



POND TECHNOLOGIES HOLDINGS INC.
(formerly, IRONHORSE OIL & GAS INC.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Canadian dollars in thousands)

(UNAUDITED)

NOTICE OF NON-REVIEWED INTERIM CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review or 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 interim condensed consolidated financial statements of Pond Technologies Holdings Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

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

Pond Technologies Holdings Inc.

(formerly, IRONHORSE OIL & GAS INC.)

Condensed Interim Consolidated Statements of Financial Position

(in Canadian dollars in thousands)

(Unaudited)

As at	Notes	Sept 30, 2019	Dec 31, 2018
Assets			
Current Assets			
Cash	16	\$ 191	\$ 2,824
Receivables		1,034	135
Contract receivable	10	1,354	1,000
Inventory		125	-
Prepaid expenses and other assets		76	308
		2,781	4,267
Intangibles	3	2,302	2,342
Goodwill	2	4,350	-
Right-of-use assets	7	141	-
Capital assets	4	4,010	4,256
Total assets		\$ 13,584	\$ 10,865
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 2,026	\$ 1,081
Current portion of lease obligations	7	88	-
Current portion of loans payable	6	448	3,698
Deferred revenue	10	246	533
		2,807	5,311
Long-term portion of lease obligations	7	57	-
Decommissioning liabilities	8	101	96
Long-term portion of loans payable	6	2,936	170
Total liabilities		\$ 5,902	\$ 5,578
Equity			
Share capital	9	\$ 29,262	\$ 23,676
Contributed surplus	9	5,097	4,593
Deficit		(26,676)	(22,983)
Shareholders' equity		7,683	5,287
Total liabilities and shareholders' equity		\$ 13,584	\$ 10,865

Approved on behalf of the Board:

"Gerry Quinn"

Director

"Steve Martin"

Director

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

Pond Technologies Holdings Inc.

(formerly, IRONHORSE OIL & GAS INC.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(in Canadian dollars in thousands, except per share and weighed average figures)

(Unaudited)

For the three and nine months ended Sept. 30,	Notes	Three Months			Nine Months	
		2019	2018		2019	2018
			Restated Note 1		Restated Note 1	
Revenue	10,14	\$ 1,723	\$ 1,805	\$ 4,938	\$ 2,779	
Expenses						
Direct costs and expenses		1,428	1,451	4,048	2,167	
Operating expenses	11	568	467	1,714	1,392	
General and administrative expense	11	418	203	1,543	1,363	
Amortization and depletion	3,4	206	257	650	723	
Impairment of capital asset	4	812	-	812	-	
Stock-based compensation	9	59	61	208	291	
		3,491	2,439	8,975	5,936	
Operating loss		\$ (1,768)	\$ (634)	\$ (4,037)	\$ (3,157)	
Other income / (expense)						
Interest income		1	17	8	37	
Financial expenses	12	(114)	(147)	(351)	(447)	
Loss on disposal of capital asset			(93)		(94)	
Net loss and comprehensive loss		\$ (1,881)	(857)	\$ (4,380)	\$ (3,661)	
Weighted average number of shares outstanding		22,675,469	19,419,164	21,690,911	18,710,067	
Diluted weighted average number of shares		29,263,597	19,419,164	26,884,102	18,710,067	
Basic loss per common share		(0.08)	(0.04)	(0.20)	(0.20)	
Diluted loss per common share		(0.06)	(0.04)	(0.16)	(0.20)	

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

Pond Technologies Holdings Inc.

(formerly, IRONHORSE OIL & GAS INC.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(in Canadian dollars in thousands, except number of shares and warrants)

	Number of Shares	Number of Warrants	Share Capital	Contributed Surplus	Deficit	Total
Balance - January 1, 2018	12,731,245	2,599,140	\$ 13,678	\$ 1,868	\$ (17,609)	\$ (2,063)
Shares issued in connection with business combination transactions (Note 2,9)	4,041,313	-	6,224	-	-	6,224
Shares issued from conversion of Agent Warrants	2,406	-	6	-	-	6
Shares issued concurrent financing (note 9)	2,641,873	-	4,068	-	-	4,068
Warrants issued	-	2,836,554	-	2,463	-	2,463
Share issuance costs	-	-	(690)	(153)	-	(843)
Stock-based compensation expense	-	-	-	15	-	15
net loss and comprehensive loss for period	-	-	-	-	(3,661)	(3,661)
Balance - September 30, 2018	19,416,837	5,435,694	\$ 23,287	\$ 4,193	\$ (21,270)	\$ 6,210
Shares issued to purchase distribution rights	516,128	-	320	-	-	320
Warrants and Agent Warrants expired or exercised	-	(419,140)	70	(70)	-	-
Grant of deferred share unit (Note 9)	-	-	-	133	-	133
Stock-based compensation expense	-	-	-	338	-	338
Net loss and comprehensive loss for the period	-	-	-	-	(1,713)	(1,713)
Balance - December 31, 2018	19,932,965	5,016,554	\$ 23,676	\$ 4,594	\$ (22,983)	\$ 5,287
Acquisition of Regenurex Health Corporation (Note 2)	-	-	4,688	-	-	4,688
Extension of warrants (Note 9)	-	-	-	(687)	687	-
Shares issued (Note 9)	2,742,504	-	976	-	-	976
Warrants issued (Note 9)	-	2,793,851	-	1,101	-	1,101
Issuance costs	-	-	(93)	(104)	-	(197)
Warrants and Agent Warrants expired	-	(75,000)	15	(15)	-	-
Grant of deferred share units (Note 9)	-	-	-	81	-	81
Stock-based compensation expense	-	-	-	127	-	127
Net loss for the period	-	-	-	-	(4,380)	(4,380)
Balance - September 30, 2019	22,675,469	7,735,405	\$ 29,262	\$ 5,097	\$ (26,676)	\$ 7,683

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

Pond Technologies Holdings Inc.

(formerly, IRONHORSE OIL & GAS INC.)

