



POND TECHNOLOGIES HOLDINGS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(Canadian dollars in thousands)

(UNAUDITED)

NOTICE OF NON-REVIEWED INTERIM CONDENSED FINANCIAL STATEMENTS

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

The accompanying unaudited interim condensed consolidated financial statements of Pond Technologies Holdings Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

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

Pond Technologies Holdings Inc.

Interim Condensed Consolidated Statements of Financial Position

Canadian dollars (000's)

(Unaudited)

	Note	Sept 30, 2020	Dec 31, 2019
Assets			
Current Assets			
Cash		\$ 223	\$ 1,035
Receivables	3	729	442
Inventory	4	221	201
Prepaid expenses and other assets		79	55
		1,252	1,733
Non-Current Assets			
Intangibles	5	2,189	2,272
Goodwill	2,6	100	100
Capital assets	7	1,256	3,885
Contract receivable	14	746	705
Deferred income taxes	2	822	822
Right-of-use assets	11	201	264
Total assets		\$ 6,567	\$ 9,781
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	\$ 1,888	\$ 1,680
Current portion of loans payable	9	2,984	264
Current portion of lease liabilities	11	77	74
Deferred contract revenue	14	407	437
		5,356	2,455
Non-Current liabilities			
Long-term portion of loans payable	9	45	2,843
Convertible debenture	10	1,737	1,616
Long-term portion of lease liabilities	11	145	203
Decommissioning liabilities	12	105	99
Total liabilities		\$ 7,387	\$ 7,216
Shareholders' Equity			
Share capital	13	\$ 29,806	\$ 28,588
Contributed surplus	13	7,944	7,697
Accumulated deficit		(38,570)	(33,720)
Shareholders' equity		(820)	2,565
Total liabilities and shareholders' equity		\$ 6,567	\$ 9,781

Description of business and going concern (Note 1)

Commitments and contingencies (Note 19)

Subsequent events (Note 20)

Approved on behalf of the Board:

"Gerry Quinn"
Director

"Grant Smith"
Director

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

Pond Technologies Holdings Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(in Canadian dollars (000's) except per share and weighed average figures)

(Unaudited)

For the three and nine months ended Sept 30,	Note	Three Months		Nine Months	
		2020	2019	2020	2019
Revenue					
Revenue		\$ 1,275	\$ 1,723	\$ 3,792	\$ 4,938
Expenses					
Direct costs and expenses		1,109	1,428	3,173	4,048
Operating expenses	15	299	568	1,068	1,714
General and administrative expense	15	216	418	839	1,543
Amortization and depletion		97	206	411	650
Impairment of capital asset	7	2,325	812	2,325	812
Stock-based compensation	13	12	59	234	208
		4,058	3,491	8,050	8,975
Operating loss		\$ (2,783)	\$ (1,768)	\$ (4,258)	\$ (4,037)
Other income / (expense)					
Interest income		-	1	1	8
Financial expenses	16	(221)	(114)	(593)	(351)
Net loss and comprehensive loss		\$ (3,004)	(1,881)	\$ (4,850)	\$ (4,380)
Weighted average number of shares outstanding		28,800,966	22,675,469	24,148,746	21,690,911
Basic and diluted loss per common share		(0.10)	(0.08)	(0.20)	(0.20)

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

Pond Technologies Holdings Inc.

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

(in Canadian dollars (000's) except number of shares and warrants)

(Unaudited)

