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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2018

Dated April 30, 2019

Pond Technologies Holdings Inc.
(formerly, Ironhorse Oil & Gas Inc.)
(the "Corporation")

Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Three and Twelve Months Ended December 31, 2018
(All amounts, except per share amounts and where specified, are in Canadian Dollars)

This Management's Discussion and Analysis ("**MD&A**") of financial condition and results of operations of Pond Technologies Holdings Inc. ("**Pond**" the or the "**Corporation**") constitutes management's review of the Corporation's financial and operating performance for the three and twelve months ended December 31, 2018, financial condition and future prospects. Except as otherwise noted, this MD&A is dated April 30, 2019 and should be read in conjunction with the audited consolidated annual financial statements of Pond Technologies Holdings Inc. for the years ended December 31, 2018 and 2017, and the related notes thereto.

Pond Technologies Holdings Inc., formerly named "Ironhorse Oil & Gas Inc.", is incorporated under the *Business Corporations Act* of Alberta. Effective January 30, 2018 the Corporation completed a business combination and change of business transaction with Pond Technologies Inc. by way of a three-cornered amalgamation, that resulted in, amongst other things, the Corporation changing its name from Ironhorse Oil & Gas Inc. to Pond Technologies Holdings Inc.

As of February 6, 2018, the Corporation's shares began trading on the TSX Venture Exchange under the new trading symbol "POND". The Corporation's principal place of business is now located at Unit 8, 250 Shields Court, Markham, Ontario with the primary purpose of pursuing microalgal biomass production using raw stack gas emissions from industrial emitters.

This MD&A is prepared as at April 30, 2019 and is current to that date unless otherwise stated. The financial statements of the Corporation and extracts of those financial statements provided within this MD&A, were prepared in Canadian dollars and are in accordance with International Financial Reporting Standards ("**IFRS**").

Commercialization Goals

The Corporation's primary purpose is to pursue microalgal biomass cultivation using available sources of carbon dioxide ("**CO_2**"), including CO_2 rich emission sources from industrial plants. The resultant algae is used in the supply of nutraceuticals, commonly known as superfoods, aquaculture and animal feeds, and feedstock in the production of biofoams and algae based biomaterials, and to also supply other algae derived products.

The Corporation is actively pursuing opportunities in the nutraceutical and, superfood marketplace. In addition, the Corporation is also working to extend its technology applications into related verticals, including the exploitation of its proprietary integrated growth platform for terrestrial plants, where it has sought additional intellectual property protection for these applications.

Commercialization Highlights – Q4

During the quarter ended December 31, 2018, Pond continued to enhance, market and deploy its technology through the following activities:

- *Q4 Technology Services Revenue $404,803* - $364,803 of Q4 revenue related to the design, engineer, manufacture and installation of a 45,000L algae growing bioreactor for Stelco Algae Holdings Inc. ("**SAHI**"). The SAHI project was 38% completed by the end of Q4. The balance $40,000 of revenue arose from the completion of a project study.

- *Q4 Oil & Conventional Natural Gas Revenue $2,107,125* – Pond changed its financial statement accounting treatment for its oil & conventional natural gas property in Q4 from discontinued operations to continuing operations. This change resulted in $2,107,125 being included in Q4 revenue for the eleven months that Pond owned the property in 2018. Pond continues to market the sale of this property and will change the accounting treatment to discontinued operations when a firm contract of sale is agreed.

- *Pond Naturals* - On November 30, 2018 the Corporation acquired the exclusive Canadian distribution and sale rights for certain products of RFI, LLC. The Corporation paid $320,000 cash and issued 516,128 common shares at a common share price of $0.62 for a total share consideration of $320,000. 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. On December 1, 2018 Mr. Grant Smith joined Pond Naturals as President.

- *Markham District Energy* ("MDE") – Pond completed design and engineering work for the construction of nutraceutical bioreactors for the first phase development at the MDE site. Permit documents and site plans were prepared and submitted.

- *Growth Optimization Platform* - The Corporation continues to enhance its growth optimization platform including the integration of sensors, controls and artificial intelligence. This technology is expected to increase growth rates and decrease operating costs for algae and terrestrial plant growth.

Commercialization – Targets, Assumptions and Risk Factors

Pond's revenue streams, post the sale of its oil and conventional natural gas property, are expected to consist of four primary business activities:

- *Pond Naturals* - This sector will support the recurring production, procurement, distribution and sale of nutraceutical products including algae related products targeted for the human health industry;
- *Technology and Equipment* - Algae plant sales that will consist of the sale of engineering, technology and equipment for the production of algae plants owned by 3rd parties;
- *Operations and Management* - Recurring algae plant operations and maintenance revenue that will accompany the commissioning of the algae plants, including the Stelco plant under development; and
- *Royalty and Licence Fees* - Recurring licence fees and royalties that will result from plant operations.

The following commercialization targets represent forward-looking information and users are cautioned that actual results may vary. The discussion in this section is qualified in its entirety by the cautionary language in the "Forward Looking Information" section of this MD&A.

The commercialization targets and associated assumptions and risks have been prepared by management using known product market information and estimated production data derived from Pond's growth and processing technology data. The resulting forecasted revenue and gross margin arising from the key business segments as noted below, are believed to be currently reasonable however actual results may differ materially.

1. Pond Naturals Business Segment

Pond Naturals will comprise the nutraceutical related operations within Pond, including sale of algae health products and nutraceuticals**.**

(i) RFI Distribution

Canadian exclusive distribution agreement signed November 30, 2018

Estimated Annual Revenue - $3.0 to $3.5 million **Estimated Gross Margin** - 16% to 18%

Key Assumptions

- Historical revenue and margins previously achieved by RFI, LLC in Canada will continue
- New products produced by Pond or third parties will be added to the distribution business

Risk Factors

- Increases in product volumes and or prices are not achieved
- Risk factors as noted in the risk factors section below

(ii) Regenurex – Astaxanthin production

Business amalgamation with Pond Naturals Inc. completed January 30, 2019

Estimated Annual Revenue - $5 to $7.6 million **Estimated Gross Margin** - 30% to 50%

Key Assumptions When Fully Operational

- Regenurex facility fully operational with Pond technology process improvements by Q2 2020
- Pure Astaxanthin produced per year - 350 kg
- Retail revenue as a percentage of annual revenue 15% to 25%
- Bulk revenue as a percentage of annual revenue 75% to 85%
- Blended retail and bulk pure astaxanthin price per kg - $12,000 to $18,000

Risk Factors

- Pond expected process improvements to Regenurex plant are not substantially achieved
- Increases in retail product volumes and/or prices are not achieved
- Bulk price of Astaxanthin falls below the target price
- Risk factors as noted in the Risk Factors section below

(iii) MDE - Phase 1 Facility

A Collaborative Study Agreement was signed with Markham District Energy Inc. on February 19, 2018. The purpose of the agreement is to conduct preliminary design and engineering and cost estimates and perform on-site gas and algae growth testing for the project. Pond's goal is to create a commercial size operating facility located in Markham, Ontario to produce nutraceutical grade algae products.

Pond has commenced design and engineering work for the construction of nutraceutical bioreactors for the MDE site. The following sets out the estimated annual revenue, estimated gross margin and certain key assumptions and underlying risks associated with achieving a fully operating plant.

Estimated Annual Revenue - $8 to $10 million **Estimated Gross Margin -** 60% to 70%

Key Assumptions When Fully Operational
- Fully operational Q2 2020
- Pure Astaxanthin produced per year – 1,500kg
- Bulk price of Astaxanthin per kg – US$ 7,000

Risk Factors
- Delay in construction of facility
- Inability to negotiate binding site and services lease with MDE
- Project or other financing of between $11 million and $13 million is not obtained to build out the plant.
- Bulk price of Astaxanthin falls significantly
- Risk factors as noted in the "Risk Factors" section below

(*iv) Algae Plant Sales – Excludes recurring royalties and plant operational fees*

SAHI – Phase 1

The first phase of the SAHI plant (as described under "Recent Developments" below) is a 45,000L algae seed plant to be built at Stelco's steel mill located in Nanticoke, Ontario. Pond has received a purchase order and has started work on the first phase of this project. The second phase is expected to be a 1.5ML plant and is subject to the obtaining of project financing of between $20m and $22m. Pond would receive royalties, revenue from sale of proprietary equipment as well as an operating contract as these projects proceed.