Condensed Interim Consolidated Statements of Cash Flows

(in Canadian dollars in thousands)

(Unaudited)

For the nine months ended September 30,	Notes	2019	2018
			Restated Note 1
Operating Activities			
Cash receipts from customers		\$ 3,799	\$ 3,897
Contract receivables, net		(320)	(2,136)
Cash paid to suppliers and employees		(6,877)	(5,369)
Interest paid		(246)	(219)
Interest received		9	38
Cash flows used in operating activities		(3,635)	(3,789)
Investing Activities			
Cash arising from business acquisitions		61	2,130
Purchase of capital assets and patents	3,4	(57)	(112)
Cash used in investing activities		4	2,018
Financing Activities			
Proceeds from issuance of units, net of issuance costs	9	2,037	5,641
Repayments of loans payable		(1,039)	(1,379)
Cash provided by financing activities		998	4,262
Net change in cash		(2,633)	2,491
Cash beginning of period		2,824	1,282
Cash, end of period		\$ 191	\$ 3,773

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

Pond Technologies Holdings Inc.

(formerly, Ironhorse Oil & Gas Inc.)

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

1. REPORTING ENTITY AND BASIS OF PRESENTATION

Reporting Entity

Pond Technologies Holdings Inc., formerly, Ironhorse Oil & Gas Inc., (the “Company” or “Pond”) is incorporated under the Business Corporations Act of Alberta. Effective January 30, 2018 the Company completed a reverse take-over and change of business transaction with Pond Technologies Inc. by way of a three-cornered amalgamation, that resulted in, amongst other things, the Company changing its name from Ironhorse Oil & Gas Inc. (“Ironhorse”) to Pond Technologies Holdings Inc. (Note 2). Pond Technologies Inc. was the effective acquirer of Ironhorse and therefore the prior year comparison amounts are those reported by Pond Technologies Inc.

Prior to January 30, 2018, Ironhorse’s primary business was the development and production of petroleum and natural gas reserves in western Canada. Post-amalgamation, Pond’s primary business is the pursuit of microalgal biomass production using raw stack gas emissions from industrial emitters. The Company’s technology offers industrial emitters an opportunity to generate significant revenue from their greenhouse gas emissions, through production of valuable biomass. These revenue streams for the Company’s customers may be further augmented by the potential generation and sale of carbon credits.

As of February 6, 2018, the Company’s shares began trading on the TSX Venture Exchange under the new trading symbol “POND”. The Company’s principal place of business is located at Unit 8, 250 Shields Court, Markham, Ontario.

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they come due in the normal course of business for the foreseeable future.

The Company is in the early commercialization stage, has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations.

For the nine months ended September 30, 2019, the Company recorded a net loss from operations of \$4,380 (2018 – \$3,661). The Company’s ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds and realization of profitable operations. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. These circumstances lend significant doubt and material uncertainty as to the ability of the Company to meet its obligations as they come due and, accordingly, the ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Statement of Compliance

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

Pond Technologies Holdings Inc.

(formerly, Ironhorse Oil & Gas Inc.)

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

1. REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

Statement of Compliance (continued)

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 22, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent consolidated annual financial statements of Pond Technologies Holdings Inc. as at and for the year ended December 31, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements could result in restatement of these condensed interim financial statements.

Certain amounts and balances relating to classification of discontinued operations in the previous year have been re-classified to conform to the current year's basis of presentation.

New accounting pronouncements adopted

IFRS 16 - Leases

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. IFRS 16 supersedes previous accounting standards for leases, including IAS 17, Leases and IFRIC 4 – Determining whether an arrangement contains a lease. As a result of adopting IFRS 16, the Company has recognized an increase to both assets and liabilities on the consolidated balance sheet, as well as a decrease in rent expense, with a corresponding increase in amortization (due to depreciation of the right-of-use assets) and increase in finance costs (due to accretion of the lease liability).

The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Pond Technologies Holdings Inc.

(formerly, Ironhorse Oil & Gas Inc.)

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

IFRS 16 – Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient option not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Impact of adoption of IFRS 16

On January 1, 2019, and during 2018 the Company had no leases with a term in excess of 12 months and accordingly the information presented in 2018 has not been restated. On January 30, 2019 the Company acquired Regenurex Health Corporation (Note 2) which had entered into a three year lease starting in February 1, 2019. The Company has elected to record right-of-use assets based on the corresponding lease liability. Right-of-use assets and lease obligations of \$122 were recorded as of February 1, 2019, as part of the purchase price allocation (Note 2) with no net impact on deficit. During the quarter ended June 30, 2019 the Company extended an existing short-term lease and recorded a right-of-use asset and lease obligation of \$72. From January 1, 2019, when measuring lease liabilities, the Company discounts lease payments using its incremental borrowing weighted-average rate applied of 12%.

IFRIC 23 Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (the “Interpretation”). The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Early application is permitted. The interpretation clarifies the accounting for income tax treatments (current and deferred tax) that have yet to be accepted by tax authorities. The Company adopted the Interpretation in its financial statements effective January 1, 2019. Adoption of the Interpretation did not have a material impact on the financial statements.

2. BUSINESS COMBINATION TRANSACTIONS

Ironhorse and Pond Technologies Inc.

On January 30, 2018, Ironhorse completed a business combination (the “Transaction”) with Pond Technologies Inc. (“PTI”) by way of a “three-cornered amalgamation”. The Transaction was effected pursuant to an amalgamation agreement dated October 4, 2017, as amended November 16, 2017, December 15, 2017, and December 21, 2017, between Ironhorse and its wholly-owned subsidiary, 2597905 Ontario Inc., and PTI. Pursuant to the Transaction: (i) all of the issued and outstanding common shares in the capital of the Company were consolidated on the basis of a 6.9 pre-consolidation shares for each one post-consolidation share; (ii) the Company changed its name from “Ironhorse Oil & Gas Inc.” to “Pond Technologies Holdings Inc.”; (iii) all of the issued and outstanding common shares in the capital of PTI were exchanged on a one for one basis for 15,373,117 common shares of the Company; (iv) all of the outstanding stock options and warrants of PTI were cancelled and exchanged for equivalent stock options and warrants of the Company; and (v) 2597905 Ontario Inc. and PTI amalgamated and became a wholly-owned subsidiary of the Company .

Concurrent with the completion of the Transaction, PTI completed a brokered equity financing by issuing 2,641,873 subscription receipts (“Subscription Receipts”) at a price of \$2.40 per Subscription Receipt, for aggregate gross proceeds of \$6,341. As a result of the satisfaction of the conditions to closing the Transaction, the escrow release conditions in respect of the Subscription Receipts were satisfied and the net financing proceeds were released to PTI and each Subscription Receipt was automatically

Pond Technologies Holdings Inc.