	Number of Shares	Number of Warrants	Share Capital			Restated Contributed Surplus	Restated Accumulated Deficit	Total
			Issued Share Capital	Reserve For Exchangable Shares	Total Share Capital			
Balance - December 31, 2018	19,932,965	5,016,554	\$ 23,676	\$ -	\$ 23,676	\$ 4,593	\$ (22,983)	\$ 5,287
Acquisition of Regenurex Health (Note 2)	-	-	-	3,750	3,750	-	-	3,750
Extension of warrants (Note 13)	-	-	-	-	-	1,645	(1,645)	-
Shares issued (Note 13)	2,742,504	-	910	-	910	-	-	910
Warrants and Agent Warrants issued	-	2,793,851	-	-	-	1,167	-	1,167
Issuance cost	-	-	(53)	-	(53)	(54)	-	(107)
Warrants and Agent Warrants expired	-	(75,000)	305	-	305	(15)	-	290
Grant of deferred share units (Note 13)	-	-	-	-	-	81	-	81
Stock-based compensation expense	-	-	-	-	-	127	-	127
Net loss for the period	-	-	-	-	-	-	(4,380)	(4,380)
Balance - Sept 30, 2019	22,675,469	7,735,405	\$ 24,838	\$ 3,750	\$ 28,588	\$ 7,544	(29,008)	\$ 7,125
Warrants and Agent Warrants expired	-	(80,200)	-	-	-	(290)	-	(290)
Grant of deferred share unit (Note 13)	-	-	-	-	-	116	-	116
Stock- based compensation expense	-	-	-	-	-	5	-	5
Convertible debenture option value, net of costs (Note4)	-	-	-	-	-	322	-	322
Net loss for the period	-	-	-	-	-	-	(4,712)	(4,712)
Balance - December 31, 2019	22,675,469	7,655,205	\$ 24,838	\$ 3,750	\$ 28,588	\$ 7,697	\$ (33,720)	\$ 2,565
Shares issued (Note 13)	5,036,328	-	766	-	766	-	-	766
Shares issued from Reserve shares	1,548,134	-	929	(929)	-	-	-	-
Shares issued from deferred share units	84,906	-	21	-	21	(21)	-	-
Warrants issued (Note 13)	-	4,048,000	-	-	-	513	-	513
Issuance costs	-	-	(30)	-	(30)	(19)	-	(49)
Agent Warrants expired	-	(192,075)	461	-	461	(461)	-	-
Grant of deferred share units (Note 13)	-	-	-	-	-	94	-	94
Stock-based compensation expense	-	-	-	-	-	141	-	141
Net loss for the period	-	-	-	-	-	-	(4,850)	(4,850)
Balance - Sept 30, 2020	29,344,837	11,511,130	\$ 26,985	\$ 2,821	\$ 29,806	\$ 7,944	\$ (38,570)	\$ (820)

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

Pond Technologies Holdings Inc.

Interim Condensed Consolidated Statements of Cash Flows

(in Canadian dollars (000's))

(Unaudited)

For the nine months ended Sept 30,	Note	2020	2019
Operating Activities			
Cash receipts from customers		\$ 3,530	\$ 3,799
Contract receivables, net	14	(42)	(320)
Cash paid to suppliers and employees		(4,734)	(6,877)
Interest paid		(245)	(246)
Interest received		1	9
Cash flows used in operating activities		(1,490)	(3,635)
Investing Activities			
Cash arising from business acquisitions	2	-	61
Patent costs incurred	5	(75)	(30)
Purchase of capital assets	7	(8)	(27)
Cash used in investing activities		(83)	4
Financing Activities			
Proceeds from issuance of units, net of issuance costs	13	876	2,037
Repayment of lease liabilities	11	(40)	(50)
Repayments of loans payable	9	(75)	(989)
Cash provided by financing activities		761	998
Net change in cash		(812)	(2,633)
Cash beginning of year		1,035	2,824
Cash, end of period		\$ 223	\$ 191

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

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

1. REPORTING ENTITY AND BASIS OF PRESENTATION

Reporting Entity

Pond Technologies Holdings Inc. (the "Company" or "Pond") is incorporated under the Business Corporations Act of Alberta. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the trading symbol "POND" and on the OTC Markets under the symbol "PNDHF". The Company's principal place of business is located at Unit 8, 250 Shields Court, Markham, Ontario.

The Company's primary business is to pursue microalgal biomass cultivation using available sources of carbon dioxide ("CO₂"), including CO₂ rich emission sources from industrial plants and the licensing of its technology. The resultant algae can be used in the production of nutraceuticals, commonly known as superfoods, growth of unique algae strains for the expression of complex proteins used in diagnostics and therapeutic treatments, aquaculture and animal feeds, and as feedstock in the production of biofoams and algae based biomaterials. The Company has formed a nutraceutical business segment and is actively pursuing opportunities in the nutraceutical and superfood marketplace. The Company also holds an oil and conventional natural gas property.