Revenue* - $3.6 million **Gross Margin -** 10%
*Revenues exclude royalties and plant operational fees for Phase 1

Key Assumptions
- Plant construction and designed processes remain as per current engineered plans
- Estimated costs are based on confirmed orders or estimated amounts to purchase

Risk Factors
- Purchase order is cancelled before completion or performance conditions cannot be met
- Unforeseen manufacturing, installation complications
- Cost escalations which cannot be passed on to the customers

Recent Developments

Federal Development Agency Agreement, as amended

Pond and the Minister responsible for the Federal Economic Development Agency for Southern Ontario representing Her Majesty the Queen in Right of Canada ("**FedDev**") entered into a contribution agreement (the "**Federal Development Agency Agreement**") on February 6, 2012, pursuant to which FedDev has agreed to make a repayable contribution to Pond up to a maximum amount of approximately $908,000 or 33.33% of Pond's eligible and supported costs as defined in the terms of the Federal Development Agency Agreement relating to the development of an integrated carbon capture and algae production demonstration facility in St. Marys, Ontario, to validate Pond's technology that uses raw stack emissions from a cement plant. The Federal Development Agency Agreement was amended on March 28, 2014, on August 18, 2014 and again on January 9, 2017 to provide for an amended repayment schedule through to December 1, 2020. The loan balance as at December 31, 2018 was $368,400.

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

On February 19, 2016, Pond entered into a secured loan agreement with CW with a maximum credit amounting to $4,500,000 bearing interest at 12% per annum. 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 had 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 $4,500,000. The loan is secured by a general security agreement with a first charge on the Corporation's assets and a specific assignment of rights in all patents during the year.

During 2016, CW amended the credit facility agreement and Pond was advanced an additional $160,000. CW also issued amendments to defer interest payments, originally due quarterly, to March 31, 2017. The advance of $160,000 was subsequently settled by Pond through a non-brokered private equity placement in 2017. Pond issued 80,000 units to CW as repayment for the advance. Each unit was comprised of one common share of Pond (a "**Pond Share**") and one Pond Share purchase warrant (a "**Pond Warrant**"), each Pond Warrant entitling CW to purchase one Pond Share at an exercise price of $2.50 until January 16, 2019.

On August 11, 2017, Pond 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 $581,398 payable on November 30, 2017 and a principal repayment of $1,000,000 on December 31, 2017. The amendment also require Pond to make principal loan repayments if it raises in excess of $10,000,000 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 $10,000,000.

On November 16, 2017, Pond signed an 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 $10,000.

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

On December 29, 2017, Pond made an early payment of the First Interest Payment of $581,398 and the second interest payment of $30,492.

On January 30, 2018 Pond paid $1,000,000 to CW to reduce the promissory principal loan balance from $4,500,000 to $3,500,000 which matures on June 30, 2019.

*St. Marys Cement Inc. ("**SMC**")*

On January 16, 2017, Pond issued 25,000 units to SMC as repayment for the $50,000 promissory note advanced by SMC to Pond on August 30, 2016. Each unit was comprised of one Pond Share and one Pond Warrant, each Pond Warrant entitling SMC to purchase one Pond Share at an exercise price of $2.50 until January 16, 2019.

*Ontario Centres of Excellence ("**OCE**") Carbon X Prize Award*

In partnership with Markham District Energy Inc. ("**MDE**") and the National Research Council of Canada (the "**NRC**"), Pond entered the natural gas category of the Carbon X-Prize competition in July 2016. Participants in this competition are tasked with converting a meaningful amount of CO2 into commercial products. In November 2016, Pond was selected as a semi-finalist and thereby qualified for a grant from the OCE. In January 2017, Pond received notification from the OCE that it had been awarded a grant of up to $833,000 in project related funding.

On March 2, 2017, Pond entered into a funding agreement with the OCE, in partnership with NRG COSIA Carbon XPRIZE, to provide up to $833,000 in funding to support the development and demonstration of the program's competition. The funding is for microalgal process improvement activities, including pilot scale demonstration, demonstration in controlled environment, and demonstration in real-life environment. Working with Markham District, Pond will use the OCE funding to make process improvements to apply its technology to the conversion of carbon dioxide waste emitted from Markham District's natural gas fired energy systems into different algae species. The program concluded on December 31, 2017 and Pond received a total of $649,100 from OCE under this program.

Brokered private placement (February 2017)

On February 23, 2017, Pond issued 450,000 units ("**Units**") at a price of $2.00 per Unit for total consideration of $900,000 (the "**February 2017 Brokered Private Placement**"). Each Unit was comprised of one Pond Share and one Pond Warrant. Pond also issued 36,000 Units (each, an "**Agent Unit**") to the selling agents under the private placement, which may be exercised at a price of $2.00 per Agent Unit. Each Agent Unit entitles the holder thereof to one Pond Share and one Pond Warrant. The Pond Warrants issued under the February 2017 Brokered Private Placement may be exercised for one additional Pond Share at a price of $2.50 per Pond Share until February 23, 2019.

Settlement of debt

On April 18, 2017, Pond agreed to settle a claim from an advisor with the issuance of 20,000 common shares and 20,000 warrants that may be exercised to purchase one additional common share at a price of $2.50 per share until April 17, 2019.

Markham MOU

Markham District and Pond entered into a memorandum of understanding (the "**Markham MOU**") on June 16, 2017 to establish the framework for collaboration on a project to evaluate the potential environmental benefits and revenue streams from combining Markham District's emissions technology and Pond's algae growing platform. The Markham MOU contemplates the first phase of the project to include (i) the testing of MDE emissions for growth of different algae species, (ii) investigation of the market opportunity for offtakes of the selected algae species and quantity, and (iii) modeling of capital and operational expenses to finalize the business case for application of Pond technology. The original term of the MDE MOU expired on June 30, 2018, and the term was extended. At the present time MDE and Pond are negotiating the definitive agreement, and each party shall bear its own costs incurred until a definitive project agreement is signed and comes into effect.

A Collaborative Study Agreement was signed with MDE. on February 19, 2018. The purpose of the agreement is to conduct preliminary design and engineering and cost estimates and perform on-site gas and algae growth testing for the project. The project is a greenhouse gas abatement facility to be located at MDE's Warden Energy Centre using Pond's algal growing technology to grow high-value algae products.

Pond continued testing the growth of different algae species using the clean CO_2 emissions at MDE to produce nutraceutical products. Pond commenced design and engineering work for the construction of nutraceutical bioreactors for the MDE site.

Brokered private placement (September 2017)

On September 21, 2017, Pond issued 240,000 Units at a price of $2.00 per Unit for total consideration of $480,000 (the "**September 2017 Brokered Private Placement**"). Each Unit was comprised of one Pond Share and one Pond Warrant. Pond also issued 19,200 Units (each, an "**Agent Unit**") to the selling agents under the private placement, which may be exercised at a price of $2.00 per Agent Unit. Each Agent Unit entitles the holder thereof to one Pond Share and one Pond Warrant. The Pond Warrants issued under the September 2017 Brokered Private Placement may be exercised for one additional Pond Share at a price of $2.50 per Pond Share until September 20, 2019.

Brokered private placement (December 2017)

On December 28, 2017, Pond issued 1,000,000 Units at a price of $2.40 per Unit for total consideration of $2,400,000 (the "**December 2017 Brokered Private Placement**"). Each Unit was comprised of one Pond Share and one Pond Warrant. Pond also issued 80,000 Units (each, an "**Agent Unit**") to the selling agents under the private placement, which may be exercised at a price of $2.40 per Agent Unit. Each Agent Unit entitles the holder thereof to one Pond Share and one Pond Warrant. The Pond Warrants issued under the December 2017 Brokered Private Placement may be exercised for one additional Pond Share at a price of $3.00 per Pond Share until December 28, 2019.

Completion of business combination (January 2018)

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

Brokered concurrent equity financing (January 2018)

Concurrent with the completion of the Transaction on January 30, 2018, Pond Technologies Inc. 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 $6,340,495. As part of the commission payable to the agents under the financing, the agents received 194,681 Units (an "**Agent Unit**") as compensation. Each Agent Unit entitles the holder to purchase one Pond share and one Pond warrant at a price of $2.40 until January 30, 2020. The Agent Pond Warrants issued under the January 30, 2018 brokered placement may be exercised for one additional Pond Share at a price of $3.00 per Pond Share until January 30, 2020.

Satisfaction of conditions to close Transaction

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 Pond Technologies Inc. and each Subscription Receipt was automatically exchanged for one common share of Pond Technologies Inc. and one common share purchase warrant of Pond Technologies Inc., with each such warrant entitling the holder thereof to purchase one common share of Pond Technologies Inc. at a purchase price of $3.00 and expiring on January 30, 2020. 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 Corporation.