(formerly, Ironhorse Oil & Gas Inc.)

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

2. BUSINESS COMBINATION TRANSACTIONS (continued)

Ironhorse and Pond Technologies Inc. (continued)

exchanged for one common share of PTI and one common share purchase warrant of PTI, with each such warrant entitling the holder thereof to purchase one common share of PTI at a purchase price of \$3.00 and expiring 24 months from the date of issuance. In connection with the completion of the Transaction, such shares and warrants were subsequently cancelled and exchanged for equivalent common shares and warrants of the Company. As part of the commission payable to the agents under the financing, the agents received 194,681 compensation warrants, with each such warrant entitling the holder to purchase, in accordance with its terms, one common share and one warrant of the Company at a price of \$2.40 until January 30, 2020.

The Transaction was accounted for as a reverse take-over business combination transaction as the shareholders of PTI obtained a majority controlling interest of the Company, with the former shareholders of Ironhorse Oil & Gas Inc. retaining a non-controlling interest of the Company.

The purchase price has been allocated to the underlying assets and liabilities assumed, based upon their estimated fair values at the date of the Transaction. The fair value of the operating oil and gas property has been determined based on a report prepared by an Independent Qualified Reserves Evaluator in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook, based on proved and probable reserves, estimated forecast prices and costs and calculated using a discount rate of 10%. The fair value of the consideration paid was determined using the value of the common shares retained by the former shareholders of Ironhorse on January 30, 2018.

The following sets forth the allocation of the purchase price to assets acquired and liabilities assumed based on estimates of fair value.

Consideration paid:

Fair value of the 4,041,313 post-consolidated shares of the Company on January 30, 2018	\$	6,224
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Allocation of purchase price:

Cash and cash equivalents	\$	2,130
Receivables		233
Prepaid expenses and other assets		145
Property plant and equipment		4,132
Accounts payable and accrued liabilities		(325)
Decommissioning liability		(91)
	\$	6,224

If the Transaction had taken place on January 1, 2018, it is estimated that the assets acquired would have contributed incremental revenues and net loss before taxes of \$288 and \$100 respectively, for the year ended December 31, 2018.

Acquisition of Regenurex Health Corporation

On January 30, 2019, the Company completed its acquisition of Regenurex Health Corporation ("Regenurex"). The acquisition was effected by way of a three-cornered amalgamation, under the provisions of the *Business Corporations Act* (British Columbia), pursuant to an Amalgamation Agreement. At closing, Regenurex and Pond Naturals Inc. amalgamated, with the resulting entity continuing to conduct Regenurex's operations under the name "Pond Naturals Inc."

Pond Technologies Holdings Inc.

(formerly, Ironhorse Oil & Gas Inc.)

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

2. BUSINESS COMBINATION TRANSACTIONS (continued)

Acquisition of Regenurex Health Corporation (continued)

As consideration for their Regenurex shares, Regenurex shareholders will receive up to 6,250,000 Pond Technologies Holdings Inc. shares. The below summarizes the manner in which such Pond Shares shall be issued:

Upon amalgamation, former holders of the Class A preferred shares of Regenurex received 3,539,198 non-voting senior preferred shares of Pond Naturals Inc. The senior preferred shares are exchangeable at the election of the holders thereof until August 1, 2022, at which time they will be automatically exchanged, for an aggregate of 2,211,998 Pond shares.

Upon amalgamation, former holders of the common shares of Regenurex received 18,219,200 junior preferred shares of Pond Naturals Inc. The junior preferred shares are exchangeable at the election of the holders thereof until August 1, 2022, at which time they will be automatically exchanged, for an aggregate of 4,038,002 Pond shares.

In connection with closing of the Regenurex transaction, all of the outstanding stock options and warrants of Regenurex were cancelled or exchanged for Regenurex common shares (and then subsequently exchanged for junior preferred shares of Pond Naturals Inc. pursuant to the amalgamation). In addition, at closing the Company capitalized Pond Naturals Inc., by way of equity subscription of \$275.

The following sets forth the allocation of the purchase price to assets acquired and liabilities assumed based on estimates of fair value:

Consideration paid:

Fair value of the 6,250,000 shares of the Company on January 30, 2019	\$	4,687
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Allocation of purchase price:

Cash and cash equivalents	\$	61
Receivables		108
Inventory		143
Right-of-use asset		122
Property plant and equipment		1,030
Accounts payable and accrued liabilities		(475)
Lease liability		(122)
Loans payable		(531)
Goodwill		4,350
	\$	4,687

The final purchase price allocation is expected to be completed as soon as management has gathered all significant information available and necessary to finalize the allocation.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

3. INTANGIBLES

	Patent Filing Costs and Acquired Intellectual Property		Distribution Rights		Total
<i>Cost</i>					
Balance, January 1, 2018	\$	2,726	\$	-	\$ 2,726
Additions		8		-	8
Balance, September 30, 2018		2,734		-	2,734
Additions		1		640	641
Balance, December 31, 2018		2,735		640	3,375
Additions		113			113
Balance, September 30, 2019		2,848		640	3,488
<i>Accumulated amortization</i>					
Balance, January 1, 2018		891		-	891
Additions		102		-	102
Balance, September 30, 2018		993		-	993
Additions		34		5	38
Balance, December 31, 2018		1,027		5	1,032
Additions		105		48	153
Balance, September 30, 2019		1,133		53	1,186
<i>Net carrying amount</i>					
Balance, January 1, 2018		1,835		-	1,835
Balance, September 30, 2018		1,741		-	1,741
Balance, December 31, 2018		1,708		635	2,342
Balance, September 30, 2019	\$	1,715	\$	586	\$ 2,302

The majority of the Company's patents are process patents. During 2011 the Company acquired through assignment from St. Marys Cement Inc. (Canada) all of the developing intellectual property and knowledge arising from the building and operating the first pilot plant facility at St Marys site for \$1,738 in share consideration.

On November 30, 2018 the Company acquired the exclusive Canadian distribution and sale rights for certain products of RFI, LLC. The Company paid \$320 cash and issued 516,128 common shares at a common share price of \$0.62 for a total share consideration of \$320 as the fair value of the asset acquired could not be reliably estimated. The exclusive distribution rights have an initial term of 5 years with an exclusive right to renew for a further 5 years, provided certain sales targets are met. The Company is amortizing the total \$640 consideration paid over 10 years.