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

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

For the three and nine months ended September 30, 2020, the Company recorded a net loss from operations of \$3,004 (2019 – \$1,881) and \$4,850 (2019 – 4,380). The Company's ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds and realization of profitable operations. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. These circumstances in addition to the uncertainties presented by the COVID-19 pandemic lend significant doubt and material uncertainty as to the ability of the Company to meet its obligations as they come due and, accordingly, the ability to continue as a going concern.

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

BASIS OF PRESENTATION

Statement of Compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 27, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent consolidated annual financial statements of Pond Technologies Holdings Inc. as at and for the year ended December 31, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the quarter ending September 30, 2020 could result in restatement of these unaudited interim condensed consolidated financial statements.

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

1. BASIS OF PRESENTATION (continued)

Significant Accounting Policies

The significant accounting policies used in preparing these unaudited interim condensed consolidated financial statements are unchanged from those disclosed in Note 3 of the Company's 2019 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

Critical Accounting Estimates and Judgments

For the nine months ended September 30, 2020, the coronavirus ("COVID-19") had an impact on the global economy, including the Company's nutraceutical, technology services and oil and conventional natural gas lines of business. The Corporation has taken into account the impacts of COVID-19 and the unique circumstances it has created in making estimates, assumptions and judgments in the preparation of these condensed consolidated interim financial statements. Actual results may differ from estimated amounts, and those differences may be material.

Recent Accounting Pronouncements

In January 2020, IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 – Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

2. BUSINESS COMBINATION TRANSACTION

Acquisition of Regenurex Health Corporation

On January 30, 2019 the Company acquired Regenurex Health Corporation ("Regenurex") by way of an amalgamation with a wholly owned subsidiary Pond Naturals Inc., with the resulting entity continuing under the name of Pond Naturals Inc. As consideration for their Regenurex shares, Regenurex shareholders are entitled to receive up to 6,250,000 shares of the Company.

The fair value of the share purchase consideration was determined using the following key assumptions and inputs:

Method for determining fair value: - Company's share price less option value adjustment of 20% for lack of marketability

Share Price – Company's 5-day trailing stock price January 30, 2019

Option value model marketability discount 20% key assumptions:

Period of lack of marketability: - 1 year

Risk free rate: - 1.83%

Dividend yield – 0%

Volatility – 104.7%

The below summarizes the manner in which such Pond shares are to 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 into common shares of Pond 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 non-voting junior preferred shares of Pond Naturals Inc. The junior preferred shares are exchangeable into common shares of Pond 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.

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

2. BUSINESS COMBINATION TRANSACTION (continued)

Acquisition of Regenurex Health Corporation (continued)

In connection with closing of the Regenurex transaction, all of the outstanding stock options and warrants of Regenurex were cancelled or exchanged for Regenurex common shares (and then subsequently exchanged for junior preferred shares of Pond Naturals Inc. pursuant to the amalgamation).

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

Consideration paid:

Fair value of the 6,250,000 shares of the Company on January 30, 2019	\$ 3,750
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Allocation of purchase price:

Cash and cash equivalents	\$ 61
Receivables and prepaids	110
Deferred income tax asset	822
Inventory	143
Right-of-use asset	122
Property plant and equipment	1,030
Accounts payable and accrued liabilities	(475)
Lease liability	(122)
Loans payable	(531)
Goodwill	2,590
	\$ 3,750

If the transaction had taken place on January 1, 2019, it is estimated that the assets acquired would have contributed incremental revenues and net loss before taxes of \$220 and \$550 respectively, for the year ended December 31, 2019.

Goodwill arose on the acquisition of Regenurex as the cost of the consideration paid for the combination effectively included amounts for the benefit of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

There were \$9 and \$65 in transaction related costs included in administrative expenses in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2019 and 2018 respectively.

