ReGen III Corp.

Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2024
(Unaudited)
(Expressed in Canadian dollars)

Management's Comments on Unaudited Condensed Consolidated Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of ReGen III Corp. for the three and nine months ended September 30, 2024, have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company. The accompanying unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

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(Unaudited)
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For the Three and Nine Months Ended September 30, 2024 **Page**

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

	September 30, 2024	December 31, 2023
	$	$
ASSETS		
Current		
Cash	149,253	2,149,346
Accounts receivable	15,997	26,805
Prepaid expenses	147,732	134,276
Investment in sublease (note 3)	37,021	115,650
	350,003	2,426,077
Property	8,328	8,328
Investments	42,104	42,104
Investment in sublease (note 3)	-	25,499
Right-of-use assets (note 4)	132,104	181,643
Total assets	**532,539**	**2,683,651**
LIABILITIES AND DEFICIT		
Current		
Accounts payable (note 6)	468,743	279,093
Accrued liabilities (note 6)	1,405,995	1,135,821
Lease liabilities (note 4)	107,679	200,475
Deferred rent liability	11,783	24,363
Accrued tax provision	256,000	239,000
	2,250,200	1,878,752
Deferred rent liability	-	11,783
Lease liabilities (note 4)	78,133	160,852
Convertible debentures (note 5)	3,677,627	2,561,684
Total liabilities	6,005,960	4,613,071
Shareholders' deficit		
Share capital (note 7)	101,320,784	101,320,784
Contributed surplus	15,466,021	15,291,703
Accumulated deficit	(122,302,330)	(118,584,011)
Accumulated other comprehensive income		
Unrealized gain on investments	42,104	42,104
Total shareholders' deficit	(5,473,421)	(1,929,420)
Total liabilities and shareholders' deficit	**532,539**	**2,683,651**

Nature of operations and going concern (note 1)
Commitments (notes 4, 5 and 10)
Subsequent events (note 13)

Approved on behalf of the Board of Directors:

"Greg Clarkes" — Greg Clarkes, Director

"Larry Van Hatten" — Larry Van Hatten, Director

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

ReGen III Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Expense				
Amortization of right-of-use assets (note 4)	16,513	19,414	49,539	87,549
General and administration	108,085	174,987	349,495	370,489
Investor relations	17,346	22,449	86,421	102,565
Plant engineering and design	224,126	91,210	713,197	221,178
Professional fees	109,063	356,199	484,862	747,592
Salaries and benefits (note 6)	405,754	547,403	1,470,202	1,701,309
Share-based payments (note 7)	-	285,746	(24,635)	997,193
Travel and accommodation	199	7,501	28,581	24,306
	881,086	1,504,909	3,157,662	4,252,181
Other (income) expense				
Interest income	(4,389)	(12,682)	(32,253)	(49,343)
Rent income	(31,081)	(3,213)	(93,244)	(7,784)
Finance income from lease – head office premises (note 3)	(2,597)	(3,064)	(11,451)	(3,064)
Finance costs of lease – head office premises (note 4)	7,857	9,834	28,868	28,167
Write-off due to sublease (notes 3 and 4)	-	7,299	-	7,299
Foreign exchange (gain) loss	(15,279)	19,830	22,160	-
Interest on convertible debentures (note 5)	141,045	-	360,378	-
Transaction costs (note 5)	11,009	-	33,694	-
Loss on fair value re-measurement of convertible debentures (note 5)	224,317	-	330,755	-
	330,882	18,004	638,907	(24,725)
Loss for the period before income taxes	1,211,968	1,522,913	3,796,569	4,227,456
Deferred income tax recovery (note 12)	(24,427)	-	(78,250)	-
Net loss for the period	1,187,541	1,522,913	3,718,319	4,227,456
Other comprehensive gain				
Unrealized gain on investments	(3,828)	(5,742)	-	(9,570)
Total comprehensive loss for the period	1,183,713	1,517,171	3,718,319	4,217,886
Loss per share – basic and diluted	0.01	0.01	0.03	0.04
Weighted average number of shares outstanding – basic and diluted	118,355,547	118,355,547	118,355,547	117,332,671