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(formerly, Ironhorse Oil & Gas Inc.)

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

4. CAPITAL ASSETS

	Project equipment and leasehold improvements	Furniture fixtures and equipment	Computer hardware and software	Oil & natural gas property plant and equipment	Total
<i>Cost</i>					
Balance, January 1, 2018	2,378	112	105	-	2,595
Additions	100	2	2	4,132	4,236
Disposals	(485)	-	-	-	(485)
Change in decommissioning liability	-	-	-	3	3
Balance, September 30, 2018	1,992	114	107	4,135	6,349
Additions	5	1	6	-	11
Disposals	(213)	-	(5)	-	(218)
Balance, December 31, 2018	1,784	115	108	4,135	6,142
Additions	1,289	2	8	-	1,298
Disposals	(114)	-	(2)	-	(115)
Balance, September 30, 2019	2,959	116	113	4,135	7,325
<i>Accumulated amortization</i>					
Balance, January 1, 2018	1,492	48	67	-	1,607
Amortization	146	8	10	458	621
Disposals	(300)	-	-	-	(300)
Balance, September 30, 2018	1,337	55	77	458	1,927
Amortization and depletion	40	3	4	63	110
Disposals	(146)	-	(4)	-	(150)
Balance, December 31, 2018	1,232	58	76	521	1,886
Amortization and depletion	330	10	11	301	653
Impairment	-	-	-	812	812
Disposals	(35)	-	(1)	-	(36)
Balance, September 30, 2019	1,526	68	86	1,635	3,315
<i>Net carrying amount</i>					
Balance, January 1, 2018	886	64	38	-	988
Balance, September 30, 2018	655	59	30	3,677	4,422
Balance, December 31, 2018	552	57	32	3,614	4,256
Balance, September 30, 2019	1,433	48	27	2,500	4,010

Impairment

The Company recorded an impairment loss on September 30, 2019 of \$812 (2018 - \$Nil) against capital assets related to the Company's 15.625% working interest in 2 production wells located in the Pembina area of Alberta ("Pembina"). The impairment loss was due primarily to a reduction in the forecasted forward commodity prices for oil.

The recoverable amount for the Pembina capital asset is \$2,500 and the value-in-use was determined by the net present value of the before tax cash flows from oil, natural gas and liquids proved plus probable reserves estimated by the Company's external reserve evaluators discounted at a rate of 10% (2018 - 10%).

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Sep 30, 2019	Dec 31, 2018
Accounts payable	\$ 1,368	\$ 655
Interest payable	316	225
Payroll and other accruals	342	201
	\$ 2,026	\$ 1,081

6. LOANS PAYABLE

A summary of the changes in the loans payable balance is as follows:

	CW(i)	SMC (ii)	FedDev (iii)	Regenurex (iv)	Total
Balance, January 1, 2018	\$ 4,500	\$ 300	\$ 413	\$ -	\$ 5,213
Advances	-	-	-	-	-
Conversion to shares	-	-	-	-	-
Accretion	-	-	60	-	60
Repayments	(1,000)	(300)	(105)	-	(1,405)
Balance, December 31, 2018	3,500	-	368	-	3,868
Regenurex loans acquired in acquisition	-	-	-	531	531
Accretion	-	-	14	-	14
Repayments	(600)	-	(148)	(281)	(1,029)
Balance, September 30, 2019	2,900	-	234	250	3,384
Less: Current portion of loans payable	-	-	198	250	448
Long-term portion of loans payable	\$ 2,900	\$ -	\$ 36	\$ -	\$ 2,936

(i) *Crystal Wealth Management System Ltd. ("CW")*

During 2015, the Company issued a promissory note to CW in the amount of \$350 bearing interest at 12% per annum. On February 19, 2016, the Company entered into a secured loan agreement with CW with a maximum credit amounting to \$4,500. The loan agreement incorporated the amount advanced under the promissory note and the promissory note was terminated and superseded by the loan agreement.

The loan bears interest at the rate of 12% per annum, has no regularly scheduled repayment terms with a maturity date of the earlier of February 19, 2018 or the completion of a financing transaction resulting in a capital injection in excess of \$4,500. The loan is secured by a general security agreement with a first charge on the Company's assets and a specific assignment of rights in all patents during the year.

During 2016, CW amended the credit facility agreement and the Company was advanced an additional \$160. CW also issued amendments to defer interest payments, originally due quarterly, to March 31, 2017. The advance of \$160 was subsequently settled by the Company through a non-brokered private equity placement in 2017.

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6. LOANS PAYABLE (continued)

(i) Crystal Wealth Management System Ltd. (continued)

On August 11, 2017, the Company signed an amendment to its loan agreement with CW. The amended terms include a loan maturity extension to June 30, 2019, reduction of quarterly interest payable to 8%, deferral of quarterly interest payable of 4%, a ("First Interest Payment") due of \$581 payable on November 30, 2017 and a principal repayment of \$1,000 on December 31, 2017. The amendment also requires the Company to make principal loan repayments if it raises in excess of \$10,000 in financing during the term of the loan. In that event, the amount of the principal loan repayment will be 20% of the proceeds in excess of \$10,000.

On November 16, 2017, the Company signed a second amendment to its loan agreement with CW. The amended terms include an extension of the repayment to the First Interest Payment to December 21, 2017 and an extension fee of \$10.

On December 19, 2017, the Company signed a third amendment to its loan agreement with CW. The amended terms include an extension of the principal repayment of \$1,000 and the First Interest Payment to January 31, 2018 and an extension fee of \$10 payable in cash upon the execution of the loan amendment.

On December 29, 2017, the Company made an early payment of the First Interest Payment of \$581 and the second interest payment of \$31. On January 30, 2018, the Company paid \$1,000 to CW to reduce the principal balance from \$4,500 to \$3,500.

On May 14, 2019, the Company signed an amendment to its \$3,500 loan agreement with the court-appointed receiver and manager of Crystal Wealth Management System Ltd. (the "Receiver"). The key amendments are 1) The maturity date for the loan has been extended from June 30, 2019 to June 30, 2021; 2) A principal repayment of at least \$600 is to be made on or before June 30, 2019; 3) An Early Redemption Incentive of a \$500 reduction on the outstanding principal and interest, provided the loan is repaid in full by December 31, 2019; and 4) No change to the existing interest terms.

