

Consolidated Financial Statements



Nine months ended September 30, 2022

(Expressed in Canadian dollars)

Unaudited

REGENX TECH CORP.

INDEX TO THE UNAUDITED FINANCIAL STATEMENTS

For the Nine months ended September 30, 2022 and 2021

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The statements incorporate the requirements of IAS 34 – Interim Financial Reporting.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

REGENX TECH CORP.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	Notes	September 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,504,754	\$ 3,557,178
Receivables	4	16,663	217,267
Assets held for sale		156,200	211,733
Prepaid expenses and deposits		754,269	642,547
Total current assets		5,431,886	4,628,725
Non-current assets			
Restricted cash	5	-	330,561
Equity investment in joint venture	17	1,085,404	1,085,404
Exploration and evaluation assets	5	-	1,738,831
Investments	5	8,000,000	-
Note receivable	19	2,075,941	-
Equipment	7	878,873	790,076
Intangible assets	8	688,755	902,895
Total non-current assets		12,728,974	4,847,767
TOTAL ASSETS		\$18,160,860	\$9,476,492
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9, 17	\$ 897,270	\$ 253,776
Current portion of lease liability	10	-	84,779
Total current liabilities		897,270	338,555
Non-Current liabilities			
Notes payable	16	2,960,576	2,036,523
Lease liability	10	-	46,264
Total non-current liabilities		2,960,576	2,082,787
TOTAL LIABILITIES		3,857,846	2,421,342
EQUITY			
Share capital	11	53,404,478	48,158,636
Reserves	12	9,130,891	9,128,558
Deficit		(48,232,355)	(50,232,044)
TOTAL EQUITY		14,303,014	7,055,150
TOTAL LIABILITIES AND EQUITY		\$18,160,860	\$9,476,492

Nature and continuance of operations (Note 1)

Subsequent events (Note 21)

On behalf of the Board:

"Harvey Granatier" Director _____
"Greg Pendura" Director

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

REGENX TECH CORP.**CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Expenses					
Consulting fees		\$ -	\$ 69,000	\$ -	\$ 176,205
Interest costs		91,219	265	112,926	31,680
Management and employee costs	6	295,166	286,505	806,960	757,408
Office and general		35,779	76,741	52,701	161,826
Public listing costs		176,228	147,500	313,725	399,188
Professional fees		194,286	57,545	310,931	168,224
Project costs		254,469	126,538	495,080	228,020
Share-based payments	6, 12	-	349,058	90,129	810,764
Travel		64,776	42,211	104,838	58,441
		1,111,924	1,155,363	2,287,291	2,791,756
Loss before other items		(1,111,924)	(1,155,363)	(2,287,291)	(2,791,756)
Other items					
Interest income		25,629	2,631	76,822	5,854
Other income		149	99,750	149	289,271
Amortization	7, 8	(262,668)	(110,413)	(399,278)	(328,062)
Foreign exchange gain (loss)		(32,145)	(23,535)	(27,626)	(83,701)
Gain (loss) on sale of property		-	(1,060)	4,646,925	(1,060)
Gain (loss) on sale of assets		(11,431)	-	(85)	-
Income (loss) and comprehensive income (loss) for the year		(1,392,277)	(1,187,990)	2,009,728	(2,909,454)
Basic and diluted income (loss) per common share	13	\$ (0.00)	\$ (0.00)	\$ 0.01	\$ (0.01)
Weighted average number of common shares outstanding		347,178,603	171,383,041	354,374,494	147,835,686

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

REGENX TECH CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Total
	Number of Shares	Amount			
Balance at December 31, 2020	80,691,270	\$ 41,797,574	\$ 8,314,420	\$ (45,858,706)	\$ 4,253,288
Rights offering	80,691,270	4,841,476	-	-	4,841,476
Private placement	10,000,492	1,200,059	-	-	1,200,059
Share consolidation rounding	9	-	-	-	-
Equity raises issuing costs	-	(126,569)	-	-	(126,569)
Stock option exercised	1,875,000	446,096	(146,096)	-	300,000
Share-based payments	-	-	960,234	-	960,234
Comprehensive loss for the year	-	-	-	(4,373,338)	(4,373,338)
Balance at December 31, 2021	173,258,041	\$ 48,158,636	\$ 9,128,558	\$ (50,232,044)	\$ 7,055,150
Share-based payments	-	-	90,129	-	90,129
Stock option exercised	331,250	137,484	(87,796)	-	49,688
Equity raises issuing costs	-	(99,321)	-	-	(99,321)
Rights offering	173,589,290	5,207,679	-	-	5,207,679
Share consolidation rounding	22	-	-	-	-
Comprehensive income for the year	-	-	-	2,009,728	2,009,728
Balance at September 30, 2022	347,178,603	\$ 53,404,478	\$ 9,130,891	\$ (48,232,355)	\$ 14,303,014

Supplemental disclosure with respect to changes in equity (Note 11)