3. RECEIVABLES

Receivables include customer and government balances. Accounts receivable from customers arise from transactions in the ordinary course of business. The government receivables arise from IRAP and HST and GST recoveries.

	Sept. 30,	Dec 31,
	2020	2019
Customer accounts	\$ 673	\$ 329
Government receivables	56	113
	\$ 729	\$ 442

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

4. INVENTORY

The inventory balances arising primarily from the nutraceutical business are as follows:

	Sept. 30, 2020	Dec 31, 2019
Raw materials	\$ 93	\$ 117
Work-in-process	80	29
Finished goods	48	55
	\$ 221	\$ 201

The cost of nutraceutical inventories recognized as an expense during the three and nine months ended September 30, 2020 in respect of continuing operations was \$975 and \$2,460.

5. INTANGIBLES

	Patent Filing Costs and Acquired Intellectual Property		Distribution Rights	Total
<i>Cost</i>				
Balance, January 1, 2019	\$ 2,734		\$ 640	\$ 3,374
Additions	113		-	113
Balance, September 30, 2019	2,847		640	3,487
Additions	20		-	20
Balance, December 31, 2019	2,867		640	3,507
Additions	75		-	75
Balance, Sep 30, 2020	2,942		640	3,582
<i>Accumulated amortization</i>				
Balance, January 1, 2019	1,027		5	1,032
Additions	105		48	153
Balance, September 30, 2019	1,132		53	1,185
Additions	34		16	50
Balance, December 31, 2019	1,166		69	1,235
Additions	109		49	158
Balance, Sep 30, 2020	1,275		118	1,393
<i>Net carrying amount</i>				
Balance, January 1, 2019	1,707		636	2,343
Balance, September 30, 2019	1,715		587	2,302
Balance, December 31, 2019	1,701		572	2,272
Balance, September 30, 2020	\$ 1,667		\$ 522	\$ 2,189

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

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

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

6. GOODWILL

On January 30, 2019 the Company acquired Regenurex. Goodwill of \$2,590 was determined based upon the allocation of the fair value of the consideration paid and fair value of assets and liabilities assumed.

<i>Cost</i>	
Additions through acquisition	\$ 2,590
<i>Impairment</i>	
Impairment charge	(2,490)
Balance, December 31, 2019 and September 30, 2020	\$ 100

In determining a goodwill impairment charge of \$2,490 the Company reviewed cash flow projections during a forecasted period based on expected gross margins and raw materials price inflation throughout the forecast period. The cash flows beyond the five-year period have been extrapolated using a steady 2.0% per annum growth rate which is the projected long-term average growth rate. The recoverable amount used a pre-tax discount rate of 26.7% per annum.

7. CAPITAL ASSETS

	Project equipment plant machinery and leasehold improvements	Furniture fixtures and equipment	Computer hardware and software	Oil & natural gas property plant and equipment	Total
<i>Cost</i>					
Balance, January 1, 2019	\$ 1,784	\$ 115	\$ 108	\$ 4,135	\$ 6,142
Acquired through acquisition	1,017	11	2	-	1,030
Additions	98	-	7	-	105
Disposals	(68)	(10)	(4)	-	(82)
Change in decommissioning liability	-	-	-	-	-
Balance, September 30, 2019	2,831	116	114	4,135	7,196
Additions	21	10	3	-	34
Disposals	(51)	-	(2)	-	(53)
Change in decommissioning liability	-	-	-	2	2
Balance, December 31, 2019	2,801	126	115	4,137	7,178
Additions	-	-	-	-	-
Disposals	(8)	-	-	-	(8)
Change in decommissioning liability	-	-	-	-	-
Balance, September 30, 2020	2,793	126	115	4,139	7,171
<i>Accumulated amortization</i>					
Balance, January 1, 2019	1,232	58	76	520	1,886
Amortization	168	10	11	301	490
Disposals	(35)	-	(1)	-	(36)
Balance, September 30, 2019	1,365	68	86	821	2,340
Amortization and depletion	56	3	2	80	141
Disposals	-	-	(1)	-	(1)
Impairment	-	-	-	812	812
Balance, December 31, 2019	1,421	71	87	1,713	3,293
Amortization and depletion	191	5	6	100	302
Disposals	(6)	-	-	-	(6)
Impairment	-	-	-	2,325	2,325
Balance, September 30, 2020	1,605	76	94	4,139	5,915
<i>Net carrying amount</i>					
Balance, January 1, 2019	552	57	32	3,615	4,256
Balance, September 30, 2019	1,466	48	27	3,314	4,855
Balance, December 31, 2019	1,380	54	27	2,424	3,885
Balance, September 30, 2020	\$ 1,185	\$ 50	\$ 21	\$ -	\$ 1,256