In addition, the Company will be required to make principal repayments to the Receiver amounting to 20% of any financings and proceeds from the sale of its Pembina oil and gas property which in total exceed \$2,500. If the aggregate of the proceeds of any financing transactions and the sale of the Pembina asset are equal to or exceed \$10,000, Pond will be required to repay the indebtedness in full including all principal, interest and other fees which may be outstanding at the time. If the total of such proceeds equal or exceed \$10,000 before December 31 2019, then the Early Redemption Incentive will apply to the loan repayment.

On June 28, 2019 the Company made a principal repayment of \$600 reducing the principal balance of the loan to \$2,900 as required under the terms of the May 14, 2019 amendment.

(ii) St. Marys Cement Inc. (Canada) ("SMC")

On May 29, 2015, the Company entered into a \$300 demand loan with SMC. The loan bears interest at the rate of 9.5% per annum and has no regularly scheduled repayment terms. Interest expense of \$29 (2015 - \$12) was recorded on this loan. On February 19, 2016 and in connection with the loan agreement with CW, the SMC loan became postponed and subordinated to the loan payable to CW and the maturity date was established at the earlier of February 19, 2018 or the completion of a financing transaction resulting in a capital injection in excess of \$4,500. On August 30, 2016, the Company entered into a \$50 promissory note with SMC with an interest rate of 9.5%. On January 16, 2017, the Company issued 25,000 units to SMC as settlement of the \$50 promissory note through its non-brokered private placement.

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6. LOANS PAYABLE (continued)

On March 2, 2018, the Company paid SMC \$300 principal and \$83 interest to settle the outstanding demand loan with SMC in full and discharge SMC's security interest in the Company's assets.

(iii) *Federal Economic Development Agency ("FedDev")*

The Company has a loan agreement with the FedDev and has received advances disbursed at a monthly rate of 33.33% of eligible costs as defined in the agreement, subject to achievement of certain milestones. Under the terms of the loan agreement, the loan bears no interest and is repayable in 60 equal monthly installments of \$14 beginning on January 1, 2015.

The FedDev loan was fair valued at inception and interest accretion for the imputed interest rate is treated as a finance expense each year.

(iii) *Federal Economic Development Agency (continued)*

On December 29, 2016, the monthly instalments were reduced to \$3 until January 1, 2018 after which the payments were increased to \$9 for year ended 2018 and increased to \$17 thereafter for the remaining term of the loan.

(iv) *Regenurex*

As a result of the acquisition of Regenurex the Company acquired loans with a balance of \$531. During the nine months ended September 30, 2019 principal repayments of \$281 were made. The remaining loans bear interest rates of 11% and 12% and have maturity dates in 2019.

7. LEASE OBLIGATIONS AND RIGHT-OF-USE ASSETS

It is the Company's policy to rent certain items of office equipment and premises under operating lease agreements.

Effective January 1, 2019 the Company adopted IFRS 16, *Leases*, which requires lessees to recognize right-of-use assets and lease liabilities for most leases. Lessees will also recognize depreciation expense on the right-of-use asset and interest expense on the lease liability in the statement of loss and comprehensive loss. Short-term leases, which are defined as those that have a lease term of 12 months or less; and leases of low-value assets are exempt. There are no undiscounted lease liabilities.

The Company's leases are for plant and office space. Certain of the leases contain renewal options. The Company has included renewal options on the measurement of lease obligations when it is reasonably certain that the Company will exercise the renewal option.

The following table set out the Company's lease obligations:

Lease obligations, December 31, 2018	\$	-
Additions		194
Interest on lease obligations		11
Lease payments		(61)
Lease obligations, September 30, 2019	\$	145
Current		88
Non-current		57
Lease obligations, September 30, 2019	\$	145

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7. LEASE OBLIGATIONS AND RIGHT-OF-USE ASSETS (continued)

The following table presents the associated right-of-use assets for the Company:

Balance, December 31, 2018	\$	-
Additions		194
Amortization		(52)
Right-of-use asset, September 30, 2019	\$	141

Amounts recognized in statement of loss and comprehensive loss:

		Nine Months Sept. 2019
Depreciation charge for right-of-use asset	\$	53
Interest expense on lease liabilities		11
Expense relating to variable lease payments not included liability measurement of lease liabilities		7
Total cash outflow for leases	\$	71

8. DECOMMISSIONING LIABILITIES

	Sep 30, 2019	Dec 31, 2018
Balance, beginning of year	\$ 96	\$ -
Assumed through business combination (Note 2)	-	91
Change in estimates and discount rate	-	3
Accretion expense	5	2
Balance	\$ 101	\$ 96

The Company's decommissioning liabilities arise from the net ownership interests in petroleum and natural gas assets including a well site, gathering systems and production equipment. The total undiscounted amount to settle the Company's decommissioning liabilities is estimated at \$118. The expected timing of the decommissioning expenditures extends to 2023. A risk-free rate of 1.86% - 2.18% and an inflation rate of 2% were used to calculate the present value of the decommissioning liabilities.

The risk-free rate used in the calculation of the net present value can have a significant impact on the carrying value of decommissioning liabilities. A 1% increase in the risk-free rate would decrease the decommissioning liability by an immaterial amount

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9. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares.

	Number of shares		Amount (000's)
Balance, as at January 1, 2018	12,731,245	\$	13,678
Shares issued business combination (Note 2)	4,041,313		6,224
Shares, warrants and Agent Warrants issued concurrent financing (Note 2)	2,641,873		4,068
Share issuance costs	-		(690)
Balance, as at September 30, 2018	19,414,431		23,281
Shares issued to purchase distribution rights (Note 3)	516,128		320
Shares issued on conversion of Agent Warrants	2,406		6
Expired warrants and Agent Warrants	-		70
Balance, as at December 31, 2018	19,932,965	\$	23,676
Acquisition of Regenurex Health Corporation (Note 2)	-		4,687
Share issuance	2,742,504		976
Issuance costs	-		(92)
Expired Agent Warrants	-		15
Balance, as at September 30, 2019	22,675,469	\$	29,262

Brokered private placement

On January 30, 2018, the PTI completed the business combination transaction with Pond as set out in Note 2. The Company adopted a residual value method with respect to measurement of shares and warrants issued as private placement units. The Agent Warrants were measured at fair value amounting to \$186.