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

REGENX TECH CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	\$ 2,009,729	\$ (2,909,454)
Items not affecting cash:		
Share-based payments	90,129	810,764
Amortization and depreciation	399,278	328,062
Foreign exchange	19,065	18,537
Interest on lease payments	3,155	11,487
Sub-lease income	-	(2,478)
Accrued interest on notes	(16,888)	5,567
(Gain) loss on sale of property	(4,646,925)	-
(Gain) loss on sale of assets	85	1,060
Changes in non-cash working capital items:		
Receivables	(57,904)	(112,256)
Prepays	(130,172)	(367,496)
Accounts payable and accrued liabilities	685,447	(68,232)
	<u>(1,645,114)</u>	<u>(2,284,439)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(1,077,782)	(458,886)
Equipment expenditures	(357,513)	(504,070)
Proceeds from sale of assets	42,393	-
Issue of note receivable	(2,000,000)	-
	<u>(3,392,902)</u>	<u>(962,956)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments	(37,453)	(205,774)
Sub-lease proceeds	-	131,224
Notes issued (redeemed)	865,000	(100,000)
Options exercised	49,688	-
Private placement proceeds	-	1,200,059
Rights offering proceeds	5,207,679	4,841,476
Costs of issuing shares	(99,231)	(126,569)
	<u>5,985,593</u>	<u>5,740,416</u>
Change in cash for the period	947,576	2,493,021
Cash, beginning of the year	3,557,178	520,196
Cash, end of the period	<u>\$ 4,504,754</u>	<u>\$ 3,013,217</u>

Supplemental disclosure with respect to cash flows (Note 20)

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

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

1. Nature and continuance of operations

Regenx Tech Corp. (the “Company”) is incorporated under the laws of the Province of Alberta, Canada. The company changed its name from Mineworx Technologies Ltd. effective October 31, 2022. Its shares are listed for trading on the TSX Venture Exchange where its common shares trade under the symbol “RGX” (previously “MWX”), the Company additionally trades in the United States on the OTCQB venture marketplace under the symbol “RGXTF” (previously “MWXRF”) and on the Frankfurt Stock Exchange under the symbol “YRS”.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has never had any revenue from its principal operations and its accumulated deficit as of September 30, 2022, was \$48,188,457. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

On March 23, 2021, and on September 20, 2022, the Company completed 1 for 2 share consolidations. These transactions have been retroactively applied to these financial statements and all references to number of shares, share options, share option pricing, share warrants, and share warrant pricing has been retroactively adjusted where applicable.

The consolidated financial statements were authorized for issue by the Board of Directors of the Company on November 24, 2022.

2. Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board effective as of September 30, 2022.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

2. Significant accounting policies (cont'd)

Basis of presentation- (cont'd)

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account in the assessment of whether control exists. Subsidiary is fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date on which control ceases.

All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. The consolidated financial statements included the accounts of the Company and the following subsidiaries:

	Country of Incorporation	Percentage of ownership as at September 30 2022	Percentage of ownership as at December 31 2021
SME Resources Ltd.	Canada	100%	100%
Regenx Tech Corp.	Canada	100%	100%
Mineworx USA Inc.	USA	100%	100%
MWX España, S.A.U.	Spain	100%	-
Solid Mines España, S.A.U. ("SME")	Spain	-	100%
The following company is owned by SME			
Magnetitas del Cehegín, S.L., ("MDC")	Spain	-	100%

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant judgments used in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are as follows:

- a) The recoverability of the carrying value of exploration and evaluation assets.

The Company is required to review the carrying value of its evaluation and exploration assets for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds the estimated fair value is charged to the statement of loss and comprehensive loss.

Evaluating the recoverability during the exploration and evaluation phase requires judgements in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities and the impact of the current and expected future metal process to potential reserves.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

2. Significant accounting policies (cont'd)

Significant accounting judgments, estimates and assumptions- cont'd

- b) The inputs used in the Black Scholes valuation model (volatility; interest rate; expected life and dividend yield) and forfeiture rates in accounting for share-based payment transactions.

Estimating the fair value of granted stock options, warrants issued for finders' fees and the warrant liability required determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The estimate of share-based compensation also requires determining the most appropriate inputs to the valuation model including the dividend yield and estimating the forfeiture rate for options with vesting conditions.

- c) Determination that there no material restoration, rehabilitation and environmental exposure exists based on the facts and circumstances.

The Company make the determination of its obligations for future restoration, rehabilitation and environmental exposure based on factual information, circumstances and documentation provided from mining authorities in the exploration and evaluation asset's mining jurisdiction. Beyond this, if able to, management will attempt to present a reliable estimate of an obligation that is considered necessary.

- d) The allocation of fair value to assets obtained on the acquisition of Mineworx Technologies Inc.

The Company estimated fair value of equipment based on replacement value. For patents, the fair value represented the costs incurred in a applying for the patent. The fair value of the technology was recognized as the residual costs after the other identifiable assets were determined. Its value was compared to the future expected discounted cash flows resulting from the application of the technology.

- e) Asset acquisition

Management has had to apply judgements with respect to whether the acquisition of Mineworx Technologies Inc. is a business combination or an asset acquisition. Management applies a three-element process to determine whether a business or an asset was purchased, considering inputs, processes, and outputs of the subsidiary in order to reach a conclusion.

Management must also make significant judgments or assessments as to how financial assets and liabilities are categorized.

Significant judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

2. Significant accounting policies (cont'd)

Significant accounting judgments, estimates and assumptions- cont'd

- b) The estimated useful lives and residual value of equipment and technology

Equipment and technology are depreciated and amortized over their useful life. Estimated useful lives are determined based on current facts and past management experience and take into consideration the anticipated physical life of the asset, the potential for technology obsolescence and regulations.