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

(Expressed in Canadian dollars)

	Share capital	Contributed surplus	Accumulated deficit	Unrealized gain (loss) on investments	Total
	$	$	$	$	$
Balance as at December 31, 2022	98,689,674	13,234,699	(112,933,726)	38,276	(971,077)
Issuance of share capital (note 7)	193,721	(67,721)	-	-	126,000
Issuance of units (note 7)	2,473,976	295,400	-	-	2,769,376
Share issuance costs (note 7)	(36,587)	-	-	-	(36,587)
Share-based payments (note 7)	-	997,193	-	-	997,193
Net loss for the period	-	-	(4,227,456)	-	(4,227,456)
Other comprehensive gain	-	-	-	9,570	9,570
Balance as at September 30, 2023	101,320,784	14,459,571	(117,161,182)	47,846	(1,332,981)
Issuance of convertible debentures and warrants (note 5)	-	565,520	-	-	565,520
Deferred tax expense on equity components of convertible debentures (note 12)	-	(161,501)	-	-	(161,501)
Share-based payments (note 7)	-	428,113	-	-	428,113
Net loss for the period	-	-	(1,422,829)	-	(1,422,829)
Other comprehensive loss	-	-	-	(5,742)	(5,742)
Balance as at December 31, 2023	101,320,784	15,291,703	(118,584,011)	42,104	(1,929,420)
Issuance of convertible debentures and warrants (note 5)	-	277,203	-	-	277,203
Deferred tax expense on equity components of convertible debentures (note 12)	-	(78,250)	78,250	-	-
Share-based payments (note 7)	-	(24,635)	-	-	(24,635)
Net loss for the period	-	-	(3,796,569)	-	(3,796,569)
Balance as at September 30, 2024	101,320,784	15,466,021	(122,302,330)	42,104	(5,473,421)

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

ReGen III Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

	2024	2023
	$	$
Operating activities		
Loss for the period before income taxes	(3,796,569)	(4,227,456)
Adjustments for items not involving cash		
Amortization of right-of-use assets (note 4)	49,539	87,549
Share-based payments (note 7)	(24,635)	997,193
Finance income from lease – head office premises (note 3)	(11,451)	(3,064)
Finance costs of lease – head office premises (note 4)	28,868	28,167
Write-off due to sublease (notes 3 and 4)	-	7,299
Loss on fair value re-measurement of convertible debentures (note 5)	330,755	-
	(3,423,493)	(3,110,312)
Net change in non-cash working capital		
Accounts receivable	10,808	5,501
Prepaid expenses	(13,456)	(5,922)
Accounts payable	189,650	(57,911)
Accrued liabilities	270,174	132,399
Accrued tax provision	17,000	10,000
Net cash flows used in operating activities	(2,949,317)	(3,026,245)
Financing activities		
Payment of lease liabilities (note 4)	(204,383)	(155,019)
Convertible debentures (note 5)	1,075,000	-
Convertible debentures issuance costs (note 5)	(12,609)	-
Issuance of share capital (note 7)	-	2,895,376
Share issuance costs (note 7)	-	(36,587)
Net cash flows from financing activities	858,008	2,703,770
Investing activities		
Investment in sublease (note 3)	115,579	29,965
Deferred rent liability	(24,363)	11,783
Net cash flows from investing activities	91,216	41,748
Decrease in cash during the period	(2,000,093)	(280,727)
Cash, beginning of the period	2,149,346	718,398
Cash, end of the period	149,253	437,671