Change of trading symbol

The Corporation's trading symbol was changed from "IOG" to "POND" upon issuance by the TSX Venture Exchange of its final bulletin in respect of the Transaction, which occurred on February 6, 2018.

Appointment of Directors

On January 30, 2018 Dr. Geraldine Kenney-Wallace, Steve Martin, J William Asselstine, Robert McLeese were elected and appointed as directors of the Corporation and Larry J. Parks, Michael A. Royan, Robert Desbarats and Wayne W. Chow resigned as directors of the Corporation.

SMC loan repayment in full (March 2018)

On March 2, 2018 Pond paid SMC $300,000 principal and $82,470 interest to settle in full the outstanding demand loan with SMC in full and discharge SMC's security interest in Pond's assets.

Exercise of Agent Warrants

On August 2, 2018 the Corporation issued 2,406 shares and 2,406 warrants for a total consideration of $5,774 upon the exercise of 2,406 Agent Warrants at $2.40.

Stelco Algae Holdings Inc.- Notice to Proceed, Purchase Order and Promissory Note

On September 25, 2018 SAHI and Pond signed a Notice To Proceed agreement which authorized Pond to proceed the manufacture, and installation of a 45,000L bioreactor system at a steel mill located in Nanticoke, Ontario. The Notice to Proceed was followed by a purchase order in the amount of $3,597,452.

On September 25, 2018 Pond entered into a secured promissory note to lend SAHI up to $2,500,000 to support the development of a algae carbon abatement facility at a steel mill. The promissory note bears an interest rate of 15% per annum effective when SAHI receives funds under a government grant related to the project. The promissory note matures on September 25, 2019. On September 27, 2018 Pond advanced $2,136,361 to SAHI to support the payment of Pond's invoice. Repayment of the promissory note include monies to be received by SAHI from the Ontario Centre of Excellence Target GHG funding program and HST.

Reporting Issuer in Ontario

On November 8, 2018, and as a result of Pond's significant connection to Ontario as contemplated in the policies of the TSX Venture Exchange, the Corporation obtained an order from the Ontario Securities Commission to become a reporting issuer in Ontario.

Exclusive Distribution Agreement

On November 30, 2018 Pond acquired the exclusive Canadian distribution and sales rights for certain products of RFI, LLC (RFI), a U.S. based food ingredient and health nutrition blend supplier. RFI is a leading North American purchaser and re-seller of Spirulina and Chlorella, providing Pond with a vertical integration channel for its algae and related products.

Pond receives the exclusive distribution rights for an initial term of 5 years with an exclusive right to renew for a further 5 years provided certain sales targets are met. Pond Naturals will resell certain RFI products and promote algae derived products into growing high value markets, including nutraceuticals, food colorants, cosmetics, and animal and aquaculture feeds.

Consideration for the purchase by Pond of the exclusive distribution rights to the RFI products is comprised of $320,000 in Pond shares issued from treasury based on the value of the shares at closing on November 29, 2018 and $320,000 in cash.

Overview of the Corporation's Business

The Corporation's principal place of business is now located at Unit 8, 250 Shields Court, Markham, Ontario with the primary purpose of pursuing microalgal biomass cultivation using available sources of carbon dioxide (CO_2), including CO_2 rich emission sources from industrial plants. The resultant algae is used in the supply of nutraceuticals, superfoods, aquaculture and animal feeds, as feedstock in the production of biofoams and algae based biomaterials, and to also supply other algae derived product markets.

The Corporation is actively pursuing opportunities in the nutraceutical and superfood marketplace. In addition, the Corporation is also working to extend its technology applications into related verticals, including the exploitation of its proprietary integrated growth platform for terrestrial plants, where it has sought additional intellectual property protection for these applications.

Commercial Revenue-Generating Bioreactors

Pond continues to make significant improvements in the development of its technology, providing for shipping container-size bioreactors to be used in the production of high value products derived from the growth of specific strains of algae. Pond is seeking to demonstrate the technical advantage afforded by its bioreactor platform, through the production of high value algae, and will continue its efforts towards targeted end product licensing of its technology to existing or new algae producers, industrial emitters, and related industries including the "precision agriculture" vertical. If successful, this would result in a significantly improved revenue outlook for Pond over the near term. This should also provide support for additional license and royalty fees, and proprietary equipment sales.

In early 2015, Pond began to grow *H. pluvialis*, an example of high value algae. *H. pluvialis* contains astaxanthin which is both a powerful antioxidant, and necessary nutritional supplement for aquaculture feeds.

To date, *H. pluvialis* has proven difficult to cultivate industrially. Currently, much of the world's commercial supply is grown in very large outdoor ponds, where maintaining steady production levels, and achieving consistent quality, in addition to concern over contamination issues, are all significant operating difficulties.

Pond's algae growth platform, based upon enclosed, controlled, and monitored photobioreactors, may provide a significant competitive advantage, and allow the Corporation to compete effectively on quality, consistency of supply, and price. Pond's strategy will be to demonstrate its technological advantage, with its lighting, illumination, and power control technology (Pond's "light engine" technology) as the cornerstone, establishing a presence in the market, which will allow Pond to approach entrenched producers with a view toward licensing its technology.

Pursuant to a collaborative research agreement entered into in October 2015, Pond has partnered with SMC and the NRC to show that algae can be used to reduce the greenhouse gas emissions from industrial facilities, transforming these emissions into valuable bio-products including biofuels, fertilizers, and animal feeds.

Overall Performance

The Corporation's research and development work has positioned the Corporation to be able to deploy its technology on a commercial basis once further adoption of the technology by industry is achieved. Pond has completed a commercial sale of its bio-reactor technology and continues to expand the application of its technology. Pond is in discussions with industrial stack emitters to adopt its technology to grow microalgal and reduce the emitters of CO_2 emissions, which if successful would result in the sale and adoption of commercial size Pond bioreactors and related technology. Pond will have working capital requirements arising from the commercial sale of its technology and the amount of working capital required will depend on the type and terms of any contract agreed to with a customer.

After signing the MDE memorandum of understanding, Pond continues to negotiate the terms of a definitive project agreement to commercially grow nutraceutical type algae products at the MDE Warden facility. Pond's goal is to build and own a commercial 200,000L nutraceutical algae facility located at MDE in Markham, Ontario to produce astaxanthin, phycocyanin, and other nutraceutical grade algae products. The amount of capital and working capital required to build an operating facility will be dependent upon the project's sources of funding, building availability and time to construct and commission the facility.

Please see "*Discussion of Operations*" below for a comparison of the Corporation's performance in the three and twelve months ended December 31, 2018 to the three and twelve months ended December 31, 2017.

Discussion of Operations

A summary of selected annual information for the results of continuing operations for the twelve months ended December 31, 2018, 2017 and 2016 is as follows:

Selected Financial Information

The following table sets forth a summary of the Corporation's results of operations:

For the year ended December 31	**2018**	2017	2016
Revenue from continuing operations	**3,540**	9	162
Direct costs and expenses	**(2,742)**	-	-
Operating & general and administrative expenses	**(4,118)**	(1,843)	(1,551)
Finance expenses	**(592)**	(600)	(510)
Interest income	**49**	-	-
Loss on disposal of capital assets	**(162)**	-	-
Stock-based compensation	**(485)**	(67)	(426)
Amortization	**(863)**	(361)	(413)
Net income (loss) from continuing operations	**(5,373)**	(2,853)	(2,737)
		-	
Basic (loss) per share common share continuing operations ($)(1)	**(0.28)**	(0.25)	(0.26)
Diluted (loss) per common share continuing operations ($)(1)	**(0.28)**	(0.25)	(0.26)
Total assets	**10,865**	4,478	3,723
Total current liabilities	**5,311**	2,732	1,218
Total non-current liabilities	**267**	3,808	5,172

The results of continuing operations for the three and twelve months ended December 31, 2018 as compared to the three and twelve months ended December 31, 2017 is as follows:

Selected Financial Information

The following table sets forth a summary of the Corporation's results of operations:

For the years ended Dec 31	**3 Months Ended Dec. 31**		**Years Ended Dec. 31**	
($000's)	**2018**	2017	**2018**	2017
Revenue from continuing operations	**2,512**	-	**3,540**	9
Direct costs and expenses	**(1,855)**	-	**(2,742)**	-
Operating and general and administrative expenses	**(1,364)**	(752)	**(4,118)**	(1,843)
Finance expenses	**(145)**	(93)	**(592)**	(600)
Interest income	**12**	-	**49**	-
Loss on disposal of capital assets	**(68)**	-	**(162)**	-
Stock-based compensation	**(194)**	(35)	**(485)**	(67)
Amortization and depletion	**(598)**	(152)	**(863)**	(361)
Net income (loss) from continuing operations for the period	**(1,701)**	(1,031)	**(5,373)**	(2,853)
Basic (loss) per share common share continuing operations($)(1)	**(0.09)**	(0.08)	**(0.28)**	(0.25)
Diluted (loss) per common share continuing operations ($)(1)	**(0.09)**	(0.08)	**(0.28)**	(0.25)
Total assets	**10,865**	4,478	**10,865**	4,478
Total current liabilities	**5,311**	2,732	**5,311**	2,732
Total non-current liabilities	**267**	3,808	**267**	3,808

Note:

(1) Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. The potential effect of exercising stock options and warrants, as applicable, have not been included in the calculation of loss per share because to do so would be anti-dilutive.