The total consideration was allocated between common shares and warrants with the warrants being measured first, at fair value amounting to \$2,277 and the residual being applied to common shares.

On August 2, 2018 the Company issued 2,406 shares and 2,406 warrants for a total consideration of \$6 upon the exercise of 2,406 Agent Warrants at \$2.40.

Purchase of RFI LLC Canadian distribution rights

On November 30, 2018 the Company issued 516,128 common shares at a common share price of \$0.62 as partial consideration for the purchase by the Company for the exclusive Canadian distribution rights to the RFI LLC products for a total share consideration of \$320 as set out in Note 3.

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9. SHARE CAPITAL (continued)

Acquisition of Regenurex Health Corporation

On January 30, 2019, the Company completed the acquisition of Regenurex as set out in Note 2.

As consideration for the Regenurex shares, Regenurex shareholders will receive up to 6,250,000 Pond Technologies Holdings Inc. shares with such shares valued by the parties, at the time of entering into the Amalgamation Agreement, at \$0.80 per share, or \$5,000 in the aggregate. The below summarizes the manner in which such Pond Shares shall be issued:

- Upon amalgamation, former holders of the Class A preferred shares of Regenurex received 3,539,198 non-voting senior preferred shares of Pond Naturals Inc. The senior preferred shares are exchangeable at the election of the holders thereof until August 1, 2022, at which time they will be automatically exchanged, for an aggregate of 2,211,998 Pond shares.
- Upon amalgamation, former holders of the common shares of Regenurex received 18,219,200 junior preferred shares of Pond Naturals Inc. The junior preferred shares are exchangeable at the election of the holders thereof until August 1, 2022, at which time they will be automatically exchanged, for an aggregate of 4,038,002 Pond shares (subject to a downward adjustment in the event any undisclosed liabilities of Regenurex over \$50 are discovered within six months of closing).

Non-Brokered private placement

On June 11 and 14, 2019, the Company issued a total of 2,742,504 units at \$0.75/unit for \$2,057. Each unit was comprised of one common share and one warrant. The warrants may be exercised for one additional common share at a price of \$1.00 per common share on the earlier of 30 days after the holder of the warrant receives notice from the Company that the Company's shares had traded at \$1.25 for at least 10 consecutive days or 2 years from date of issuance.

Stock option plan

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the underlying directors' resolution approving the issuance.

Stock Options	Number of options outstanding	Weighted average exercise
Balance, as at January 1, 2017	857,500	\$ 3.08
Granted during period	240,000	2.00
Cancelled during the period	(12,500)	3.08
Balance, as at December 31, 2017	1,085,000	2.00
Granted during period	537,500	2.00
Balance, as at December 31, 2018	1,622,500	2.00
Forfeited during period	(30,000)	2.00
Balance, as at September 30, 2019	1,592,500	\$ 2.00

During the quarter ended September 30, 2019, the Company granted Nil (2018: NIL) stock options.

As at September 30, 2019, 1,592,500 (2018: 1,622,500) stock options were exercisable and the weighted average remaining contractual lives of the stock options was 2.4 years (2018: 3.4 years).

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9. SHARE CAPITAL (continued)

Contributed surplus

Contributed surplus is comprised of the following:

	Sep 30,		Dec 31,
	2019		2018
Stock options and other	\$ 1,976	\$	1,767
Warrants and Agent Warrants	3,121		2,827
	\$ 5,097	\$	4,593

Warrants and Agent Warrants

The Company has issued Warrants and Agent Warrants as part of the brokered and non-brokered placements, conversion of loans and debt settlements.

	Number of			Amount (000's)
	Warrants	Agent Warrants	Total	
Balance, as at January 1, 2018	2,437,340	161,800	2,599,140	\$ 586
Warrants issued on subscription of units	2,641,873	194,681	2,836,554	2,463
Warrant issuance costs	-	-	-	(153)
Balance, as at September 30, 2018	5,079,213	356,481	5,435,694	2,896
Exercise of Agent Warrants	2,406	(2,406)	-	-
Expired Warrants and Agent Warrants	(392,340)	(26,800)	(419,140)	(70)
Balance, as at December 31, 2018	4,689,279	327,275	5,016,554	\$ 2,826
Extension of Warrants	-	-	-	(687)
Warrants issued on subscription of units	2,742,504	-	2,742,504	1,081
Warrants issued for agent fees	51,347	-	51,347	20
Issuance costs	-	-	-	(104)
Expired Warrants and Agent Warrants	(20,000)	(55,000)	(75,000)	(15)
Balance, as at September 30, 2019	7,463,130	272,276	7,735,405	\$ 3,121

On January 4, 2019 the Company received approval from the TSX Venture Exchange to extend the expiry dates of five tranches of warrants totaling 4,669,279 warrants. The expiry date of all five tranches of warrants were extended to January 30, 2021. All other terms and conditions of each tranche of the warrants remain unchanged. The extension resulted in a charge of \$687 from contributed surplus to the accumulated deficit.

On June 11, and 14, 2019 the Company issued 2,742,504 (2018: Nil) warrants as part of the unit issuance. The warrants have an exercise price of \$1.00 per share on the earlier of 30 days after the holder of the warrant receives notice from the Company that the Company's shares had traded at \$1.25 for at least 10 consecutive days or two years from date of issuance. A further 51,347 warrants were issued to brokers on the same terms and conditions.

For the warrants issued in June 2019, the fair value has been determined as \$1,101 using the Black-Scholes option pricing model. For the warrants and Agent Warrants issued in 2018 in the non-brokered private placement and the brokered private placement, the fair value has been determined as \$2,463 using the Black-Scholes option pricing model and the following weighted average assumptions:

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9. SHARE CAPITAL (continued)

Warrants and Agent Warrants (continued)

	2019	2018
Risk-free interest rate	1.75%	1.25%
Estimated life of warrants and Agent Warrants (years)	2.00	2.00
Expected volatility	100%	81%
Price of shares at date of issuance	\$ 0.80	\$ 2.33
Exercise price of warrants	\$ 1.00	\$ 3.00
Dividend yield	0%	0%

Deferred Share Units

The directors of the Board elected to receive a portion of their compensation in the form of a deferred share unit ("DSU") in any year, based on the terms and conditions of the Deferred Share Unit Plan which was established on October 11, 2018. A deferred share unit account ("DSU Account") is established for each participant and is credited with notional grants of DSU's to which each participant is entitled.