Supplemental cash flow information (note 11)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. At September 30, 2024, the Company had a working capital deficit of $1,900,197, had not yet achieved profitable operations and expects to incur further losses in the development of its business. For the nine months ended September 30, 2024, the Company reported a net loss and total comprehensive loss of $3,718,319 and as at September 30, 2024, had an accumulated deficit of $122,302,330. The Company has not generated revenues, and it is dependent on debt and equity financings to fund its development operations. Management of the Company believes that the current level of funds is not sufficient to pay for expected cash expenditures over the next 12 months. The recoverability of the underlying value of the Company's assets is entirely dependent on the Company's ability to obtain the necessary financing to complete development of the ReGen™ technology and future profitable production. Significant amounts of capital expenditures are required for the Company to execute its business plan and there are no assurances that the Company will have sufficient funds for this purpose. In the event that sufficient financing is not completed, the Company will be required to scale back its planned activities and expenditures, including general and administrative expenditures. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and such adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") effective for the Company's reporting period ending December 31, 2024. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The accounting policies applied are the same as those applied in the Company's most recent annual financial statements which are filed under the Company's profile on SEDAR+ at www.sedarplus.ca. The results for interim periods are not necessarily indicative of results for the entire year. The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of expenses during the period. As a result, actual amounts may differ from those estimates.

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

These condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 were approved and authorized for issue by the Board of Directors on November 27, 2024.

(b) Principles of Consolidation

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

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

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

(c) New and Amended Standards and Interpretations

There are no significant recent accounting pronouncements applicable to the Company.

3. INVESTMENT IN SUBLEASE

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

	Investment in Sublease $
Future sublease payments as at August 22, 2023	222,596
Incremental borrowing rate as at August 22, 2023	15%
Discounted future sublease payments as at August 22, 2023	200,403
Prepaid rent	(25,684)
Interest accretion	9,237
Sublease payments received	(42,807)
Balance, as at December 31, 2023	141,149
Interest accretion	11,451
Sublease payments received	(115,579)
Balance, as at September 30, 2024	37,021

(Expressed in Canadian dollars)

3. INVESTMENT IN SUBLEASE (continued)

	Investment in Sublease $
Current portion of investment in sublease	37,021
Long-term portion of investment in sublease	-
Balance, as at September 30, 2024	37,021

4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company entered into a sublease agreement effective on September 1, 2023, for the sublease of its new office premises for a term that expires on September 30, 2026. The Company has recorded this sublease as a right-of-use asset and lease liability on September 1, 2023. As at September 1, 2023, the total future sublease payments of $244,494 over the sublease term was discounted at the Company's incremental borrowing rate of 15% and the Company recorded a lease liability and right-of-use-asset of $198,156. As a result of subleasing the Company's previous office premises and subleasing its new office premises, the Company derecognized $nil (2023 - $207,702) of right-of-use assets for the previous office premises and recognized $nil (2023 - $200,403) right-of-use assets for its new office premises. This resulted in a $7,299 net write off recorded for the year ended December 31, 2023 ($nil in 2024).

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

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

	Right-of-Use-Assets $	Lease Liabilities $
Balance, as at December 31, 2022	295,251	337,670
Discounted future lease payments	198,156	198,156
Prepaid rent	-	(13,583)
Amortization	(104,062)	-
Write-off due to sublease	(207,702)	-
Interest accretion – head office premises	-	41,191
Lease payments	-	(202,107)
Balance, as at December 31, 2023	181,643	361,327
Amortization	(49,539)	-
Interest accretion – head office premises	-	28,868
Lease payments	-	(204,383)
Balance, as at September 30, 2024	132,104	185,812

(Expressed in Canadian dollars)

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

	Right-of-Use-Assets $	Lease Liabilities $
Current portion of lease liabilities	-	107,679
Long-term portion of lease liabilities	-	78,133
Head office premises	132,104	-
Balance, as at September 30, 2024	132,104	185,812

During the three and nine months ended September 30, 2024, the Company made $31,057 and $93,171 (2023 - $21,200 and $63,600), respectively of variable lease payments consisting of property maintenance expenses. In addition to basic rent, the Company pays monthly property maintenance expenses during the term of the office leases. All of these costs are recognized in general and administration expenses.