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

7. CAPITAL ASSETS (continued)

Impairment

The Company assesses many factors when determining if an impairment test should be performed. For the period ended September 30, 2020 the Company conducted an assessment of impairment indicators for the Company's technology services, nutraceutical products and oil and conventional natural gas "cash generating unit" ("CGU").

In performing the review of the technology services and nutraceutical CGUs, management determined there was no impairment loss for the three and nine months ended September 30, 2020 based on the future net cash flows arising from the commercial applications of these groups.

In performing the review of the oil and conventional natural gas CGU, management has recorded an impairment loss of \$2,325 (2019: \$812) for the Company's oil and natural gas property CGU ("Pembina") for the three months ended September 30, 2020 which resulted in a net carrying value of \$Nil as at September 30, 2020 .

The Pembina Nisku L2L "Pool" of oil wells were shut in April 2020 when low oil prices caused the oil wells to be uneconomic to produce. Since then, the Keyera Minnehik-Buck Lake ("MBL") gas plant which processed and provided the 20% H₂S sour gas solution for oil produced from the Pool, has been permanently shut-in. The closing of the MBL gas plant has stranded the Pool as there is no current method to handle the sour gas produced with the oil from the Pool. If the oil wells are not producing within eighteen months, they will need to be suspended and eventually zonally abandoned due to their very sour H₂S rating as directed by the Alberta Energy Regulator ("AER") Directive 13.

This situation has rendered the Pool with no foreseeable future cash flow, until a new gas re-injection solution can be found in the immediate area and the reserves have been be downgraded in 2020 from Proven Developed Producing, to Proven Developed Non-Producing.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Sept. 30, 2020	Dec 31, 2019
Accounts payable	\$ 1,313	\$ 1,022
Interest payable	466	346
Payroll and other accruals	108	312
	\$ 1,888	\$ 1,680

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

9. LOANS PAYABLE

	CW(i)	FedDev (ii)	Naturals (iii)	Total
Balance, January 1, 2019	\$ 3,500	\$ 368	\$ -	\$ 3,868
Regenurex loans acquired in acquisition	-	-	531	531
Accretion	-	32	-	32
Loan modification gain	(57)	-	-	(57)
Repayments	(600)	(198)	(469)	(1,267)
Balance, December 31, 2019	2,843	202	62	3,107
Loan advance at fair value	-	-	21	21
Accretion	-	5	1	6
Loan modification gain	-	(24)	-	(24)
Repayments	-	(38)	(43)	(81)
Balance, September 30, 2020	2,843	144	41	3,029
Less: Current portion of loans payable	2,843	120	21	2,984
Long-term portion of loans payable	\$ -	\$ 24	\$ 20	\$ 45

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

The loan initially bore interest at 12% per annum and is secured by a general security agreement with a first charge on the assets of Pond Technologies Inc. (a wholly owned subsidiary of Pond) and a specific assignment of rights in all patents of Pond Technologies Inc..

On August 11, 2017, the loan was amended to, among other things, reduce the interest rate to 8% per annum, extend the maturity date to June 30, 2019 (which was further amended to June 30, 2021), and includes a deferral of quarterly interest payable of 4%.

The Company paid \$1,000 on January 30, 2018, and \$600 on June 28, 2019 to CW to reduce the principal balance from \$4,500 to \$2,900.

