price will continue to be volatile in the future.

As a result of any of these factors, the market price of the Company's common shares at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Sales of a significant number of Company's common shares, or the perception of such sales, could depress the market price of the common shares

Sales of a substantial number of the Company's common shares or other equity-related securities by the Company or its significant shareholders could depress the market price of the Company's common shares and impair our ability to raise capital through the sale of additional equity securities. The Company cannot predict the effect that future sales of Company's common shares or other equity-related securities would have on the market price of the common shares. The price of the Company's common shares could be affected by possible sales of the common shares by hedging or arbitrage trading activity.

Holders of Company's Common Shares will be diluted

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of common shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional common shares may be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants.

The Company's directors can issue Preferred Shares without shareholder approval, which may give the holders thereof a liquidation preference

The Company's authorized share capital consists of an unlimited number of preferred shares (the "Preferred Shares") which may be issued in one or more series. The designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares may be determined by the Company's board of directors ("Board") from time to time by a resolution. The rights, privileges and conditions attached to the Preferred Shares may give holders thereof, liquidation and other preferences over the holders of common shares. The payment of the liquidation preferences could result in the holders of common shares not receiving any consideration if the Company were to liquidate, dissolve or wind up, either voluntarily or involuntarily. Because the Board can designate the powers and preferences of the Preferred Shares without a vote of the Company's shareholders, subject to applicable securities rules and

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regulations, the Company's shareholders will have no control over what designations and preferences any potential Preferred Shares, if any, will have.

Risks Relating to the Company

Negative Operating Cash Flow

To date, the Company has recorded no operating cash flow and the Company has not commenced commercial production of any of its re-refined products that are currently in development. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel, equipment, and materials associated with constructing its facilities and achieving commercial production of its products increases. The Company expects to continue to incur losses until such time as its products enter into commercial production and generate sufficient revenues to fund its continuing operations.

Going concern risk

Management of the Company believes that the current level of funds is sufficient to pay for expected cash expenditures over the next 12 months.

The Company has not generated revenues, and it is dependent on debt and equity financings to fund its development operations. 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 in order 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. Any such scaling back would be expected to have a negative impact on the Company's business and operations.

Unanticipated problems or delays in building the USGC Facility to the proper specifications may harm business and viability

The Company's future growth and operations may depend on its ability to timely and economically complete and operate the USGC Facility. If development of the USGC Facility is threatened for unexpected reasons, the Company's business may experience a substantial setback. Moreover, the occurrence of significant unforeseen conditions or events in connection with the construction of the USGC Facility may cause management to re-examine its business model. The Company may suffer significant delays or cost overruns as a result of a variety of factors, such as increases in the prices of raw materials, shortages of workers or materials, transportation constraints, adverse weather, equipment failures, fires, damage to or destruction of property and equipment, environmental damage, labour issues, any of which could prevent the Company from beginning or completing construction or commencing operations at the USGC Facility.

Risks related to the USGC Facility

The Company does not currently have the necessary funds to meet the anticipated capital expenditures for the development of the USGC Facility. In order to meet these costs, the Company has commenced discussions with potential investors to help finance the USGC Facility. There is a risk that the Company will not be able to obtain the necessary funds to meet the anticipated expenses of the USGC Facility.

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The selection of the site of the USGC Facility in a location other than Texas could cause significant delays.

To date, the Company has conducted preliminary development work in respect of the USGC Facility and has identified a site for the USGC Facility. Delays in the selection and development of the USGC Facility would likely have an adverse effect on the Company's business, including potentially causing a default under or termination of the BP Offtake Agreement.

The proposed oil re-refineries may not generate the operating results that the Company anticipates and may lead to greater volatility in future revenue and earnings

There can be no assurance that unforeseen conditions will not adversely impact the operation or profitability of the proposed USGC Facility. The Company's ability to operate the proposed USGC Facility at capacity and realizing the anticipated benefits may be affected by the various factors, including: the ability to run the USGC Facility at design rates safely and in compliance with all relevant regulations; unplanned shutdowns or unscheduled shutdowns; logistics; prices for UMO feedstock and base lubricating oils; required volumes of UMO feedstock.