5. CONVERTIBLE DEBENTURES

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

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

The Debentures have a term of 24 months from date of issuance and will accrue interest at a rate of 14% per annum, payable in arrears on a semi-annual basis, and on maturity. After 12 months from date of issuance, the Company may, subject to the prior approval of the TSX Venture Exchange (the "Exchange"), elect to pay outstanding interest in common shares ("Interest Shares") at a price per share equal to the greater of (i) the volume weighted average price of the common shares on the Exchange for the five (5) trading days prior to the date such interest is due, and (ii) the Discounted Market Price (as defined by the Exchange) at that time.

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

For accounting purposes, the Debenture is a compound financial instrument that contains both liability and equity components (i.e. an embedded derivative that meets the definition of equity). The Company designated the Debentures upon initial recognition as fair value through profit and loss ("FVTPL") and accordingly recorded their fair values upon initial recognition and at September 30, 2024. Upon initial recognition, the fair value of the financial liability element and equity components of the proceeds received from the issuance of the Debentures is as follows:

	November 17, 2023 and December 30, 2023	**May 30, 2024**	**July 15, 2024**
Debenture liability (at FVTPL)	$2,401,848	$575,657	$209,531
Conversion feature – equity	389,990	111,698	33,569
Warrants – equity	208,162	87,645	56,900
Total	$3,000,000	$775,000	$300,000

(Expressed in Canadian dollars)

5. CONVERTIBLE DEBENTURES (continued)

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

	November 17, 2023 and December 30, 2023	May 30, 2024	July 15, 2024
Debenture liability (at FVTPL)	$130,524	$22,685	$11,009
Conversion feature – equity	21,210	4,401	1,764
Warrants – equity	11,421	3,454	2,990
Total	$163,155	$30,540	$15,763

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

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

Instrument	Valuation Date	Stock price	Expected volatility	Credit rating	Credit Spread	Risk-free rate	DLOM(*)	Term (years)
November 17, 2023	November 17, 2023	$0.36	85%	CCC	22.0%	4.3%	20%	2.00
November 17, 2023	September 30, 2024 and December 31, 2023	$0.20 – September 30, 2024 and $0.30 – December 31, 2023	90%	CCC	23.7% - September 30, 2024 and 19.7% - December 31, 2023	3.8%	15%	1.13 - September 30, 2024 and 1.88 - December 31, 2023
December 20, 2023	December 20, 2023	$0.30	85%	CCC	20.9%	3.7%	20%	2.00
December 20, 2023	September 30, 2024 and December 31, 2023	$0.20 – September 30, 2024 and $0.30 – December 31, 2023	85%	CCC	24.1% September 30, 2024 and 20.3% December 31, 2023	3.7%	20%	1.22 - June 30, 2024 and 1.97 - December 31, 2023
May 30, 2024	September 30, 2024 and May 30, 2024	$0.20 – September 30, 2024 and $0.33 May 30, 2024	95%	CCC-	30.5 % September 30, 2024 and 26% May 30, 2024	4.1%	20%	1.66 - June 30, 2024 and 2.00 - May 30, 2024
July 15, 2024	September 30, 2024 and July 15, 2024	$0.20 – September 30, 2024 and $0.27 July 15, 2024	95%	CCC-	34 % September 30, 2024 and 29.9% July 15, 2024	3.6%	20%	1.79 - September 30, 2024 and 2.00 - July 15, 2024

(*) Discount for lack of marketability ("DLOM") factor. The DLOM factor was based on a range of option pricing methodologies and factors in a discount attributable to a trading restriction attached to the Company's stock and considered from a market participant's perspective.

(Expressed in Canadian dollars)

5. CONVERTIBLE DEBENTURES (continued)

During the three and nine months ended September 30, 2024, the company recognized a loss of $224,317 and $330,755 (2023 - $nil and $nil), respectively in the income statement due to a change in the fair value of the Debentures.

The following table presents the change in Debentures.