The number of DSU's granted to a participant's DSU Account is determined quarterly, based on the monetary amount of the participant's annual fee compensation and the closing price of the Company's common shares on the TSX Venture Exchange on the date of grant. At such time as a director ceases to be a director, the Company's Nomination and Compensation Committee has chosen to settle the DSU Account in Company's common shares from treasury.

For the three and nine months ended September 30, 2019, 81,250 and 209,329 DSU's (2018: Nil and Nil) were granted and the Company recognized a charge of \$40 and \$121 to contributed surplus (2018 Nil and Nil). As at September 30, 2019 there were 338,128 DSU's outstanding.

10. REVENUE, CONTRACT RECEIVABLE AND DEFERRED REVENUE

Revenue comprises sales and services to external customers (excluding HST and other sales taxes). Revenue from the transfer of goods or services to customers is recognized in amounts that reflect the consideration (that is, payment) to which the Company expects to be entitled in exchange for those goods or services.

The majority of the Company's technology services revenue was generated from a contract in which goods and services are typically provided over time. The Company's contract revenue for the three and nine months ended September 30, 2019 was \$91 and \$968 (2018: \$993 and \$993), was primarily derived from a single performance contractual obligation to construct a \$3,600 algae production facility. Revenue for this contract is recognized on a percentage of completion basis.

For certain contracts, revenue is recognized when the terms of the commitment are completed and accepted by the customer. Payment is normally thirty days from the date of acceptance by the customer.

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10 REVENUE, CONTRACT RECEIVABLE AND DEFERRED REVENUE (continued)

Stelco Algae Holdings

During September 2018 the Company entered into a 'notice to proceed' agreement with Stelco Algae Holdings Inc. ("Stelco"), a special purpose company owned by Stelco Holdings Inc. to develop an Algae Carbon Abatement Facility ("the Project") at Stelco's Lake Erie Works ("the Project Site"). The Project includes the following; i) the manufacture and installation of a 45,000 litre bioreactor system at the Project Site; and ii) subject to verification of Project viability and the receipt of applicable regulatory and third party approvals, the installation of a commercial seed system scale bioreactor at the Project site.

Prior to the "notice to proceed" arrangement, in November 2017, Stelco, the Company and the Ontario Centres for Excellence Inc. ("OCE") entered into a Target GHG Industrial Demonstration Program Funding Agreement ("OCEFA") pursuant to which the OCE will fund up to 50% of eligible Project costs to a maximum of \$5,000.

Eligible costs which are to be reimbursed through OCEFA will be financed by the Company through a new promissory note arrangement with Stelco. The promissory note is a non-interest bearing revolving loan facility with a maximum borrowing amount of \$2.5 million and the maturity date has been extended to June 30, 2020. The promissory note bears interest at a rate of 15% per annum if cash reimbursements of eligible expenses received by Stelco are not repaid to the Company within 10 business days of receipt from OCE.

During the three months ended September 30, 2019 the Company made advances under the terms of the promissory note of \$Nil (2018: \$Nil) and received repayments of \$308 (2018: \$Nil) resulting in a contract receivable balance of \$1,354 at September 30, 2019. The contract receivable matures in less than one year and therefore, the Company adopted the practical expedient option in IFRS 15 and did not discount the contract receivable.

Deferred revenue

Deferred revenue is the difference between actual amounts invoiced and the amount of revenue recognized and is recorded in the consolidated statements of financial position. A reconciliation of the beginning and ending carrying amounts of deferred revenue is as follows:

	Sep 30, 2019	Dec 31, 2018
Balance, beginning of year	\$ 533	\$ 18
Related revenue earned in the period	(1,364)	(1,433)
Payments received in the period	1,077	1,948
	\$ 246	\$ 533

11. BREAKDOWN OF EXPENSES

The details for operating and general and administrative expenses for the three and nine months ended September 30, 2019 are as follows:

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11 BREAKDOWN OF EXPENSES (continued)

Three and nine months ended Sept 30,	Three months		Nine months	
	2019	2018	2019	2018
<i>Operating expenses</i>				
Salaries and benefits	\$ 418	\$ 421	\$ 1,306	\$ 1,261
Rent	33	20	95	61
Travel and transportation	73	56	186	139
Project supplies and maintenance	45	(29)	127	(14)
Cost recoveries	-	-	-	(55)
	\$ 568	\$ 467	\$ 1,714	\$ 1,392
<i>General and administrative expenses</i>				
Legal	\$ 65	\$ 116	\$ 243	\$ 211
Computer	20	22	57	72
Consultants, advisors and other	333	65	1,243	1,080
	\$ 418	\$ 203	\$ 1,543	\$ 1,363

The cost recoveries in 2018 represent the reimbursement of salaries and benefits of employees that have been seconded to the National Research Council.

12. FINANCE EXPENSES

Three and nine months ended Sept 30,	Three months		Nine months	
	2019	2018	2019	2018
Interest expense on loans - CW and Regenurex	\$ 99	\$ 123	\$ 316	\$ 386
Interest accretion, net of imputed interest adjustment	7	20	16	58
Interest on lease obligations	3	-	3	-
Bank charges	6	2	17	4
	\$ 114	\$ 147	\$ 351	\$ 447

13. RELATED PARTY TRANSACTIONS

The Company enters into related party transactions with management and arrangements with its shareholders. Details of these transactions for the three and nine months ended September 30 and the September 30 balances are as follows:

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Three and nine months ended Sept. 30,	Three months		Nine months	
	2019	2018	2019	2018
<u>Transactions:</u>				
Loan interest to shareholders CW	\$ 68	\$ 127	\$ 275	\$ 396
Legal services rendered to the Company	2	25	77	25
Pembina property management fee	23	23	68	60
<u>Balances, end of quarter</u>				
Loan payable to CW	\$ 2,900	\$ 3,500	\$ 2,900	\$ 3,500

Key management compensation

Key management include key effective management and Board of Directors. In addition to their salaries, key executive officers are entitled to participate in short-term bonus plans based on the financial performance of the Company and other non-financial factors, set annually. The Company provides a benefit plan and other allowances to executive officers. In addition, key executive officers are granted stock options at the discretion of the Board of Directors.