The condition of third parties may adversely affect the Company

The Company relies on suppliers, subcontractors, and other third parties to provide it with products and services necessary for the completion and delivery of the Company's products. Significant changes in the conditions of third parties may increase the price of the components or services provided by third parties, delay deliveries of products or services, or result in the failure by these third parties to perform services or deliver products, each of which could have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company may not be able to obtain required governmental approvals or permits

Government approvals and permits will be required to develop the Company's proposed re-refining facilities and commence future operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from conducting its anticipated business. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities preventing the development of the Company's business and operations, causing any future operations to cease or be curtailed, or requiring remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its future operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Changes to current laws and regulations may be unfavorable and have an adverse effect on the Company's current and anticipated operations.

The Company is subject to laws that may change and negatively impact the Company and its business

The Company is subject to local and federal laws in Canada and the United States including, regulations, rules, and policies as well as social, economical, and political contexts prevailing in places where the Company plans to conduct its activities. Consequently, the modification or change of any of these may have an unfavourable impact on the Company's anticipated business and operations and may require expenditures by the Company in order to adapt or comply to such modification or change. More specifically, the production and distribution of re-refined UMO derived products are subject to federal and local laws, rules, regulations, and policies in Canada and the United States, all of which provide a framework for the Company's planned operations. The impact of new laws and regulations, stricter enforcement or interpretations or changes to enacted laws and regulations will depend on the Company's ability to adapt to, comply with, and mitigate such changes.

The Company's commercial success will depend in part on its ability to obtain, maintain, and protect its intellectual property

The Company's success will depend in part on its ability to maintain or obtain and enforce patent rights and other intellectual property protection for its technologies, to preserve its trade secrets, and to operate without infringing upon the proprietary rights of third parties. The Company currently relies heavily on its ability to use ReGen™

technology. The failure to obtain or maintain patents or other intellectual property protection on the technologies underlying its technologies may have a material adverse effect on the Company's competitive position and business prospects. It is also possible that the Company's technologies may infringe on patents or other intellectual property rights owned by others. Management may have to defend an infringement action or challenge the validity of the patents in court. The Company may not prevail in any intellectual property litigation. Intellectual property litigation is costly and time consuming. If the Company is found liable for infringement or are not able to have such patents declared invalid, the Company may be liable for significant monetary damages and may encounter significant delays in bringing products to market.

Risks Relating to Potential Acquisitions

In the future, management may seek to grow the Company's business by investing in new or existing facilities, or technologies, either by making acquisitions or entering into partnerships and joint ventures. Acquisitions, partnerships, joint ventures or investments may require significant managerial attention, which may divert management from other activities and may impair the operation of the Company's existing businesses. Potential acquisitions may also carry additional risks including: a failure to successfully integrate the acquired businesses, facilities or new technology into current operations, incurring higher than anticipated capital expenditures and operating expenses, disruption for the Company's ongoing business, dissipating current resources, failing to maintain uniform standards controls and policies, an inability to maintain key relationships following the acquisition, loss of key personnel of the acquired business or facility, incurring significant debt, dilution of the common shares if the acquisition is funded through equity, exposure to unanticipated liabilities and a failure to realize efficiencies, synergies and cost savings.

The Company may also assume liabilities and environmental liabilities as part of the acquisitions. Although management will endeavor to accurately estimate, and limit liabilities and environmental liabilities presented by the businesses or facilities to be acquired, some liabilities, including ones that may exist only because of the past operations of an acquired business or facility, may prove to be more difficult or costly to address than management initially estimates. It is also possible that government officials responsible for enforcing environmental laws may believe an environmental liability is more significant than management estimates, or that management will fail to identify or fully appreciate an existing liability before the Company becomes legally responsible to address it. The Company may have no recourse, or only limited recourse, to the former owners of such properties in the event such liabilities are present. As a result, if a liability were asserted against the Company based upon ownership of an acquired property, the Company might be required to pay significant sums to settle it, which could adversely affect financial results and cash flow.

Management will regularly review potential acquisitions of complementary businesses, services or products. However, management may be unable to identify suitable acquisition candidates in the future. Even if management does identify appropriate acquisition candidates, the Company may be unable to complete or finance such acquisitions on favorable terms, if at all. In addition, the process of integrating an acquired business, service or product into the Company's existing business and operations may result in unforeseen operating difficulties and expenditures.

Reliance on the BP Offtake Agreement

The Company is subject to the risk of termination of the BP Offtake Agreement, including if the Company fails to meet certain development timelines and/or financing conditions for the USGC Facility. The Company's current business operation is dependent on the BP Offtake Agreement remaining in force, and on BP maintaining its obligations under this agreement. If any party defaults on their obligations under the BP Offtake Agreement, either intentionally or unintentionally, it may have an adverse effect on the Company's current and future business expectations.