The Corporation reported a net loss from continuing operations of $1,701,000 for the three months ended December 31, 2018, (2017: loss of $1,031,000) and a net loss from continuing operations of $5,373,510 for the twelve months ended December 31, 2018 (December 31, 2017: $2,853,294).

Three months ended December 31, 2018

For the three months ended December 31, 2018 there was a $670,000 increase in net loss from continuing operations, as compared to the three months ended December 31, 2017. This was principally due to:

- Increase in operating expenses of $164,693 primarily due to:

  - $126,200 reduction in cost recoveries from government support programs;

  - $43,823 increase in travel, transportation and product development work;

  - $50,732 increase in salaries to support business development and work relating to the commercialization of Pond’s technology;

  - $30,725 increase in materials purchased for business projects; and

  - $86,787 reduction in accounting and contract work.

- Increase in general and administrative expenses of $447,334 primarily due to:

  - $281,541 increase in consulting fees for investor and business development;

- $23,466 increase in advertising and promotion;

- $65,692 increase in legal fees due to January 2019 acquisition of Regenurex and RFI distribution rights; and

- $76,635 net increase in other expenses including listed company costs.

- Increase in amortization and depletion expense of $512,000 primarily due to:

  - $517,000 increase arising from the full year depletion expense recorded in 4th quarter for the Corporation's oil and conventional natural gas property; and

  - $5,000 decrease in amortization arose from the sale of equipment to Stelco and write-off of equipment.

- Increase in stock-based compensation of $159,262 arising from the granting of 537,500 share options in 2018 with variable vesting periods which are reflected on a quarterly basis and the issuance of deferred share units as part of director compensation.

- Loss of $68,435 on the disposal of capital assets in 2018. No capital assets were disposed of in Q4 2017.

- Increase in finance expenses of $51,943, with such increase primarily attributable to the recording of deferred fees relating to the CW loan.

The above noted increases in expenses were off-set by:

- Increase in revenue of $2,511,928 less an increase in directly related costs and expenses of $1,855,205 resulting in a net increase of $656,723.

  - During Q4 2018, the Corporation reclassified its working interest in the Pembina oil and conventional natural gas property from discontinued operations to continued operation.The reclassification resulted in $2,107,125 of revenue and $1,491,080 of directly related costs and expenses being restated into operating revenue and directly related costs.

- Increase in interest income of $11,502 arising from an increase in cash deposits.

Twelve months ended December 31, 2018

For the twelve months ended December 31, 2018 there was a $2,520,277 increase in net loss from continuing operations, as compared to the twelve months ended December 31, 2017. This was principally due to:

- Increase in operating expenses of $832,501 arising from:

  - $525,471 reduction in cost recoveries from government support programs;

  - $190,827 increase in salary to support business development and work relating to the commercialization of Pond's products; and

- $116,202 increase in travel, transportation and product development work.

- Increase in general and administrative expenses of $1,452,020 primarily due to:

  - $924,350 increase in marketing and media expenses to support investor relations for a public company;

  - $186,360 increase in consulting fees for project financing and other project development;

  - $108,000 increase in equipment design and process engineering for the commercialization of Pond's technology;

  - $34,395 increase in legal fees relating to patents and contract advice;

  - $55,803 increase in computer; and

  - $143,112 increase in other general administration costs.

- Increase in stock-based compensation of $418,120 arising from the granting of 537,500 share options with an estimated life of five years during the twelve months ended December 31, 2018 and the issuance of deferred share units as part of director compensation;

- $162,093 increase on loss on the disposal of capital assets arising from the disposal of obsolete equipment. There were no capital asset disposals in 2017.

- Increase in amortization and depletion expense of $502,214. Year end 2018 included $517,010 (2017: Nil) of depletion expense arising from the Pembina oil and gas property which was offset by a $14,796 decrease in amortization other amounts.

The above noted increases in expenses were off-set by:

- A net increase in revenue less directly related costs and expenses of $789.364 arising from:

  - $3,531,170 increase in revenue ($1,424,045 from technology services and $2,107,125 from oil and conventional natural gas sales); and offset by an increase of directly attributable costs and expenses of $2,741,806.

- Decrease in finance expenses of $8,453, with such decrease primarily attributable to a $1,000,000 partial repayment of the $4,500,000 loan from CW; and

- Increase in interest income of $48,915 arising from an increase in cash deposits held during the year.

Project Development

Pond is working towards signing significant project contracts, including in respect of the Markham MOU described above and other commercialization projects. Pond completed design and engineering work for the construction of nutraceutical bioreactors for the first phase development at the MDE site. Permit documents and site plans were prepared and submitted. Pond will report on project development as and when further such agreements are entered into and material advances have been made.

For the quarter ended December 31, 2018 the Corporation continued operations to determine which of three alternative strains of algae are best suited for initial deployment at MDE in the full-scale plant currently being designed and engineered. Operation of the Matrix system at MDE supports the design and construction of the initial nutraceutical bioreactors planned for deployment at the MDE site, and these activities support the Corporation's plans to produce and supply nutraceutical algae to the market. By the end of the fourth quarter, the selection of the best algae strain project was complete.

During the quarter ended June 30, 2018 the Corporation engaged Solaris, a full-service engineering consultancy, to design the full process-flow package for the first phase of a pollution abatement facility to be located within an existing building at Stelco's Nanticoke operations. This first phase, the seed train, will support a much larger commercial algae facility, allowing for large-scale commercial production of algae for markets that include sustainable proteins and as ingredients for bio-foams. The completed process package will advance the Corporation's goal to improve the integration of equipment for pollution abatement, and supports sales and commissioning efforts by providing the appropriate engineering and marketing package to potential customers. The design package cost incurred for the three and nine months ended December 31, 2018 was $336,500 and $652,500. The design work was 100% completed by September 30, 2018. With the design package completed the Corporation is proceeding with the procurement and construction stage, which included an equipment test phase at SMC development site which is expected to be completed by Q2 2019. The equipment is being sold to a special purpose vehicle company created and owned by Stelco for this project for $3.6 million.

The process-package being developed for the pollution abatement project at Stelco has been leveraged to assist in the design of the MDE nutraceutical plant, and Solaris was engaged during the quarters ended June 30, 2018, September 30, 2018 and December 31, 2018 to complete a nutraceutical process design package for a 200,000L algae facility to be located at the MDE Warden Energy Centre. The cost incurred in developing the nutraceutical design package for the three and twelve months ended December 31, 2018 was $108,000 and $216,000 (total estimated cost is $247,000) and the engineering work was 97% completed by December 31, 2018. Planned activities for the Corporation in the fourth quarter include using the completed nutraceutical design package, to develop a detailed facility cost estimation for the 200,000L nutraceutical plant – current estimate is $16,800,000 to complete the project.

Pond has been exploring the use of its technology to optimize the growth of terrestrial plants, including in particular cultivation of cannabis. Pond has been in discussions with a number of licenced producers to explore growth options and protocols and has begun filing for additional intellectual property to cover the use of its growth platform within the cannabis and other terrestrial verticals.

Administrative Expenses

General and administrative expenses are office expense, marketing and media expenses, director fees, legal fees, consultants, insurance, utilities and computer expenses. The $447,334 and $1,452,020 increase in general and administrative expenses for the three and twelve months ended December 31, 2018 as compared to the three and twelve months ended December 31, 2017 was primarily due to an increase in marketing and media expenses to support investor relations for a public company, cost of maintaining a public listed corporation, consulting fees for project financing and other advisor fees for business development and other development work in 2018, which did not occur in the comparative period in 2017.