- c) The recoverability and measurement of deferred tax assets and liabilities

Tax interpretations, regulations, and legislation in the various jurisdictions operates are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

- d) Functional currency

In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the company operates. As no single currency was clearly dominant the Company also considered secondary indicator including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

- e) The appropriate classification of subleases

Subleases have been classified as finance leases. In determining this classification, the Company conclude there was a substantial transfer of risks and rewards and that at inception date the present value of the lease payments represented substantially all of the fair value asset.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. As of September 30, 2022, the Company had cash equivalents of \$8,000 (2021 - \$8,000).

Foreign currency translation

The Company's and its foreign subsidiary's reporting currency and the functional currency is the Canadian dollar. Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction or at an average rate. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Non-monetary items are translated using the historical rate on the date of the transaction. Exchange gains or losses arising on foreign currency translation are reflected in the statement of loss for the period.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

2. Significant accounting policies (cont'd)

Exploration and evaluation expenditures – cont'd

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Equipment

Equipment is initially recorded at cost. As assets are put in use, they are amortized over their estimated useful lives on a straight-line basis at the following rates: Machinery and equipment 3 – 10 years; office furniture – 3 – 5 years; computer hardware 3 years. The depreciation method, useful life and residual values are assessed annually.

Technology

Technology assets are the cost of intangible assets acquired during the share exchange with Mineworx Technologies Inc. The assets represent the expected cash flows from the application of the proprietary mineral extraction equipment and the Company amortizes it based on its estimated useful life of 10 years. In addition, the asset is reviewed annually for impairment, to ensure the discounted expected cash flows support the carrying value.

Decommissioning, restoration and similar liabilities (“Asset retirement obligation” or “ARO”)

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no asset retirement obligations as of September 30, 2022, and 2021.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

2. Significant accounting policies (cont'd)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Share capital

The Company's common shares and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are charged directly to share capital.

Impairment of assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior three months. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Assets Held for Sale

The Company classifies and records items as assets held for sale at fair value when management has committed to a plan to sell, the assets are available for immediate sale, an active program is initiated, the sale is highly probably within 12 months and the assets are being actively marketed at a sale price reasonable in relation to its fair value.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

2. Significant accounting policies (cont'd)

Financial instruments

The Company follows IFRS 9, Financial Instruments, which applies a single approach to determine whether a financial asset is measured at amortized cost or fair value. The classification is based on the Company's business objectives for managing the assets; and whether the financial instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI test"). Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

Financial assets

The Company initially recognizes financial assets at fair value on the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Classification and measurement under IFRS 9, financial assets, are initially measured at fair value. In the case of a financial asset not categorized as fair value through profit or loss ("FVTPL"), transaction costs are included. Transaction costs of financial assets carried at FVTPL are expensed in net income (loss). Subsequent classification and measurement of financial assets depends on the Company's business objective for managing the asset and the cash flow characteristics of the asset:

(i) Amortized cost – Financial assets held for collection of contractual cash flows that meet the SPPI test are measured at amortized cost. Interest income is recognized as Other income (expense) in the consolidated financial statements, and gains/losses are recognized in Net income (loss) when the asset is derecognized or impaired. The Company measures cash and other receivables at amortized cost.

(ii) Fair value through other comprehensive income ("FVOCI") – Financial assets held to achieve a particular business objective other than short-term trading are designated at FVOCI. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an instrument-by-instrument basis, to designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor contingent consideration arising from a business combination to be classified as FVOCI. There is no recycling of gains or losses through net income (loss). Upon derecognition of the asset, accumulated gains or losses are transferred from other comprehensive income ("OCI") directly to Deficit.

(iii) FVTPL – Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. Securities held for sale are classified as FVTPL.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The subsequent measurement of financial liabilities is determined based on their classification as follows:

(i) FVTPL Derivative financial instruments entered into by the Company that do not meet hedge accounting criteria are classified as FVTPL. Gains or losses on these types of financial liabilities are recognized in net income (loss).

(ii) Amortized cost – All other financial liabilities are classified as amortized cost using the effective interest method. Gains and losses are recognized in net income (loss) when the liabilities are derecognized as well as through the amortization process.

The Company measures accounts payable and accrued liabilities, notes payable, lease liability and advances at amortized cost.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

2. Significant accounting policies (cont'd)

Share-based payments

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Joint Venture

The Company utilizes the equity method to account for its share of the joint venture with EnviroMetal. This determination was made after an analysis of IFRS 11 (joint arrangements) and IAS 28 (investments in associates and joint ventures). Under the agreement EnviroMetal exercises control over the joint venture.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive loss and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the three months presented, comprehensive loss was the same as net loss.

Leases

The Company has accounted leases in accordance with IFRS 16. Contract arrangements are reviewed to determine if the agreement includes identifiable assets that the company has the right to obtain sustainably all the economic benefits from the use of the asset during the period of use. A Right-to-Use asset and lease liability is created based on the amortized value discounted by the implicit interest rate in the agreement or the calculated corporate borrowing rate.

Sub-leases are recognized at the commencement date as a receivable at an amount equal to the net investment in the lease utilizing the discount rate of the head lease if the implicit interest rate cannot be determined.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

2. Significant accounting policies (cont'd)

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous three months.