Balance, December 31, 2022	$ -
Fair value at issuances during the year	2,401,848
Increase in fair value during the year	159,836
Balance, December 31, 2023	2,561,684
Fair value issuance during the period	785,188
Increase in fair value during the period	330,755
Balance, September 30, 2024	$ 3,677,627

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

6. RELATED PARTY TRANSACTIONS

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Salaries to Key Management personnel	351,929	446,850	1,218,276	1,335,952
Professional fees to company controlled by a Director	9,500	8,000	26,000	35,500
Share-based payments to Key Management personnel	-	261,803	(24,635)	973,250
Total	361,429	716,653	1,219,641	2,344,702

Included in accounts payable as at September 30, 2024 is $58,723 (December 31, 2023 - $31,215) of directors' fees, $23,975 (December 31, 2023 - $2,625) of professional fees payable to officers and directors and $312 (December 31, 2023 - $30,061) of expense reimbursements payable to officers and directors.

Included in accrued liabilities as at September 30, 2024 is $21,281 (December 31, 2023 - $21,280) of financial advisory consulting fees payable to a director.

A director of the Company acquired ownership or control of 545 Units (see note 5), and which if immediately converted and exercised respectively as of closing, would result in the issue of 1, 535,908 common shares of the Company.

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS (continued)

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

Number of options expired unexercised	Exercise price per share	Expiry Date
2,000,000	$0.63	February 2, 2023
1,080,000	$0.70	March 13, 2023
750,000	$0.85	March 19, 2023
2,200,000	$0.80	April 1, 2023
600,000	$1.23	August 25, 2023
600,000	$1.79	September 20, 2023
600,000	$1.69	October 7, 2023
675,000	$1.77	January 10, 2024
200,000	$1.64	April 19, 2024

The following stock options were granted to related parties:

Date of grant	Number of options granted	Exercise price per share	Expiry Date	Terms
February 6, 2023	2,000,000	$0.77	February 6, 2028	Stock options granted to directors that vest 90 days from date of grant.
July 17, 2023	500,000	$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025.
August 29, 2023	6,480,000	$0.75	August 29, 2028	Stock options granted to directors and officers that vest 90 days from date of grant.

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

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
July 17, 2023	500,000	$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025 (note 7(c)).

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

(Expressed in Canadian dollars)

7. SHARE CAPITAL

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

(b) Issued and outstanding:

	Number of common shares	$
December 31, 2022	114,463,045	98,689,674
Issuance of units	3,692,502	2,473,976
Exercise of options	200,000	193,721
Share issuance costs	-	(36,587)
December 31, 2023 and September 30, 2024	118,355,547	101,320,784

On March 16, 2023, the Company closed a non-brokered private placement financing (the "Offering"). The Company issued an aggregate of 3,692,502 units (the "Units") of the Company at a price of $0.75 per Unit for gross proceeds of $2,769,376. Pursuant to the Offering, each Unit consists of one common share of the Company and one-half of one common share purchase warrant (note 7(d)). Each whole warrant is exercisable at a price of $1.25 per share until March 16, 2025. In connection with the closing of the Offering, the Company paid aggregate cash finders' fees of $3,330 for subscriptions processed through arm's length brokerage houses.

The Company also issued common shares for the following:

Date	Gross proceeds received	Shares issued	Exercise price per share	Description
January 2023	$126,000	200,000	$0.63	Exercise of 200,000 stock options

(c) Stock Options and Share-Based Payments

There were no stock options granted during the nine months ended September 30, 2024. Stock options granted during the year ended December 31, 2023, were as follows:

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
February 6, 2023	2,000,000	$0.77	February 6, 2028	Stock options granted to directors that vest 90 days from date of grant (note 6).
July 17, 2023	500,000	$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025 (note 6).
August 29, 2023	6,810,000	$0.75	August 29, 2028	Stock options granted to directors, employees and non-employees that vest 90 days from date of grant (note 6).

The aggregate fair value of the stock options granted during the three and nine months ended September 30, 2024 was $nil and $nil (2023 - $741,459 and $1,364,733), respectively. The fair value of the stock options granted to employees and directors was estimated at the grant date using the Black-Scholes Option Pricing Model. In some cases, the Company is unable to reliably estimate the fair value of the goods and services received for stock options granted to non-employees because the fees charged by those non-employees are at market rates with no allowance for stock options granted. In these cases, the Company estimated the fair value of the stock options granted to those non-employees using the Black-Scholes Option Pricing Model.