Interest Income

The Corporation earned interest income from its cash balances of $11,502 and $49,029 during the three and twelve months ended December 31, 2018 as compared to $Nil and $114 for the three and twelve months ended December 31, 2017. The increase in earned interest is directly related to the increase in cash balances held during the year.

Finance Expenses

Interest expense arises from interest expense incurred on the CW and SMC loans, interest accretion on the FedDev loan, and credit card charges. The primary reason for the $8,453 decrease in finance expenses for the twelve months ended December 31, 2018 relates to the repayment $1,000,000 of the CW loan on January 30, 2018 and $300,000 repayment of the SMC loan on March 2, 2018 as compared to the same period in 2017 where those balances were outstanding.

Share Based Compensation

From time to time the Corporation grants staff and directors share options. No share options were granted during the three months ended December 31, 2018 (2017: Nil). The expense of $194,000 relates to the share options vesting in the fourth quarter which were granted in prior periods. During the twelve months ended December 31, 2018 and 2017, 537,500 share options were granted and 240,000 were granted respectively and the expense incurred was $352,205 and $67,002. In addition, in October 2018 the Board approved a deferred share unit plan for a portion of director compensation. This resulted in a share-based compensation charge of $132,917 for the year ended December 31, 2018 (2017: Nil).

Net Loss

Because of the changes noted above, the Corporation recorded a net loss of $1,701,000 or $0.09 per share for the three months ended December 31, 2018 as compared to a net loss of $1,031,000 or $0.06 per share for the three months ended December 31, 2017. The Corporation recorded a net loss of $5,373,510 or $0.28 per share for the twelve months ended December 31, 2018 as compared to a net loss of $2,853,294 or $0.25 per share for the twelve months ended December 31, 2017.

Pembina

Subsequent to the business combination Transaction on January 30, 2018 the Corporation reclassified its remaining operating petroleum and natural gas operation in western Canada ("**Pembina**") to discontinued operations for financial reporting for quarters ended March 31 to September 31, 2018 as the Corporation classified the asset held-for-sale as it engaged CB Securities Inc. to market and assist with the sale of the Corporation's interest in the Pembina property. The Corporation received offers during 2018 and signed a letter of intent with one potential purchaser which did not result in a sale. At year end 2018, the IFRS classification criteria that the sale of Pembina was highly probable was not met and the Corporation restated Pembina as part of continuing operations as reported above.

The Corporation has a 15.625% working interest in 2 production wells located in the Pembina area of West Central Alberta. These wells are located at 09-05-050-06 W5M (9-5) and 3/14-05-50-06 W5M (14-5). These wells produce from a Devonian age Nisku Pool (L2L Pool) and are connected at the 07-05-050-06 W5M (7-5) satellite.   Oil and solution gas from the L2L Pool flow from the 7-5 satellite to the Sinopec Daylight Energy Limited (SDEL) 13-2-50-06 W5M (13-2) Battery via a SDEL owned pipeline.

The gas production from the L2L Pool has a hydrogen sulfide (H_2S) content of approximately 20%. The sweet oil is separated from the gas and is pipelined to a Pembina Pipelines' oil sales point at 15-15-49-06 W5M. The remaining sour gas must then be pipelined to the SDEL battery and then compressed and transported via pipeline to the Keyera Minnehik-Buck Lake gas plant, where the sulphur is extracted and the remaining sweet gas can be sold to market.

Due to safety regulations related to the high H_2S content and limitations to the various existing pipelines in place to transport the sour gas, sweet gas must be purchased and blended into the produced gas stream to reduce the H_2S content to meet various pipeline specifications. The purchase and processing of this blending gas is a required operating expense in order to handle the eventual sale of the solution gas produced from the L2L pool.

The L2L pool has an enhanced recovery scheme for water injection to maximize oil recovery. A voidage replacement rate (VRR) of 1.0 must be maintained to ensure proper reservoir pressure whereby the same volume of production is replaced with water. In addition to the 2 producing wells, the Corporation has a 15.625% working interest in a water injection well at 2/10-05-50 W5M (10-5) that currently supports water injection for the 9-5 and 14-5 wells. Typical of a waterflood, with water injected into the reservoir, the percentage of water produced with the oil will increase over time. As at December 31, 2018 the 14-5 well is producing at an 80% water cut and the 9-5 well is producing at a 10% water cut.

FINANCIAL AND OPERATING REVIEW PETROLEUM AND NATURAL GAS OPERATIONS

Quarterly Financial Information

	2018			
($ per thousands except per unit data)	**Q4**	Q3	Q2	Q1
Volumes				
Natural gas (mcf/d)	**72**	99	55	141
Oil & NGLs (bbl/d	**98**	125	72	125
Total (boe/d)	**110**	142	81	148
Revenues (before royalties)	**356**	812	476	463
Royalties	**136**	313	196	191
Operating Costs	**75**	276	110	195
Operating Netback	**14.25**	17.15	22.87	8.90

Production

	Three Months Ended December 31		Year Ended December 31	
	2018	2017	**2018**	2017
Natural gas (mcf/d)	**72**	-	**87**	-
Light oil & NGL (bbl/d	**98**	-	**103**	-
Total boe/d	**110**		**118**	
Volumes by product				
Natural gas	**11%**	-	**12%**	-
Oil & NGL	**89%**	-	**88%**	-

Pembina production averaged 118 boe/day in 2018. During the second quarter, Pembina was shut-in for the entire month of April and for 22 days in May due to corrosion issues in the SDEL pipeline from the Pembina 7-5 Satellite to the SDEL 13-2 Battery. Due to the high H2S content of the solution gas, the

Pembina wells cannot produce to tank and there are no other sour facilities that can handle the production; therefore if SDEL's pipelines or 13-2 Battery are not operational, the Pembina wells must be shut-in.

During the third quarter, the electric submersible pump installed at the 14-5 well failed and the 14-5 well was shut-in for 2 weeks which resulted in lower production of 35 boe/day in July. The ESP was repaired and production of the 14-5 resumed at the end of the month.

During the fourth quarter, the Pembina wells were shut-in mid-December due to unusually high price differentials between Western Canadian oil and WTI, which resulted in uneconomic operating netbacks for Pembina production.

The differentials improved in January and the wells were back on production by mid-January. Production is estimated at approximately 100 boe/day for Q1 2019.

Commodity Prices

	Three Months Ended December 31		**Year Ended December 31**	
	2018	2017	**2018**	2017
Average benchmark prices				
AECO spot ($/mmbtu)	**1.62**		**1.53**	
WTI (US$/bbl)	**58.81**	-	**64.77**	-
Canadian Light Sweet ($/bbl)	**48.27**	-	**68.49**	-
Realized Prices				
Natural gas ($/mcf)	**1.64**	-	**1.60**	-
Light oil & NGLs ($/bbl)	**38.18**	-	**59.76**	-
Total ($/boe)	**35.11**	-	**52.41**	-

Revenues

	Three Months Ended December 31		**Year Ended December 31**	
($ thousands)	**2018**	2017	**2018**	2017
Natural gas	**11**	-	**46**	-
Light oil & NGL	**345**	-	**2,061**	-
Total	**356**	-	**2,107**	-

Revenues and Commodity Prices

The Corporation's realized natural gas and oil prices vary from benchmark prices due to transportation and location differentials. The Pembina oil quality is approximately 42 degree API which attracts a high market price compared with heavier density crude oil. The oil differentials were significantly higher in the fourth quarter of 2018 which accounts for a large portion of the 30% lower oil price realized for Q4 as compared with the yearly average realized price. Revenue was affected by the shut-in of production due to the issues previously described.

Royalties

	Three Months Ended December 31		Year Ended December 31	
($ thousands except boe)	**2018**	2017	**2018**	2017
Natural gas	**(12)**	-	**(62)**	-
Oil & NGL	**148**	-	**898**	-
Royalties	**136**	-	**836**	-
Royalties %	**38%**	-	**40%**	-
Royalties per boe	**13.44**	-	**21.27**	-

Royalties represent charges against production or revenue by governments and mineral right owners. From period to period royalties vary due to changes in the production mix, the components of which are subject to different royalty rates, production rates and sales prices. The Pembina wells are subject to crown royalties based on specific calculations per product type. Oil, being the predominate product, is calculated on a sliding scale basis with a maximum rate of 40%. In addition to the crown royalties, the properties are encumbered with a gross overriding royalty as well.

Operating Expenses

	Three Months Ended December 31		Year Ended December 31	
($ thousands except boe)	**2018**	2017	**2018**	2017
Operating expenses	**75**	-	**656**	-
Operating expenses ($/boe)	**7.43**	-	**16.68**	-

Operating expenses were significantly lower for the three months ended December 31, 2018 compared to the 11 months of 2018 mainly due to over accrual of operating expenses in the third quarter.