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Government assistance

The Company accounts for wage and rent subsidies by recording the amount as other income, rather than as a reduction in those expenses. The Company follows IAS 20 in recognizing the potential forgivable portion of government loans as income when there is reasonable assurance that the Company will meet the conditions attached to the loans in order to become forgivable. Finally, where loans are made with interest rates at below market value, the loan is initially recognized at its fair value plus or minus any transaction cost in accordance with IFRS 9.

3. New standards, amendments, and interpretations

The Company has not yet begun the process of assessing the impact of other new and amended standards that are effective for annual periods beginning on or after October 1, 2022, will have on its financial statements or whether to early adopt any of the new requirements. The Company does not expect the impact of such changes on the consolidated financial statements to be material, although additional disclosure may be required.

4. Receivables

	September 30, 2022	December 31, 2021
Sales and other taxes receivables	\$ 16,663	\$ 206,627
Other receivables	-	10,640
Total	<u>\$ 16,663</u>	<u>\$ 217,267</u>

5. Exploration and evaluation assets

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended September 30, 2022

5. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

Cehegin, Spain	2022	2021
Opening Balance	\$ 1,738,831	\$ 955,459
Additions:		
Geological fees and expenses	883,108	471,041
Mining rights and taxes	53,098	53,875
Field costs	95,992	258,456
Total additions	1,032,198	783,372
Disposals	(2,771,029)	-
Closing Balance	\$ -	\$ 1,738,831

The Cehegin Iron Ore Concession, Spain

On October 21, 2012, SME entered into a binding option agreement with a private Spanish company, Lorente Y Pallares SL (now MDC) pursuant to which it acquired the option to purchase 100% of the sixty-two (62) iron ore concessions and metallic mining licenses, covering an area of 1,030 hectares, located in southeastern Spain.

On March 13, 2014, SME completed the transaction by acquiring all of the issued and outstanding shares MDC in an arm's length transaction. The Company has applied for an expansion of the local area creating a continuous area of 6,900 hectares.

The purchase price for the acquisition was €135,000 (CAD - \$208,173), plus the repayment of mortgage debt in the amount of €45,000 (CAD - \$68,580). In addition, a security payment in the amount of €45,861 (CAD - \$70,349) was given to a financial institution for future environmental restoration purposes and is now registered as an asset to SME. These amounts were paid on the closing representing a total price of €225,861 (CAD - \$347,103).

The allocation of the purchase price for net assets acquired based on estimates of fair value at the acquisition date are as follows:

Cash	\$ 27,899
Restricted cash	70,349
Deposits / guarantees	27,270
Exploration and evaluation assets	249,075
Accounts payable and accrued liabilities	(27,490)
Net identifiable assets acquired	\$ 347,103

SME will be required to pay an additional amount of up to €2,700,000 once a mining permit is submitted and granted for all 62 concessions, a reduction over the previously announced cost of €3,000,000. If SME proceeds with the new magnetite mining project, this additional payment would be made within four months from the decision notice date on which the permits or licenses are issued. This additional amount will be reduced to €1,800,000 if SME proceeds with the project but does not obtain all mining permits for the total 62 concessions in its initial submission for permitting. No net royalties will be due on any proceeds from commercialization of the project.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

5. Exploration and evaluation assets (cont'd)

The Company has lodged \$318,203 (€229,700) with the government to fulfill potential environmental obligations. The amount is classified as restricted cash.

Co-operation Agreement with Glencore

On October 21, 2013, the Company signed a definitive and exclusive Co-operation Agreement with a wholly owned subsidiary of Glencore Xstrata plc (“Glencore”), for joint due diligence of the Cehegin Project. The Agreement also provides for the potential formation of a joint venture company to progress development of the formerly producing Cehegin Iron Ore Mine located in the Province of Murcia, south-eastern Spain.

Ultimately, the agreement was never acted upon and by mutual agreement, SME now maintains 100% ownership in the Cehegin Iron Ore Project. Each of the parties agreed to terminate all agreements related to the JVA, with the exception of Glencore's exclusive off-take agreement, which will remain in effect.

On May 18, 2022, the Company closed a transaction to sell 100% of the Cehegin Iron Ore project held through the corporate entities Solid Mines España, S.A.U. (“SME”) and Magnetitas del Cehegín, S.L., (“MDC”) to Iron Bull Mining Inc. (“Iron Bull”), a privately held company that was incorporated to facilitate the purchase of the Cehegin project, for 20,000,000 shares of Iron Bull with a deemed price of \$1.00 per share. The share price has been adjusted to \$0.40 per share since the transaction to reflect the current value that Iron Bull has been issuing private placements at.

Aroche Wollastonite Concession

On November 10, 2015, SME entered into a binding option agreement with Explotaciones Aroche, S.L. pursuant to which it acquired the option to purchase the mining rights of the Aroche Wollastonite Concession (“Aroche”) consisting of five (5) mining grids totaling approximately 150 hectares or 370 acres, located 2 kms south of the town of Aroche in the province of Huelva, southwestern Spain.