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

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

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

Inputs	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Risk free interest rate	-	-	3.90% - 4.74%	3.90% - 4.74%
Expected dividend yield	-	-	Nil	Nil
Expected annual volatility	-	-	82% - 99%	75% - 99%
Expected life	-	-	2.45 – 5 years	1.96 - 5 years
Forfeiture rate	-	-	14% - 15%	0% - 15%

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

Date of grant	Number of options granted	Exercise price	Expiry date	Terms
July 17, 2023	500,000	$0.75	July 17, 2028	Stock options granted to an officer, 250,000 of which vest upon signing of a base oils offtake agreement, 125,000 of which vest on July 17, 2024 and 125,000 of which vest on July 17, 2025 (note 6).

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

	Number of options	Weighted average exercise price $
Outstanding – December 31, 2022	10,167,000	1.02
Options granted	9,310,000	0.75
Options - exercised	(200,000)	0.63
Options - expired	(8,892,000)	0.94
Outstanding – December, 2023	10,385,000	0.86
Options - expired	(1,075,000)	1.75
Options - forfeited	(500,000)	0.75
Outstanding – September 30, 2024	8,810,000	0.75

The following stock options were outstanding as at September 30, 2024:

Number of options	Exercise price per option $	Expiry date
2,000,000	0.77	February 6, 2028
6,810,000	0.75	August 29, 2028
8,810,000		

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

(d) Warrants

On March 16, 2023, the Company closed the Offering. The Company issued an aggregate of 3,692,502 units (the "Units") of the Company at a price of $0.75 per Unit for gross proceeds of $2,769,376. Pursuant to the Offering, each Unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of $1.25 per share until March 16, 2025.

The Company used the residual value method to allocate the cash consideration received. Of the total proceeds, $2,473,976 was allocated to the shares being the fair value based on the trading price as at March 16, 2023 of the shares ($0.67 per share) and the residual of $295,400 was allocated to the warrants.

In connection with the Placement, the Company issued 4,075,000 Warrants (see note 5).

A summary of the status of the Company's warrants as at September 30, 2024 and 2023 and changes during the period are as follows:

	Number of Warrants outstanding	Weighed average exercise price $
Outstanding – December 31, 2022	-	-
Warrants granted	4,846,251	0.82
Outstanding – December 31, 2023	4,846,251	0.82
Warrants granted	1,075,000	0.55
Outstanding – September 30, 2024	5,921,251	0.77

(e) Reserves

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

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

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The Company's financial instruments at September 30, 2024 include cash, accounts receivable, investments, accounts payable, accrued liabilities and Debentures.

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

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair Value Hierarchy

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

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

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

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the highest level of the hierarchy for which a significant input has been considered in measuring fair value. The Company's cash, accounts receivable, investment in Coppermoly Ltd., accounts payable and accrued liabilities in the Condensed Consolidated Statement of Financial Position as at September 30, 2024 and December 31, 2023 are recorded at fair value and classified as Level 1. The following table presents the change in Debentures (note 5) that are classified as Level 3 and recorded at fair value in the Condensed Consolidated Statement of Financial Position.

Balance, December 31, 2022	$ -
Fair value at issuances during the year	2,401,848
Increase in fair value during the year	159,836
Balance, December 31, 2023	2,561,684
Fair value at issuances during the period	785,188
Increase in fair value during the period	330,755
Balance, September 30, 2024	$ 3,677,627

The fair value of the Debentures is dependent on the credit spread between the market rate of interest and fixed rate of interest on the Debentures. A 5% change in the credit spread would affect income (loss) before tax by approximately $454,000.

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

Credit risk – is the risk of a financial loss to the Company if a counterparty fails to meet its contractual obligations. The Company's cash is largely held in a Canadian financial institution and management believes that the credit risk with respect to financial instruments recorded in the Consolidated Statement of Financial Position at September 30, 2024 is minimal. The Company's accounts receivable consists of amounts receivable from the government. Management believes that the credit risk with respect to accounts receivable is minimal.