Operating Netbacks

	Three Months Ended December 31		Year Ended December 31	
	2018	2017	**2018**	2017
Average sale price:				
Natural gas ($/mcf)	**1.64**	-	**1.60**	-
Oil & NGL ($/bbl)	**38.18**	-	**59.76**	-
Revenue ($/boe)	**35.11**	-	**52.41**	-
Royalties ($/boe)	**(13.44)**	-	**(21.27)**	-
Operating expenses ($/boe)	**(7.43)**	-	**(16.68)**	-
Operating netback ($/boe)	**14.25**	-	**14.46**	-

Although prices were lower in the fourth quarter, compared to the year ended December 31, the reversal of an over accrual of operating expenses in Q4 resulted in the operating netbacks for the 2 periods to be almost on par.

Depletion and Amortization

($ thousands except boe)	Three Months Ended December 31 2018	2017	Year Ended December 31 2018	2017
Depletion and amortization	**131**	-	**517**	-
Depletion and amortization ($/boe)	**13.22**	-	**13.14**	-

Depletion variances are due to the change in production volumes and reserve volumes included in the depletion base.

Key management compensation

Key management includes key executive management and the Corporation's Board of Directors. The Corporation provides a benefit plan and other allowances to executive officers. In additional, key executive officers are granted stock options at the discretion of the Board of Directors.

Key management compensation is comprised of:

($ 000's)	Three Months Ended Dec. 31 2018	2017	Twelve Months Ended Dec. 31 2018	2017
	$	$	**$**	$
Stock-based compensation for management and directors	**82**	34	**310**	34
Director and committee fees paid in cash	**15**	-	**44**	14
Salaries and employee benefits	**151**	116	**580**	464

Summary of Quarterly Results

Financial ($000's except shares)	Year Ended 2018 Q4 31-Dec	Q3 30-Sep	Q2 30-Jun	Q1 31-Mar	Year Ended 2017 Q4 31-Dec	Q3 30-Sep	Q2 30-Jun	Q1 31-Mar
Revenue from operations	**2,512**	993	-	35	-	-	-	9
Earnings / (loss) from operations	**(1,764)**	(599)	(1,578)	(727)	(939)	(484)	(488)	(333)
Net earnings / (loss)	**(1,701)**	(908)	(1,794)	(970)	(1,031)	(656)	(655)	(501)
Earnings / (loss) per share from operations	**(0.09)**	(0.05)	(0.09)	(0.05)	(0.06)	(0.06)	(0.06)	(0.04)
Net earnings / (loss) per share (1)	**(0.09)**	(0.05)	(0.09)	(0.05)	(0.06)	(0.06)	(0.06)	(0.04)
Cash from /(used in) provided by continuing operations	**(2,113)**	913	(1,460)	(1,576)	(991)	(322)	(258)	(720)
Capital expenditures	**(15)**	(13)	(16)	(83)	(7)	(4)	(29)	(24)
Cash and cash equivalents net of short-term debt	**(874)**	98	1,160	4,924	(1,450)	(2,454)	(2,217)	(686)

Note:

(1) Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. The potential effect of exercising stock options and as applicable, warrants have not been included in the calculation of loss per share because to do so would be anti-dilutive.

The Corporation's revenue of $2,511,928 for the three months ended December 31, 2018 arose primarily from the reclassification of $2,107,125 of the oil and conventional natural gas property revenue which was previously reported as discontinued operations and $404,803 of work incurred to complete the design package, procurement and construction of the Stelco project of approximately $3,600,000.

The Corporation's quarterly losses fluctuate primarily by the amount of percentage of completion of third party project work, amount of development work undertaken, the amount of government grants earned which are offset against the development costs incurred in a quarter and consultant and advisors used. The significant increase in the loss incurred for the three months ended December 31, 2018, compared to the three months ended December 31, 2017 was primarily due to less absorption of operating costs to support the commercialization of Pond's products, costs associated with completing the acquisition of the RFI distribution agreement and a temporary shutdown of the Pembina oil and conventional natural gas property.

Net cash used in operations of $2,113,347 in the 4th quarter is a result of:

- Receipts from customers of $2,803,000;
- Less payments to suppliers of $3,784,136;
- Less Contract net receivable $1,000,172;
- Plus interest received $9,961; and
- Less interest payment of $142,000.

The reduction in cash, net of short-term debt, is primarily related to the net cash used in operations.

Liquidity and Capital Resources

For the twelve months ended December 31, 2018, the Corporation's cash balance increased by $1,541,860 as compared to a $822,210 increase in 2017. The increase in cash was a result of net cash out flows of $4,236,613 for operating activities, net cash inflows of $1,685,991 in investing activities including cash arising from the business combination of $2,129,787 and net cash inflows of $4,092,482 from financing activities

Net cash used in operating activities

Net cash used in operating activities in the twelve months ended December 31, 2018 was $4,236,613 (2017: $2,290,539). The Corporation received $4,950,672 from customers (2017: $30,398), paid $1,000,172 net under the terms of the Stelco contract (2017: Nil) and paid $7,872,625 to suppliers and employees (2017: $1,572,887). The Corporation also paid interest on loans of $361,705 during the twelve months ended December 31, 2018 (2017: $748,164). The decrease is due to the deferral of 4% of interest on the CW promissory note. The Corporation received interest income of $47,217 from cash deposits for the twelve months ended December 31, 2018 (2017: $114).

Net cash used in investing activities

Net cash received in investing activities in the twelve months ended December 31, 2018 was $1,685,991 (2017: $63,869 net cash used). The Corporation paid $123,796 for the purchase of capital assets and patents and paid $320,000 to purchase Canadian distribution rights for the twelve months ended December 31, 2018 (2017: $63,869 to purchase patent and capital assets).

Net cash provided by financing activities

During the twelve months ended December 31, 2018 the Corporation received net proceeds from financing of $5,497,582 (2017: $3,196,661). The Corporation repaid loans of $1,405,100 for the twelve months ended December 31, 2018 (2017: $20,043).

Commitments and Contingencies

Loans Payable

As at December 31, 2018, $3,697,928 of the Corporation's loan obligations were current and due within one year (December 31, 2017: $1,405,000) and relate primarily to the CW loan which matures on June 30, 2019. The Corporation's non-current obligations of $170,472 relate to a loan payable to the FedDev.

The loan obligations to CW are secured over all the assets, undertaking and property of Pond Technologies Inc., and the loan amounts due to FedDev are unsecured.

Leases

The Corporation has entered into equipment and premise leases, with total minimum annual payments outstanding as at December 31, 2018 of $52,108 (2017: $51,718).

Contingencies

The Corporation 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 Corporation. Any expected settlement of claims in excess of amounts recorded will be charged to operations as and when such determination is made.

Litigation

Concurrent with the closing of the business combination Transaction noted above, the Corporation assigned all its rights and interest in all claims made by the Corporation in the existing litigation with Sinopec Daylight Energy Ltd ("**Sinopec**") to Grizzly Resources Ltd. ("**GRL**"). GRL assumed the rights and interest and indemnified the Corporation from and against all of the Corporation's liabilities in respect of the claim made by Sinopec in the Sinopec litigation and all future costs associated therewith.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Related Party Transactions

The Corporation enters into related transactions with management and agreements with its shareholders. Details of these transactions for the three and twelve months ended December 31, 2018 and 2017 are as follows:

Related Party Transactions				
	Three Months Ended Dec. 31		**Year Ended Dec. 31**	
(000's)	**2018**	**2017**	**2018**	**2017**
Transactions during the period:				
Loan interest	**127**	69	**523**	498
Conversion of loans payable to shares	**-**	-	**-**	50
Legal services rendered to the Corporation	**59**	-	**84**	-
Pembina property management fee	**23**	-	**83**	-
Salaries and short-term employee benefits	**151**	116	**581**	464
Balances, end of quarter				
Loans payable to CW and SMC	**3,500**	4,800	**3,500**	4,800

The loans payable and interest amounts relate to loan amounts advanced by CW and SMC who are shareholders of the Corporation. Pond has engaged InHaus Legal to provide various guidance and counsel services to the Corporation. The engagement is based on a fixed monthly fee of $8,500 and the services can be terminated at any time. A member of Pond's executive management is a partner of Inhaus Legal and share options have been granted to InHaus Legal as part of the executive's compensation. After completing the amalgamation Transaction, the Corporation entered into an amended management agreement with Grizzly Resources Inc, for a monthly fee of $7,500 to manage the Pembina oil and gas property. One of the Corporation's director's is a director of Grizzly Resources Inc. The management agreement will be terminated when the property is sold.