Under the terms of the three-year option agreement, ending November 6, 2019, SME would be responsible to pay all exploration, general and administration expenses plus capital expenditures and governmental fees on Aroche. The Company will make a onetime cash payment of €100,000 to the Explotaciones Aroche, S.L once the exploitation permit for Aroche has been obtained. The Company has the right to terminate the agreement at its discretion at any time with no penalties. The Optionor will maintain a 10% interest in Aroche. The option agreement allows for an extension of the three-year term in the event of unintentional causes of delay relating to the Company completing its due diligence, investigation of mineral extensions, confirmation of historical estimates and exploitation permitting of the wollastonite.

Lawsuit on Aroche Wollastonite Concession

During the due diligence process required to complete this transaction, some issues arose that the vendor was required to address and resolve, which, as of September 30, 2022, had not been completed. During the 2019 year, the vendor filed a lawsuit to compel the Company to complete the transaction. The lawsuit was dismissed on April 15, 2021, by the Spanish courts. The vendor has filed an appeal of this court judgement that has not been heard as of September 30, 2022.

REGENX TECH CORP.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the year ended September 30, 2022

6. Related Parties

The Company's directors receive no compensation for their services but do receive reimbursement of out-of-pocket expenses to perform their Board of Directors duties.

Key Management costs for the nine months ended September 30, 2022, were \$439,709 (2021 - \$311,124). Included in the accounts payable and accrued liabilities are amounts due to Key Management and Directors for unpaid fees and expenses of \$47,401 (2021 - \$14,665)

There was \$nil in Management Share Based Compensation for the six months ended September 30, 2022 (2021 - \$309,633) and \$nil (2021 - \$313,210) relating to Directors.

7. Equipment**For the year ended September 30, 2022**

	Right-to-Use	Equipment	Computer	Work in Progress	Total
Costs	\$	\$	\$	\$	\$
December 31, 2021					
Balance	375,779	728,711	35,770	-	1,140,260
Additions	-	191,926	-	160,498	352,424
Transfers	-	-	-	-	-
Disposals	(375,779)	(10,627)	-	-	(386,406)
September 30, 2022					
Balance	-	910,011	35,770	160,498	1,106,279
Amortization					
December 31, 2021					
Balance	263,045	60,088	27,051	-	350,184
Current	31,315	147,232	4,025	-	182,572
Disposals	(294,360)	(8,355)	-	-	(302,715)
September 30, 2022					
Balance	-	198,964	31,076	-	230,040
Net Book Value	-	711,047	4,694	160,498	876,238

For the year ended December 31, 2021

	Right-to-Use	Equipment	Office Furniture	Computer	Work in Progress	Total
Costs	\$	\$	\$	\$	\$	\$
December 31, 2020						
Balance	428,185	235,724	10,943	29,729	73,411	777,992
Additions	-	543,732	-	7,311	-	551,044
Transfers	-	73,411	-	-	(73,411)	-
Disposals	(52,406)	(124,156)	(10,943)	(1,271)	-	(188,776)
December 31, 2021						
Balance	375,779	728,711	-	35,770	-	1,140,260

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

Amortization						
December 31, 2020						
Balance	233,017	116,208	10,304	20,889	-	380,418
Current	82,434	62,630	638	6,374	-	152,076
Disposals	(52,406)	(118,750)	(10,942)	(212)	-	(182,310)
December 31, 2021						
Balance	263,045	60,088	-	27,051	-	350,184
Net Book Value	112,734	668,623	-	8,719	-	790,076

8. Intangible assets

On December 21, 2015, the Company acquired intangible mineral extraction technology in a share transaction which included mineral extraction equipment. The intangible asset is being amortized over its expected useful life of 10 three months, which has expected cash flows accruing to the Company from the business of operating the mineral extraction equipment. The fair value of the asset is reviewed at each year end based on the requirements of IAS 36 *Impairment of Assets* to ensure that management's discounted cash flow projections are applying reasonable and supportable assumptions.

The patent costs represent the costs of applying for a patent on the Company's mineral extraction equipment. The patent was issued on September 25, 2019 and is amortized over the 17-year life of the patent.

	Technology	Patents	Total
	\$	\$	\$
2022			
Costs			
Opening balance, Jan 1, 2022	2,834,821	34,655	2,869,476
Additions	-	-	-
Closing balance, September 30, 2022	2,834,821	34,655	2,869,476
Accumulated Amortization			
Opening balance, Jan 1, 2022	1,959,446	7,135	1,966,581
Additions	212,612	1,529	214,141
Closing balance, September 30, 2022	2,172,058	8,664	2,180,722
Net Book Value	662,763	25,992	688,755
2021			
Costs			
Opening balance, Jan 1, 2021	2,834,821	34,655	2,869,476
Additions	-	-	-
Closing balance, Dec 31, 2021	2,834,821	34,655	2,869,476
Accumulated Amortization			
Opening balance, Jan 1, 2021	1,675,964	5,096	1,681,060
Additions	283,482	2,039	285,521
Closing balance, Dec 31, 2021	1,959,446	7,135	1,966,581
Net Book Value	875,375	27,520	902,895

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended September 30, 2022

9. Accounts payable and accrued liabilities

	September 30, 2022	December 31, 2021
	\$	\$
Accounts payable	455,868	174,887
Accrued liabilities	441,224	78,889
Miscellaneous taxes payable	178	-
	<u>897,270</u>	<u>253,776</u>

10. Right-to-Use assets, investment in leases and lease liability

The company has entered into various contractual arrangements that include right-to-use assets that relate to facilities and equipment used in its operations. The weighted average interest rate utilized to discount future lease payments is 6.45%.