Key management compensation for the three and nine months is comprised of:

Three and nine months ended Sept. 30,	Three months		Nine months	
	2019	2018	2019	2018
Stock based compensation	\$ 59	\$ 116	\$ 208	\$ 363
Director and committee fees - cash and DSU	46	47	145	124
Salaries and benefits	\$ 151	\$ 116	\$ 454	\$ 363

14. SEGMENTED INFORMATION

The Company considered the basis on which it is organized including service and product offerings and geographic areas and segmented reporting is based on identifiable reporting segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and are evaluated regularly by the chief operating segment decision maker when allocating resources and assessing performance. The chief operating decision maker is the CEO of the Company and the Company's operating segments are based on its three primary offerings and one regional geographic area.

The three reportable segments for the three and nine months ended September 30, 2019, are Nutraceutical Products, Technology Services (including the production of microalgae biomass, consulting, engineering services and the construction of biomass production facilities) and Oil and Conventional Natural Gas.

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14. SEGMENTED INFORMATION (continued)

Reportable Segments

Consolidated Statement of Financial Position As at September 30, 2019	Nutraceutical Products	Technology Services	Oil and Natural Gas	Other	Total
Non-Current Assets					
Intangibles	\$ 587	\$ 1,715	\$ -	\$ -	\$ 2,302
Goodwill	4,350	-	-	-	4,350
Right-of-use asset	95	47	-	-	141
Capital assets	\$ 976	\$ 528	\$ 2,506	\$ -	\$ 4,010

Consolidated Statement Of Loss For The Nine Months Ended September 30, 2019	Nutraceutical Products	Technology Services	Oil and Natural Gas	Other	Total
Revenue					
Nutraceutical products	\$ 2,645	\$ -	\$ -	\$ -	\$ 2,645
Technology services	-	1,023	-	-	1,023
Oil and conventional natural gas	-	-	1,269	-	1,269
	2,645	1,023	1,269	-	4,938
Direct costs and expenses					
Nutraceutical products	(2,281)	-	-	-	(2,281)
Technology services	-	(885)	-	-	(885)
Oil and conventional natural gas royalties	-	-	(500)	-	(500)
Oil and conventional natural gas operating costs	-	-	(382)	-	(382)
Operating expenses	(382)	(1,332)	-	-	(1,714)
General and administrative expenses	(238)	(1,080)	-	(225)	(1,543)
Stock-based compensation	-	-	-	(208)	(208)
Amortization & depletion	(91)	(210)	(349)	-	(650)
Impairment of capital asset	-	-	(812)	-	(812)
Operating loss	(347)	(2,483)	(773)	(433)	(4,037)
Other income / (expense):					-
Interest income	-	2	-	6	8
Finance expenses	(31)	(319)	-	-	(351)
Net loss and comprehensive loss	\$ (378)	\$ (2,801)	\$ (773)	\$ (428)	\$ (4,380)

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14. SEGMENTED INFORMATION (continued)

Consolidated Statement Of Loss For The Three Months Ended September 30, 2019	Nutraceutical Products	Technology Services	Oil and Natural Gas	Other	Total
Revenue					
Nutraceutical products	\$ 1,233	\$ -	\$ -	\$ -	\$ 1,233
Technology services	-	118	-	-	118
Oil and conventional natural gas	-	-	371	-	371
	1,233	118	371	-	1,723
Direct costs					
Nutraceutical products	(991)	-	-	-	(991)
Technology services	-	(113)	-	-	(113)
Oil and conventional natural gas royalties	-	-	(155)	-	(155)
Oil and conventional natural gas operating costs	-	-	(164)	-	(164)
Operating expenses	(142)	(426)	-	-	(568)
General and administrative expenses	(79)	(317)	-	(22)	(418)
Stock-based compensation	-	-	-	(59)	(59)
Amortization & depletion	(34)	(69)	(107)	-	(210)
Impairment of capital asset	-	-	(812)	-	(812)
Operating loss	(13)	(806)	(866)	(81)	(1,768)
Other income / (expense)					
Interest income	-	-	-	1	1
Finance expenses	(12)	(101)	-	-	(114)
Net loss and comprehensive loss	\$ (25)	\$ (908)	\$ (866)	\$ (81)	\$ (1,881)

15. COMMITMENTS AND CONTINGENCIES

On January 30, 2018, concurrent with the completion of the Transaction described in Note 2, the Company and Grizzly Resources Limited (“GRL”) entered into an Assignment Agreement, whereby the Company transferred all of its right, title and interest in and to and all burdens, obligations and liabilities in connection with a litigation matter, to GRL. GRL agreed to indemnify the Company from any potential liabilities that may arise from such litigation.

The Company is contingently liable with respect to litigation, claims and environmental matters that may arise from time to time, including those that could result in mandatory damages or other relief, which could result in significant expenditures. While the outcome of these matters cannot be predicted with certainty, in the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the financial position or results of operations of the Company. Any expected settlement of claims in excess of amounts recorded will be charged to operations as and when such determination is made.

The Company may have various other contractual obligations from time to time in the normal course of operations. Generally, these types of contracts can be cancelled with 30 days’ notice. The Company has entered a premise leases with the following total minimum payment outstanding at September 30, 2019:

	Amount
2019	\$ 26
2020	85
2021 and 2022	52
	\$ 163

Pond Technologies Holdings Inc.

(formerly, Ironhorse Oil & Gas Inc.)

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

In Canadian dollars in thousands, except per share and weighted average figures

For the Three and Nine Months Ended September 30, 2019 and 2018

16. SUBSEQUENT EVENTS

On October 15, 2019 the Company received \$300 from GRL. The receipt was a recovery of a contingent asset arising from an advance payment made to GRL on January 30, 2018 to cover potential abandonment and reclamation obligations for properties which were transferred to GRL prior to the January 30, 2018 amalgamation.

On November 22, 2019, the Company received a loan (the "Loan") in the principal amount of \$2,000 from Georgian Villas Inc., an entity controlled by one of Pond's directors, Mr. Robert McLeese.

The Loan matures on November 15, 2021, bears interest at 12% per annum, payable quarterly, is convertible, at the option of the lender, into common shares of Pond after the first anniversary date of the Loan at a conversion price of \$1.00 per share, and is secured by a first priority interest over all of Pond's present and after-acquired undertaking, property and assets, excluding any equity interests from time to time held by Pond, including of its subsidiaries. As consideration for agreeing to provide the Loan, the lender also received a cash fee equal to 4% (\$80) of the principal amount of the Loan.