Currency risk – currency risk arises due to fluctuations in the exchange rates. The Company's equity financings are sourced in Canadian dollars and the majority of expenditures are expected to be incurred in US dollars. As at September 30, 2024, 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

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

rates. During the nine months ended September 30, 2024, the Company received $32,253 of interest income from banks. A 1% change in interest rate would affect income (loss) before tax of approximately $1,000.

Liquidity risk – is the risk that the Company will be unable to meet its obligations as they become due. The Company manages its liquidity risk by implementing a budget, forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at September 30, 2024, the Company had $149,253 in cash, $2,250,200 in current liabilities and $3,755,760 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 $4,200. before tax.

9. CAPITAL MANAGEMENT

The Company manages its capital structure, being its share capital, and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company had share capital of $101,320,784 and $3,755,760 of non-current liabilities as at September 30, 2024. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Planning, annual budgeting, cash flow forecasting and implementing controls over major investment decisions are primary tools used to manage the Company's capital.

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

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

10. COMMITMENTS AND CONTINGENCIES

On March 24, 2022, the Company entered into an agreement with Export Development Canada ("EDC") to engage independent engineering consultants for due diligence work for the proposed EDC loan. The agreement has an estimated value of approximately US$190,000 and is billed to the Company on a time and materials basis. To-date, US$23,000 has been paid.

In connection with the potential financing from a private equity firm ("PE Firm"), the Company is obligated to reimburse the PE Firm expenses for its ongoing technical due diligence process.

(Expressed in Canadian dollars)

10. COMMITMENTS AND CONTINGENCIES (continued)

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

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

The Company's commitments for leases and Debentures on a calendar year basis as at September 30, 2024 are provided in the table below.

	2024	2025	2026	Total
	$	$	$	$
Office lease payments	68,793	84,014	55,488	208,295
Debentures	-	3,000,000	1,075,000	4,075,000
Total	68,793	3,084,014	1,130,488	4,283,295

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.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30,		**Nine months ended September 30,**	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Operating activities				
Interest income received from banks	4,389	12,682	32,253	49,343
Total lease receipts	60,767	6,559	182,301	6,559
Total lease payments paid	99,416	68,577	297,554	205,036

(Expressed in Canadian dollars)

12. DEFERRED INCOME TAX RECOVERY

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

December 31, 2022	$ -
Recognized in equity	161,501
Recognized in income tax recovery	(161,501)
December 31, 2023	-
Recognized in equity	78,250
Recognized in income tax recovery	(78,250)
September 30, 2024	$ -

13. SUBSEQUENT EVENTS

(a) On October 22, 2024, the Company entered into a sub-sublease agreement effective on November 1, 2024, for the sub-sublease of its existing office premises for a term that expires on September 30, 2026. As a result of sub-subleasing the Company's existing office premises, the Company will not maintain a physical office and its net monthly rent will be reduced to approximately $3,000 until February 28, 2025.

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

(c) On October 24, 2024, the Company granted 1,450,000 stock options to employees that are exercisable at $0.20 per common share until October 24, 2026, and vest on January 1, 2025.

(d) On November 22, 2024, the Company closed the final tranche of a non-brokered private placement financing of 1,800,000 units of the Company at a price of $0.20 per unit for gross proceeds of $360,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at a price of $0.30 per share until November 22, 2027. If, at any time after March 23, 2025, the common shares of the Company trade or close on the TSX Venture Exchange at a price of $0.45 or more for 10 consecutive trading days, the Company may accelerate the expiry of the warrants by giving notice via news release, and thereafter the warrants shall automatically expire on the date that is 30 days after such news release or on such later date as may be specified in the news release. In connection with the closing of the private placement, the Company paid aggregate cash finders' fees of $7,000 for subscriptions processed through arm's length brokerage houses. On an aggregate basis, across the initial and final tranche of the non-brokered private placement, the company issued 4,450,000 units for gross proceeds of $890,000.