	September 30, 2022	December 31, 2021
	\$	\$
Net book value consists of		
Facilities	-	112,734
	<u>-</u>	<u>112,734</u>

	September 31, 2022	December 31, 2021
	\$	\$
Future lease payments are as follows		
2022	-	90,769
2023	-	45,825
Total lease payments	-	136,594
Less discount	-	(5,551)
Payments on principal	-	131,043
Current principal payments	-	84,779
Long term portion	-	46,264

11. Share capital*Authorized share capital*

Unlimited number of common shares without par value.

On March 23, 2021, and on September 20, 2022, the Company completed 1 for 2 share consolidations. These transactions have been retroactively applied to these financial statements and all references to number of shares, share options, share option pricing, share warrants, and share warrant pricing has been retroactively adjusted.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

11. Share capital (cont'd)

Issued share capital

As of September 30, 2022, there were 347,178,603 issued and fully paid common shares (December 31, 2020 – 346,516,081) based on the two retroactive adjustments for the 2 to 1 share consolidation as noted above.

Please refer to the Consolidated Statements of Changes in Equity for a summary of changes in share capital and reserves for the nine months ended September 30, 2022. Reserves relate to stock options, agent's unit options, and compensatory warrants that have been issued by the Company.

Private placements

On March 19, 2021, the Company issued 20,000,983 shares at \$0.06 per share for gross proceeds of \$1,200,059 as part of a private placement. The Company paid no fees to third parties related to the private placement.

Other issuances for the year ended September 30, 2022

On June 28, 2022, the Company issued 662,500 shares at \$0.075 each for the exercising of stock options.

On September 20, 2022, the Company issued 173,589,290 shares at \$0.03 per share for gross proceeds of \$5,207,679 as part of a rights offering. The Company paid no fees to third parties related to the rights offering, although there were \$99,320 in legal, listing and regulatory costs associated with this offering.

On September 20, 2022, the Company issued 22 shares to account for rounding calculations that occurred during the 2 to 1 share consolidation.

Other issuances for the year ended December 31, 2021

On March 11, 2021, the Company issued 161,382,540 shares at \$0.03 per share for gross proceeds of \$4,841,476 as part of a rights offering. The Company paid no fees to third parties related to the rights offering, although there were \$126,569 in legal, listing and regulatory costs associated with this offering.

On March 23, 2021, the Company issued 18 shares to account for rounding calculations that occurred during the 2 to 1 share consolidation.

On December 21, 2021, the Company issued 3,750,000 shares at \$0.08 each for the exercising of stock options.

Warrants

The warrants transactions and number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2020	6,470,000	\$ 0.13
Issued	-	-
Balance outstanding, December 31, 2021	6,470,000	\$ 0.13
Issued	-	-
Expired	(600,000)	0.15
Balance outstanding, September 30, 2022	5,870,000	\$ 0.13
Balance exercisable, September 30, 2022	5,870,000	\$ 0.13

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended September 30, 2022

11. Share capital (cont'd)

A summary of the status of the Company's outstanding warrants as at September 30, 2022 is as follows:

Warrants	Number of shares upon exercise	Exercise price	Expiry Date
2,800,000	2,800,000	\$0.125	June 18, 2024
3,070,000	3,070,000	\$0.125	Sept 15, 2024
5,870,000	5,870,000		

The weighted average life of the warrants is 1.85 years.

12. Share-based payments

Stock options

The Company follows the policies of the TSX Venture Exchange, under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% common shares of the Company. The exercise price of each option equals the market price of the Company's common shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. The vesting period for all options is at the discretion of the board of directors.

The changes in options are as follows:

	Year ended September 30, 2022		Year ended December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	16,037,500	\$ 0.12	5,685,000	\$ 0.20
Granted	2,650,000	0.08	15,250,000	0.08
Exercised	(662,500)	0.08	(3,750,000)	0.08
Options cancelled/expired	(1,987,500)	0.08	(1,147,500)	0.14
Options outstanding, end of period	16,037,500	\$ 0.12	16,037,500	\$ 0.12
Options exercisable, end of period	16,037,500	\$ 0.12	15,887,500	\$ 0.13

During the nine months ended September 30, 2022:

- On March 15, 2022, the Company granted 2,650,000 stock options to consultants of the Company. The options are at an exercise price of \$0.075 per share and valid for a period of two years from the date of the grant. The options vest in 4 equal tranches over the twelve months following the date of the grant. 662,500 of these options were exercised during 2022. The remaining options were cancelled.