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The Company may not be able to operate its business in an adequately safe manner

In the operation of facilities, employees of the Company will be exposed to potential hazards. If the Company is not able to provide a safe environment for employees and properly train them to identify, avoid, report, and help rectify unsafe conditions, this may lead to an excessive number of recordable incidents, lost work time, etc. An excessive number of recordable incidents and lost work time can lead to excessive expense and a poor safety rating.

Strategic relationships on which the Company relies on are subject to change

Management's ability to identify and enter commercial arrangements with suppliers and clients depends on developing and maintaining close working relationships with industry participants. The Company does not yet have any formal supply agreements in place. The Company's success in this area also depends on management's ability to select, evaluate and consummate transactions in a highly competitive environment.

If the Company cannot maintain adequate insurance coverage, it may be unable to conduct certain operations

The Company's business exposes it to various risks, including claims for causing damage to property and injuries to persons that may involve allegations of negligence or professional errors or omissions in the performance of the Company's services. Such claims could be substantial. If the Company is unable to obtain adequate or required insurance coverage in the future, the Company could be in violation of permit conditions and other requirements of the environmental laws, rules and regulations under which the Company operates. Such violations could render the Company unable to proceed with certain operations which could impair the Company's financial condition.

Future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements

The Company may become involved in lawsuits, regulatory inquiries, and governmental and other legal proceedings arising out of the ordinary course of its business. The timing of the final resolutions to these matters may be uncertain. Additionally, the possible outcomes or resolutions to these matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting the Company's results of operations and liquidity.

If current environmental laws and regulations are changed, the Company may be forced to materially alter its business model, which could have a material adverse effect on its business, operations or financial condition

Environmental laws and regulations are subject to change and may become increasingly stringent or relaxed. Interpretation or enforcement of existing laws and regulations, or the adoption of new laws and regulations, may require the Company to modify or curtail its operations or replace or upgrade facilities or equipment at substantial costs.

Global Financial Conditions

Global financial conditions remain subject to sudden and rapid destabilizations in response to economic shocks. A slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fluctuations in fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and financial condition.

Fluctuations of Oil Prices

The Company's business involves buying UMO from suppliers who collect the UMO, re-refining such UMO into base lubricating oils and other ancillary products and then selling both such re-refined oil and other products from the re-refining process. Changes in the reported spot market prices of oil affect the prices at which the Company can sell those finished products.

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Entrance into U.S. Re-refining Market

The Company will be operating the USGC Facility in the United States, a jurisdiction which the Company does not have experience operating in. The Company may face certain inherent challenges associated with operating in a new market, including establishing reliable supply chains and forming relationships with suppliers and subcontractors. These challenges may increase the Company's costs and decrease cash flow and profitability. The Company may also face challenges associated with operating in a new regulatory and legal environment, both at the State and Federal level. The Company's lack of experience operating in the states in the Gulf Coast of the United States, and may increase the Company's regulatory, legal and compliance costs.

Receipt of UMO

It is important that the UMO feedstock meets certain specifications to create an efficient refinery process. Feedstock that does not meet these specifications, if processed through the re-refinery, may have excess water content, may result in increased processing requirements, and/or may result in excess waste and/or cost to process the feedstock. Management of the Company plans to develop a quality control/quality assurance program in order to screen UMO feedstock to mitigate the risk that UMO feedstock meets all applicable standards however any failures in this risk mitigation strategy or any unforeseen circumstances could have an adverse effect on the Company.

Health, Safety, and Environment

The storage and transfer of crude oil products has a limited impact on the environment when conducted in compliance with applicable government policies and regulations. However, the potential exists for accidents to occur or equipment to fail which could result in the release of UMO or finished products into the environment and such release could result in damage to facilities and liability to third parties.

Competition

Management of the Company is presently unaware of any direct competitors that are currently re-refining UMO into marketable quantities of comparable Group II+ and Group III base oil products; however, large-scale facilities, such as Motiva Enterprises, LLC, in the USGC, that produce base oils from virgin crude oil, could be considered indirect competitors of the Company.