Subsequent Events

Extension of warrants

On January 4, 2019 the Corporation received approval from the TSX Venture Exchange to extend the expiry dates of five tranches of warrants.

The first tranche includes warrants exercisable to purchase 335,000 common shares of Pond at $2.50 per share, with an original expiry date of December 21, 2018; the second tranche includes warrants exercisable to purchase 450,000 common shares of Pond at $2.50 per share, with an original expiry date of February 23, 2019; the third tranche includes warrants exercisable to purchase 240,000 common shares of Pond at $2.50 per share, with an original expiry date of September 21, 2019; The fourth tranche includes warrants exercisable to purchase 1,000,000 common shares of Pond at $3.00 per share, with an original expiry date of December 28, 2019; and the fifth tranche includes warrants exercisable to purchase 2,644,279 common shares of Pond at $3.00 per share, with an original expiry date of January 30, 2020.

The expiry date of all five tranches of warrants has been extended to January 30, 2021. All other terms and conditions of each tranche of the warrants remain unchanged.

Acquisition of Regenurex Health Corporation

On January 30, 2019, the Corporation closed 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."

As consideration for their Regenurex shares, Regenurex shareholders will receive up to 6,250,000 Pond shares with such Pond shares valued by the parties, at the time of entering into the Amalgamation Agreement, at $0.80 per share, or $5,000,000 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. 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 $50,000 are discovered within six months of closing).

In connection with closing of the 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 Corporation capitalized Pond Naturals Inc., by way of equity subscription, with $275,000 (in addition to $225,000 previously paid by the Corporation to Regenurex in respect of astaxanthin pre-orders made prior to closing) in order to assist Pond Naturals Inc. in pursuing its business objectives.

As at April 29, 2019, the Corporation is in the process of obtaining information in order to complete the purchase price allocation in accordance with IFRS 3, Business Combinations.

Risk Factors

Many factors could cause the Corporation's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors, which are discussed in greater detail in the joint management information circular of the Corporation and Pond in respect of the Transaction filed with securities regulators and available under the Corporation's profile on www.sedar.com, which risk factors are incorporated by reference into this document, and should be reviewed in detail by all readers:

1. The Corporation has yet to generate significant revenues from the licensing of its technology or sale of microalgal biomass products. Investments in research and development in the field of microalgal biomass production are necessary to develop the technology required to generate future revenues. While the Corporation is confident in its technology, it cannot know with complete certainty if or when any of its technologies will be commercialized;

2. The Corporation has a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability;

3. There can be no assurance that the Corporation will be able to establish additional collaboration agreements on favourable terms, if at all, or that current or future collaborative arrangements will be successful;

4. The production of algae involves complex aquaculture systems with inherent risks including disease and contamination, and should the algae growth system fail to grow algae, or should the algae fail to consume the greenhouse gas introduced to the system, then the abatement will fail. While the Corporation has taken what it believes to be reasonable steps to mitigate risks associated with its processes, certain factors may arise beyond the Corporation's control, therefore, the Corporation cannot, and does not attempt to, provide any form of assurance with regard to its systems, processes, or cost-effectiveness;

5. The Corporation will be highly dependent upon consumer perception of the safety and quality of its greenhouse gas abatement technology and algae products and the ingredients they contain, as well as that of similar systems and products developed and distributed by other companies;

6. The Corporation may fail to manage growth effectively;

7. Much of the Corporation's strategy is based on the belief that the application of its proprietary photobioreactors and control systems to use carbon dioxide in the production of bio-products for the markets it is addressing may result in the creation of commercially viable products or technical applications; however, there can be no assurance that such beliefs will prove to be correct or that there will be market acceptance of technology developed by the Corporation;

8. The market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control;

9. The Corporation's operations will depend on continuous improvements in technology to meet customer demands in respect of performance and cost, and to explore additional business opportunities;

10. Commercial success will depend in part on obtaining and maintaining patent, confidential know-how/trade secret and trade-mark protection of the Corporation's technologies in Canada, the United States and other jurisdictions, as well as successfully enforcing this intellectual property and defending this intellectual property against third-party challenges;

11. The Corporation may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;

12. The Corporation may not be able to develop sufficient manufacturing capacity to meet demand in an economical manner or at all;

13. There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation;

14. The Corporation may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;

15. The Corporation could fail to integrate subsidiaries and other interests into the business of the Corporation;

16. The Corporation's production costs will be dependent on the costs of the energy sources used to run its production facilities. These costs are subject to fluctuations and variations in different locations where the Corporation may operate, and it may not be able to predict or control these costs;

17. The activities of the Corporation are subject to regulation by governmental authorities;

18. The Corporation's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety;

19. The Corporation cannot be certain that it will be able to secure additional government grants or subsidies. Any existing grants or new grants that the Corporation may obtain may be terminated, modified or recovered by the granting governmental body under certain conditions;

20. The Corporation's ability to recruit and retain management, skilled labour and suppliers is crucial to the Corporation's success;

21. The Corporation has a limited operating history;

22. Completed acquisitions, strategic transactions, or investments could fail to increase shareholder value;

23. Certain of the directors and officers of the Corporation are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies;

24. There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Corporation;

25. In the event that the Corporation issues convertible debt or equity securities to raise additional funds, its existing shareholders may experience dilution, and the new convertible debt or equity securities may have advantageous rights, preferences and privileges when compared to those of the Corporation's existing shareholders;

26. A substantial number of common shares are owned by a limited number of existing shareholders and as such these shareholders are in a position to exercise influence over matters requiring shareholder approval or cause delay or prevent a change in control of the Corporation that could otherwise be beneficial to the Corporation's shareholders;

27. The Corporation does not anticipate paying any dividends on the common shares in the foreseeable future;

28. Oil and natural gas operations involve many risks that, even with a combination of experience, knowledge and careful evaluation, the Corporation may not be able to overcome.;

29. Provincial programs related to the oil and natural gas industry may change in a manner that adversely impacts shareholders. The Corporation currently operates in Alberta and future amendments to royalty programs could result in a reduction of cash flows; and

30. The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or issuance of clean up orders in respect to the Corporation or its working interests. Such legislation may be changed to impose higher standards and potentially more costly obligations on the Corporation. Furthermore, management believes that the federal and Alberta governments appear to favour new programs for environmental laws and regulations, particularly in relation to the reduction of emissions, and there is no assurance that any such programs, laws or regulations, if proposed an enacted, will not contain emission reduction targets which the Corporation cannot meet.

Critical Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are affected by management's application of accounting policies and historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are, and will continue to be, evaluated on an ongoing basis. However, actual results could differ significantly from these estimates.

Management believes that the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the Corporation's financial statements. It is believed that there have been no significant changes in the critical accounting estimates for the periods presented in the financial statements:

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars.

Asset impairment

Assets are reviewed for an indication of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated. Numerous factors can be used to trigger an impairment review and significant estimates and assumptions could be used to determine if impairment exists. These could include estimates of future cash flows, interest and discount rates, etc.

Research & Development tax credits

The Corporation is entitled to government assistance in the form of research tax credit and grants. Grants are subject to compliance with terms and conditions of the related agreements. Government assistance is recognized when there is reasonable assurance that the Corporation has met the requirements of the approved grant program or, with regard to tax credits, when there is reasonable assurance that they will be realized.

Management monitors whether the recognition requirements for research and development tax credits receivable continue to be met. The Corporation has made estimates of the recoverable amounts but research and development tax credits must be examined and approved by the tax authorities and the amount allowed may be different from the amount recorded.

Pembina

The Corporation's financial and operating results incorporate estimates relating to the Pembina oil and natural gas property including:

- Estimated revenues, royalties, operating expenses on production;
- Estimated depletion, depreciation and amortization expenses that are based on estimates of oil and gas proved and probable reserves that the Corporation expects to recover in the future;
- Estimated value of decommissioning liabilities that are dependent on estimates of future costs and timing of expenditures;
- Estimated future recoverable value of development and production assets within property, plant and equipment ("PP&E") and exploration and evaluation assets;
- Estimated deferred income tax assets and liabilities based on current tax interpretations, regulations and legislation that is subject to change;
- Estimated loss probable based on judgement and interpretation of laws and regulations.

The recoverable amounts of PP&E asset by area have been determined as the greater of the asset by area's value-in-use and fair value less costs to sell. These calculations require the use of estimates and assumptions and are subject to changes as new information becomes available including information on future commodity prices, expected production volumes, quantity of reserves and discount rates, as well as, future development and operating costs. Changes in the following assumptions used in determining the recoverable amount could affect the carrying value of the related asset.