During the year ended December 31, 2021:

- On May 4, 2021, the Company granted 7,100,000 stock options to employees, directors, and consultants of the Company. The options are at an exercise price of \$0.075 per share and valid for a period of five years from the date of the grant. The options vested immediately.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended September 30, 2022

12. Share-based payments (cont'd)

- b. On May 4, 2021, the Company granted 300,000 stock options to consultants of the Company. The options are at an exercise price of \$0.075 per share and valid for a period of two years from the date of the grant. The options vest in 4 equal tranches over the twelve months following the date of the grant.
- c. On July 28, 2021, the Company granted 4,000,000 stock options to employees, directors, and consultants of the Company. The options are at an exercise price of \$0.10 per share and valid for a period of five years from the date of the grant. The options vested immediately.
- d. On August 19, 2021, the Company granted 100,000 stock options to consultants of the Company. The options are at an exercise price of \$0.10 per share and valid for a period of two years from the date of the grant. The options vested immediately.
- e. On November 29, 2021, the Company granted 3,750,000 stock options to consultants of the Company. The options are at an exercise price of \$0.08 per share and valid for a period of six months from the date of the grant. The options vested immediately.

The stock options outstanding as of September 30, 2022, are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
1,512,500	1,512,500	\$ 0.14	November 7, 2022
1,400,000	1,400,000	\$ 0.35	September 18, 2023
1,475,000	1,475,000	\$ 0.21	September 25, 2024
150,000	150,000	\$ 0.12	October 23, 2023
7,100,000	7,100,000	\$ 0.08	May 3, 2026
300,000	300,000	\$ 0.08	May 3, 2023
4,000,000	4,000,000	\$ 0.10	July 27, 2026
100,000	100,000	\$ 0.10	August 18, 2023
16,037,500	16,037,500		

The weighted average remaining contractual life is 2.85 years.

Reserves

The reserves record items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

The total share-based payments recognized during the year ended September 30, 2022, under the fair value method was \$90,129 (2021 - \$810,764).

REGENX TECH CORP.

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(Expressed in Canadian dollars)

For the year ended September 30, 2022

13. Basic and diluted income (loss) per share

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted and the warrants attached to the convertible debentures during the nine months ended September 30, 2022, and the year ended December 31, 2021:

	2022 Options	2021 Options
Risk-free interest rate	0.57%	0.114%
Expected life of options	2 years	3.8 years
Annualized volatility	142.58%	121.01%
Dividend rate	0.00%	0.00%

The calculation of basic and diluted income (loss) per share for the year ended September 30, 2022, was based on the income (loss) attributable to common shareholders of \$2,009,728 (2021 – loss \$2,909,454) and the weighted average number of common shares outstanding of 354,374,494 (2021 – 295,671,371). The shares outstanding have been retroactively adjusted for the 2 to 1 share consolidations that were completed on March 23, 2021, and September 20, 2022.

In 2022, the effect of 16,037,500 exercisable stock options and 5,870,000 exercisable warrants does not change the income per share.

In 2021, the effect of 12,435,000 exercisable stock options and 6,470,000 exercisable warrants is not included as the effect is anti-dilutive

14. Management of capital

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to recover precious metals from processed materials, pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash balances and components of shareholders' equity. The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company's development, to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended September 30, 2022. The Company is not subject to externally imposed capital requirements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended September 30, 2022

15. Financial risk management

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal Deposit Insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institution and for receivables by standard credit checks. On September 30, 2022, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash, securities held for sale and amounts receivable from related parties.

As of September 30, 2022, the Company had a cash balance of \$4,504,754 (2021 - \$3,557,178) to settle current liabilities of \$1,044,773 (2021 - \$338,555).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended September 30, 2022

15. Financial risk management (cont'd)

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At September 30, 2022, the Company was not exposed to significant interest rate risk.

The Company has significant operating expenditures which are denominated in Euro ("EUR"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities.

Financial assets

The Canadian dollar equivalent of the amounts denominated in foreign currencies as at September 30, 2022 and December 31, 2021 are as follows:

	USD		EUR	
September 30, 2022				
Cash	\$	39,442	\$	-
Receivables / prepaid expenses		-		-
Total	\$	39,442	\$	-
December 31, 2021				
Cash	\$	495	\$	198,820
Receivables / prepaid expenses		51,163		275,785
Total	\$	51,658	\$	474,605

Financial liabilities

The exposure of the Company's financial liabilities to currency risk are as follows:

	USD		EUR	
September 30, 2022				
Accounts payable and accrued liabilities	\$	365,650	\$	441,224
Total	\$	365,650	\$	441,224
December 31, 2021				
Accounts payable and accrued liabilities	\$	4,898	\$	22,928
Total	\$	4,898	\$	22,928

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

15. Financial risk management (cont'd)

Sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in US dollars and in Euros. As of September 30, 2022, net financial assets totalling (\$326,208) (2021 - \$46,760) were held in US dollars, and (\$441,224) (2021 - \$451,677) were held in Euros.

As of September, 2022, and assuming all other variables remain constant, a 2% depreciation or appreciation of the foreign exchange rate against the Canadian dollar would result in an increase or decrease of approximately \$6,396 (2021 - \$1,173) related to the USD, and \$9,034 (2021 - \$1,173) related to Euros, in the Company's income (loss) and comprehensive income (loss).

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

16. Notes Payable

The Company received \$60,000 from the Canadian Emergency Business Account "CEBA" the debt has a maturity date of December 31, 2025, and the CEBA balance bears no interest until December 31, 2023, after which the interest rate will be 5%. If \$40,000 of the outstanding CEBA balance is repaid on or before December 31, 2023, the remaining \$20,000 of the debt will be forgiven as a "Early Payment Credit". The Notes were discounted by \$26,216 to account for the grant portion and interest discounted interest rate. \$3,789 of the interest rate discount has been expensed

On December 23, 2021, the Company issued a \$2,000,000 debenture that matures on December 20, 2024 and accrues interest at a rate of 3%. The accrued interest is payable on redemption of the debenture and there is no penalty for the early redemption of the debenture.