Cyberattacks or security breaches could have a material adverse effect on the Company's business, financial condition and results of operations

The Company is dependent upon information systems and will be dependent on other digital technologies for controlling the USGC Facility, processing transactions and summarizing and reporting results of operations. The secure processing, maintenance and transmission of information is critical to the Company's current and future operations. The Company monitors existing information systems on a 24/7 basis in an effort to detect cyberattacks or security breaches. These efforts have been implemented along with other risk mitigation procedures to detect and address unauthorized and damaging activity on the Company's network, stay abreast of the increasing threat landscape and improve security posture. Information technology system failures, communications network disruptions (whether intentional by a third party or due to natural disaster), and security breaches could still impact equipment and software used to control future facilities, resulting in improper operation of assets, potentially including delays in the delivery or availability of customers' products, contamination or degradation of the products the Company transports, stores or distributes, or releases of hydrocarbon products and any other damage to the Company's future facilities for which the Company could be held liable.

Furthermore, the Company collects and stores sensitive data in the ordinary course of business, including personally identifiable information of employees as well as proprietary business information including that of customers, suppliers, investors and other stakeholders. Despite current security measures, information systems may become the target of cyberattacks or security breaches (including employee error, malfeasance or other breaches), which could

result in the theft or loss of the stored information, misappropriation of assets, disruption of transactions and reporting functions, the Company's ability to protect customer or company information and financial reporting. Even with insurance coverage, a claim could be denied or coverage delayed. A cyber-attack or security breach could result in liability under data privacy laws, regulatory penalties, damage to reputation or a loss of consumer confidence in products and services, or additional costs for remediation and modification or enhancement of information systems to prevent future occurrences, all of which could have a material and adverse effect on the Company's business, financial condition or results of operations.

Dependence on Key Personnel

The Company depends on a relatively small number of key qualified personnel, key senior management, and other employees. As the Company's business grows, the Company may recruit additional management and other personnel. There is no assurance that the key qualified personnel will continue to provide services to the Company or will honour the agreed terms and conditions of their employment or contracts. Any loss of key personnel or failure to recruit and retain personnel for the Company's future operations and development could have a material adverse effect on the Company's business and results of operations. The Company does not have key person insurance on these individuals.

Disruption Due to Unexpected Disasters or Crises

Disruptions in the activities of the Company may be caused by natural disasters, effects of climate change and man-made activities, pandemics (including the COVID-19 pandemic), trade disputes and disruptions, war, terrorism, and any other forms of economic, health, or political disruptions. The Company's financial conditions are reliant on continued operations, and in circumstances where continued operations including, but not limited to, construction plans, construction in progress, supply of equipment, are not possible, the Company is likely to experience a decline in its revenue, and may suffer additional disruptions in the form of lack of access to its workforce contractors, suppliers, engineering consultants, customers, technology, or other assets. The extent of the impact on the Company will vary with the extent of the disruption and cannot be adequately predicted in advance.

Potential Conflicts of Interest

Some of the directors or officers of the Company are also directors, officers and/or promoters of other reporting and non-reporting issuers. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Risks related to financing any additional facilities

The Company currently does not have the necessary funds to finance the preliminary development of any additional facilities other than the USGC Facility. While the Company's current priority is the USGC Facility, the Company will need to secure additional financing if management wishes to complete any additional facilities. There is no guarantee that the Company will be able to obtain this financing on favourable terms.

Risk related to financing the agreements with KPS and KMPS

The agreements with KPS and KMPS involve the engagement of those parties for initial development work. The Company intends that once that initial development work is completed, the Company will enter into more fulsome agreements with these parties, directly or indirectly (i.e., through a subcontractor agreement), with respect to further development work for the USGC Facility. However, there are no assurances that the Company will be successful in entering into any such agreements, or that KPS or KMPS or others will meet their obligations under those agreements. Any such failure may have a negative impact on the Company's business and could adversely affect the Company's operations by limiting opportunities.

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Risk Management and Internal Control Systems

The Company's directors together with its senior management are responsible for overseeing the Company's internal control policies and procedures. The Company has established risk management and internal control systems consisting of policies, procedures and risk management methods that the Company believes are appropriate for the Company's business operations. However, due to the inherent limitations in the design and implementation of these systems, there is a risk that these systems will not be sufficiently effective in identifying and preventing a deficiency in internal controls. In addition, as some of the risk management and internal control policies and procedures are relatively new, the Company may need to establish and implement additional policies and procedures to further improve the Company's systems from time to time. Since the Company's risk management and internal controls depend on implementation by Company employees, there is a risk that such implementation will involve human errors or mistakes. If the Company fails to implement its policies and procedures in a timely manner or fails to identify risks that affect the Company's business, results of operations, and financial condition could be materially and adversely affected.