- Reserves: Assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

- Oil and natural gas prices: Forward price estimates of the oil and natural gas prices are used in the cash flow model. Commodity prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, exchange rates, weather, economic and geopolitical factors.

- Discount rate: The discount rate used to calculate the net present value of cash flows is based on estimates of an approximate industry peer group weighted average cost of capital. Changes in the general economic environment could result in significant changes to this estimate.

Non-IFRS Measures

The Management's Discussion and Analysis includes references to and uses measures and terms that are not specifically defined in IFRS and do not have any standardized meaning prescribed by IFRS. These measures and terms include working capital and gross margin. These non-IFRS measures may not be comparable to similar measures presented by other companies.

Non-GAAP Measures – Oil and Gas Industry

This MD&A contains terms commonly used in the oil and gas industry, such as operating netbacks ("**netbacks**"). These terms are not defined by the financial measures used by the Corporation to prepare its financial statements and are referred to herein as "**non-GAAP measures**". These non-GAAP measures should not be considered an alternative to, or more meaningful than, other measures of financial performance calculated in accordance with GAAP. Management believes that in addition to net earnings (loss), netbacks, and funds from operations are useful financial measurement which assist in demonstrating the Corporation's ability to make interest payments, fund capital expenditures necessary for future growth or repay debt. The non-GAAP measures presented may not be comparable to that reported by other companies.

Netback

The Corporation uses netback as a key performance indicator. Netback does not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable with the calculation of similar measures by other companies. Netback is calculated by deducting royalties and operating expenses from petroleum and natural gas revenues.

BOE Conversion

In this document, certain natural gas volumes have been converted to barrels of oil equivalent ("**boe**") on the basis of one barrel ("**bbl**") to six thousand cubic feet ("**mcf**"), unless otherwise stated. A conversion ratio of one bbl to six mcf is based on an energy equivalent conversion applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

Changes in Accounting Policies including Initial Adoption

The following revised standards are effective for annual periods beginning on January 1, 2018, and their adoption did not have an impact on these financial statements, but may affect the accounting for future transactions or arrangements:

Share-Based Payment ("IFRS 2")

IFRS 2, Share-Based Payment, has been amended by the IASB to provide additional guidance on the classification and measurement of share-based payment transactions. The amendments clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features for withholding tax obligations, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The adoption of the new amendments did not have a material impact on the measurement, presentation and disclosure of share-based payments in the consolidated financial statements.

Financial Instruments ("IFRS 9")

On January 1, 2018 IFRS 9 Financial instruments became effective. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In accordance with the transitional provisions of IFRS 9 comparative figures have not been restated.

As of January 1, 2018 the Corporation's management has assessed that the Corporation has a business model whose objective is to hold financial assets held by the Group in order to collect contractual cash flows and has determined that amortized cost is the appropriate IFRS 9 category. The Corporation did not require revising its impairment methodology under IFRS and therefore no additional impairment loss identified. There was no impact from IFRS 9 adoption on the Corporation's financial assets and financial liabilities as these continue to be accounted as financial assets and financial liabilities at amortized cost.

The following table outlines the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Corporation's financial assets and financial liabilities:

	Prior Classification and Measurement under IAS 39	Current Classification and Measurement under IFRS 9
Financial assets:		
Cash and cash equivalents	Loan and receivables at amortized cost	Amortized cost
Receivables	Loan and receivables at amortized cost	Amortized cost
Contract receivable	Loan and receivables at amortized cost	Amortized cost
Financial liabilities:		
Loans payable	Other liabilities at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other liabilities at amortized cost	Amortized cost

Leases ("IFRS 16")

IFRS 16, Leases, which will replace IAS 17, Leases, introduces a single lessee accounting model for all leases by eliminating the distinction between operating and financing leases. IFRS 16 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. Lessor accounting remains substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted only if aligned with or after the adoption of IFRS 15.

The Company intends to adopt the amendments to IFRS 16 in its consolidated financial statements for the period beginning on January 1, 2019. The extent and impact of the adoption of the standard has not yet been determined.

Financial Instruments and Other Instruments

As at December 31, 2018 the Corporation had two loans outstanding totaling $3,868,400.

Crystal Wealth Loan

On February 19, 2016, Pond entered into a secured loan agreement with CW with a maximum credit amounting to $4,500,000. The loan agreement incorporated the amount advanced under the promissory note and the promissory note was terminated and superseded by the loan agreement. The proceeds of the loan were used: (i) to pay amounts required to settle all claims pursuant to an action brought against the Corporation by Lorem Capital Inc., a shareholder of the Corporation, and others, including legal fees and related expenses; and (ii) for working capital purposes.

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 $4,500,000. The loan is secured by a general security agreement with a first charge on Pond Technologies Inc. assets and a specific assignment of rights in all patents during the year.

During 2016, CW amended the credit facility agreement and Pond was advanced an additional $160,000. CW also issued amendments to defer interest payments, originally due quarterly, to March 31, 2017. The advance of $160,000 was subsequently settled by Pond through a non-brokered private equity placement in 2017.

On August 11, 2017, Pond 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 $581,398 payable on November 30, 2017 and a principal repayment of $1,000,000 on December 31, 2017. The amendment also requires Pond to make principal loan repayments if it raises in excess of $10,000,000 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 $10,000,000.

On November 16, 2017, Pond signed an 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 $10,000.

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

On December 29, 2017, Pond made an early payment of the First Interest Payment of $581,398 and the second interest payment of $30,492.

On January 30, 2018 Pond paid $1,000,000 to CW to reduce the principal loan balance from $4,500,000 to $3,500,000.

FedDev

Pursuant to the Federal Development Agency Agreement, Pond has received repayable loans from FedDev at a monthly rate of 33.33% of eligible costs as defined in the Federal Development Agency 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 with a loan balance of $368,400 as at December 31, 2018.

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

On December 29, 2016, the monthly installments were reduced to $2,500 until January 1, 2018, after which the payments increase to $8,750 for 2018, and thereafter increase to $16,494 for the remaining term of the loan.

During the three and twelve months ended December 31, 2018 the fair value adjustment recognized in the Statement of Loss and Comprehensive Loss was $15,064 and $60,255 (2017: $22,892 and $68,676).

Outstanding Share Data

As at December 31, 2018 and the date of the MD&A, the Corporation has 19,932,965 Shares outstanding. The Corporation has 1,622,500 stock options all of which are exercisable at $2.00 per share. The warrants and Agent Warrants issued in the Corporation's non-brokered private placements and brokered private placements are presented as equity on the statement of financial position. As at December 31, 2018, 4,689,279 warrants and 327,275 Agent Warrants were outstanding (2017 – 2,437,340 and 162,000), with an average exercise price of $2.50 and $3.00 respectively, and an average estimated life of 1.8 years.

Forward Looking Information

Certain statements in this MD&A that are not current or historical factual information may constitute "forward-looking" statements within the meaning of applicable securities laws, regarding, among other things, the beliefs, plans, objectives, strategies, estimates, intentions or expectations of the Corporation, including as they relate to its financial results and the ability to execute on its investing and business strategies. Inherent in these forward-looking statements are known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements can often be identified by the use of words such as "may", "will", "expect", "believe", "plan", "intend", "anticipate", "estimate" and other similar terminology. These statements reflect current expectations regarding future events and performance and speak only as of the date of this MD&A.

Similarly, statements contained in, but not limited to, the sections titled "Commercialization Goals", Commercialization Highlights", "Commercialization – Targets, Assumptions and Risk Factors", "Overview of the Corporation's Business", "Liquidity and Capital Resources", "Commitments and Contingencies", "Project Development" and "Off-Balance Sheet Arrangements" of this MD&A, including those with respect to the implementation of the Corporation's business strategy, the development of the nutraceutical algae production, the development of the pollution abatement business and expectations concerning the Corporation's financial condition, results of operations, business, assets, prices, foreign exchange rates, earnings, market conditions, capital expenditures, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, the factors discussed under "Risk Factors". Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements.

Investors and others should carefully consider risk factors including, without limitation, those set out under the heading "Risk Factors", and not place undue reliance on forward-looking statements. The Corporation anticipates that subsequent events and circumstances may cause the Corporation's views to change. Forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise any forward-looking statements to reflect new events or circumstances, except as required by law.

Additional Information

Additional Information concerning the Corporation is available on SEDAR at www.sedar.com under the Corporation's profile.