In the nine months ending September 30, 2022, the Company issued a \$1,525,000 debenture that matures on July 1, 2024 and accrues interest at a rate of 15%. The accrued interest is payable on redemption of the debenture. As of September 30, 2022, \$865,000 in these debentures remained outstanding.

17. Relationship with EnviroMetal Technologies Inc.

Effective March 21, 2017, the Company spun-out leaching technology it had acquired the rights to and tested in 2016. The technology was spun-out to EnviroMetal Technologies Inc, ("EnviroMetal"). Later in the year the two companies formed a joint venture to unite the two processes in an economic venture to pursue opportunities in the E-Waste sector. EnviroMetal has an 80% equity share and Regenx has a 20% equity share of the joint venture entity. Regenx accounts for the entity using the equity method.

Regenx and EnviroMetal are currently disputing operational and financial issues related to the e-waste joint venture. As part of this dispute EnviroMetal has not provided the Company access to the financial information of the joint venture. Due to the lack of financial information the Company reported no contribution from the joint during 2022 or 2021.

On May 10, 2021, the Company provided notice to EnviroMetal that Regenx was exercising its Put Option under the joint venture agreement which requires EnviroMetal to purchase the Regenx 20% ownership share at its fair market value.

REGENX TECH CORP.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the year ended September 30, 2022

17. Relationship with EnviroMetal Technologies Inc. (cont'd)

In February 2020, Regenx entered into a non-binding Letter of Intent (LOI) to develop technology related to extraction of Platinum and Palladium from catalytic converters. After preliminary work was completed by Regenx personnel in the EnviroMetal facility it was decided that Regenx would not continue to stage 2 of the LOI.

On June 22, 2021, EnviroMetal filed a Statement of Claim against Regenx and certain employees of the Company alleging breach of confidentiality regarding the LOI. Regenx maintains that the lawsuit is without merit and has filed a defense against the claim and submitted a counter claim regarding the operation of the e-waste joint venture.

On January 21, 2022, as part of the ongoing legal proceedings with EnviroMetal, the Supreme Court of British Columbia granted EnviroMetal an interim injunction that requires Regenx not to disclose to third parties the disputed confidential information.

The Accounts Payable balance includes \$92,019 due to EnviroMetal that is being held pending resolution of the disputed matters.

18. Segmented information

The Company has two operating segments, exploration and development of mineral properties in Spain and mineral extraction through use of its proprietary equipment in North America. The Company's non-current assets by geographic location are as follows:

September 30, 2022	North America	Spain	Total
Investment in other companies	8,000,000	-	8,000,000
Investment in joint venture	1,085,404	-	1,085,404
Equipment	878,873	-	878,873
Note receivable	2,075,941	-	2,075,941
Intangible assets	688,755	-	688,755
Total	\$ 12,728,973	\$ -	\$ 12,728,973

December 31, 2021	North America	Spain	Total
Restricted cash	\$ -	\$ 330,561	\$ 330,561
Exploration and evaluation assets	-	1,738,831	1,738,831
Investment in joint venture	1,085,404	-	1,085,404
Equipment	790,076	-	790,076
Intangible assets	902,895	-	902,895
Total	\$ 2,778,375	\$ 2,069,392	\$ 4,847,767

19. Note receivable

On January 6, 2022, Regenx loaned \$2,000,000 to a third party and in return received an unsecured debenture that matures on December 15, 2024 and accrues interest at 5%. The accrued interest is payable on redemption of the debenture and there is no penalty for the early redemption of the debenture.

REGENX TECH CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2022

20. Supplemental disclosure with respect to cash flows

During the nine months ended September 30, 2022, the following non-cash transactions occurred:

The Company terminated the lease of the shop facility in the Vancouver area which reduced the *Lease liability* and *Equipment* by \$96,745, which was the unamortized remaining balance.

As part of the divestiture of the Cehegin project the Company received 20,000,000 shares at a deemed value of \$0.40 per share which was recognized in *Investments*, in addition the transaction resulted in the reduction of *Receivables* by \$258,508, *Prepaid expenses and deposits* by \$ 18,448, *Restricted cash* by \$311,496, *Exploration and evaluation assets* by \$2,330,098, and *Accounts payable and accrued liability* by \$41,953.

During the year ended December 31, 2021, \$243,024 in inventory of equipment parts, previously classified as *Prepaid expenses and deposits* was reclassified to *Assets held for sale*.

21. Subsequent events

On November 7, 2022, 1,512,500 options expired with an exercise price of \$0.14.

On November 15, 2022, the Company granted 4,266,666 stock options to consultants of the Company. The options are at an exercise price of \$0.075 per share and valid until November 23, 2024. The options granted are to be vested over 12 months in equal tranches per 3-month period.

On November 15, 2022, the Company granted 4,266,666 stock options to consultants of the Company. The options are at an exercise price of \$0.15 per share and valid until November 23, 2025. Half of these options granted are to be vested over 12 months in equal tranches per 3-month period. The stock options granted are to be vested one (1) year from grant date.