In addition, amendments to the loan provide that once the aggregate of the proceeds of any financing transaction and the proceeds of any sale transaction of the oil and conventional natural gas asset is equal to or greater than \$2,500, 20% of the net proceeds received by the Company are to be paid to CW within three days of the date that such proceeds are received. Should the Company enter into one or more financing transactions pursuant to which a sum equal to or greater than \$2,500 is to be paid to the Company in separate tranches, the Company shall pay to CW 20% of each tranche within three days of receipt. If the aggregate of the proceeds of any financing transactions and the sale of the oil and conventional natural gas asset are equal to or exceed \$10,000 Pond will be required to repay the indebtedness in full including all principal, interest and other fees which may be outstanding at the time.

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

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

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

On June 8, 2020, the FedDev loan was modified and the monthly principal repayments were extended to December 1, 2021 with \$nil principal monthly repayments from March 2020 to August 2020 and increased to \$10 per month thereafter for the remaining term of the loan. The loan remained interest free and the modification resulted in a gain of \$24.

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

9. LOANS PAYABLE (continued)

(iii) Naturals

The Company assumed \$531 of loans from the acquisition of Regenurex. One unsecured promissory note in the amount of \$20 remained outstanding as at September 30, 2020.

On April 20, 2020 the Company entered into a \$40 non-revolving loan agreement with TD Canada Trust under the Canada Emergency Business Account program ("CEBA"). The CEBA loan has a nil interest rate for the initial term of the loan which ends on December 31, 2022 and a 5% interest rate, payable monthly during the extended term which ends on December 31, 2025. The CEBA loan can be repaid at any time and, if 75% of the loan is repaid before December 31, 2022, the remaining balance will be forgiven.

10. CONVERTIBLE DEBENTURE

On November 21, 2019, the Company issued a secured convertible debenture to Georgian Villas Inc. ("GV"), an entity controlled by one of Pond's directors, Mr. Robert McLeese (Note 17) with respect to a \$2,000 loan provided by GV. The debenture matures on November 15, 2021, bears interest at 12% per annum, payable quarterly. The debenture is convertible, at the option of the lender, into common shares of Pond after the first anniversary date of the Loan at a conversion price of \$1.00 per share, and is secured by a first priority interest over all of the Company's present and after-acquired property and assets, excluding any equity interests from time to time held by the Company other than equity interest in Pond Naturals. As consideration for agreeing to provide the loan, GV also received a cash fee equal to 4% (\$80) of the principal amount of the loan.

On the issue of the convertible note the fair value of the liability component was determined to be \$1,664 using a 25% market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortized cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognized as a finance cost as interest accretion.

Convertible debenture principal amount at date of issue November 2019	\$	2,000
Fair value of debt at date of issue		1,664
Issuance costs of debt		(66)
Interest accretion		18
Balance - December 31, 2019		1,616
Interest accretion		133
Repayment		(12)
Balance - September 30, 2020	\$	1,737

The difference between the fair value of the debt portion and principal amount of proceeds at date of issue of \$336 was determined to be the fair value of the conversion option that is recognized and included in shareholders equity as a convertible note reserve, net of transaction costs amounting to \$13.

11. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

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

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

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

The following table sets out the Company's lease liabilities:

Lease liabilities, January 1, 2019	\$	-
Additions		212
Assumed through business combination		122
Interest on lease liabilities		20
Lease payments		(59)
Lease liabilities, September 30, 2019		295
Interest on lease liabilities		9
Lease payments		(26)
Lease liabilities, December 31, 2019		278
Interest on lease liabilities		23
Lease payments		(78)
Lease liabilities, September 30, 2020	\$	223

	Sept. 30, 2020	Sept. 30, 2019
Current	\$ 77	\$ 76
Non-current	145	203
Lease liabilities, September 30,	\$ 223	\$ 295

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

Balance, January 1, 2019	\$	-
Additions		212
Assumed through business combination		122
Amortization		(48)
Right-of-use asset, September 30, 2019		286
Amortization		(21)
Right-of-use asset, December 31, 2019		264
Amortization		(63)
Right-of-use asset, September 30, 2020	\$	201

Amounts recognized in statement of loss and comprehensive loss:

	Nine Months September 30, 2020	Nine Months September 30, 2019
Amortization for right-of-use asset	\$ 63	\$ 48
Interest expense on lease liabilities	23	20
	\$ 86	\$ 68

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

12. DECOMMISSIONING LIABILITIES

	Sept 30, 2020	Dec 31, 2019
Balance, beginning of year	\$ 99	\$ 96
Change in estimates and discount rate	-	2
Settlement of decommissioning liabilities	-	(1)
Accretion expense	6	2
Balance	\$ 105	\$ 99

The Company's decommissioning liabilities result from the net ownership interests in oil and conventional natural gas assets including a well site, gathering systems and production equipment. The total undiscounted amount to settle the Company's decommissioning liabilities is estimated at \$127 (2019: \$101). The expected timing of the decommissioning expenditures extends to 2033. A risk-free rate of 1.47% - 1.76% (2019: 1.86% - 2.18%) and an inflation rate of 2% were used to calculate the present value of the decommissioning liabilities.

The risk-free rate used in the calculation of the net present value can have a significant impact on the carrying value of decommissioning liabilities. A 1% increase in the risk-free rate would decrease the decommissioning liability by an immaterial amount at September 30, 2020 and December 31, 2019.

13. SHARE CAPITAL

Authorized

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

	Number of shares	Amount (\$ 000's)
Balance, as at January 1, 2019	19,932,965	\$ 23,676
Acquisition of Regenurex Health Corporation	-	3,750
Share issuance	2,742,504	910
Issuance costs	-	(53)
Expired Warrants and Agent Warrants	-	305
Balance, as at December 31, 2019	22,675,469	28,588
Shares issuance	5,036,328	766
Shares issued from Reserve shares	1,548,134	-
Shares issued from deferred share units	84,906	21
Issuance costs	-	(30)
Expired Agent Warrants	-	461
Balance, as at September 30, 2020	29,344,837	\$ 29,806

Transactions in 2019

Acquisition of Regenurex Health Corporation

On January 30, 2019, the Company completed the acquisition of Regenurex through the issuance of senior and junior preferred shares of Pond Naturals Inc., as set out in Note 2. These preferred shares are exchangeable into 6,250,000 common shares of Pond with such shares valued by the parties, at the time of entering into the amalgamation agreement at \$0.80 per share, or \$5,000 in aggregate. The below summarizes the manner in which such Pond shares shall be issued:

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

13 SHARE CAPITAL (continued)

- 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 into Pond common shares 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 non-voting junior preferred shares of Pond Naturals Inc. The junior preferred shares are exchangeable into Pond common shares 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.
- No Regenurex Class A preference shares or common shares were converted to Pond common shares as of December 31, 2019.
- A reserve for exchangeable shares in the amount of \$3,750 is presented as a separate category within share capital in the consolidated statements of changes in shareholders' equity in respect of these exchangeable shares.

Non-Brokered private placement

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

Transactions in 2020

Settlement of Debt

On January 24, 2020 the Company issued 167,783 common shares as payment to settle advisory fees incurred of \$78,858 (\$0.47 per share).

On June 17, 2020 the Company issued a total of 868,545 common shares as payment to settle \$137 of fees and expenses and \$57 interest incurred on its convertible debenture (\$0.22 per share average)

Non-Brokered private placement

On June 25, 2020, the Company issued a total of 4,000,000 units at \$0.25/unit for \$1,000. Each unit was comprised of one common share and one warrant. Each warrant may be exercised for one additional common share at a price of \$0.25 per common share on the earlier of 30 days after the holder of the warrant receives notice from the Company that the Company's shares had traded at a price of \$1.00 per share for at least 20 consecutive days on the TSXV or 2 years from date of issuance.

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

13. SHARE CAPITAL (continued)

Stock option plan

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

Stock Options	Number of options outstanding	Weighted average exercise price
Balance, as at Jan 1, 2019	1,622,500	\$ 2.00
Granted during period	-	2.00
Forfeited during period	(30,000)	2.00
Balance, as at December 31, 2019	1,592,500	\$ 2.00
Granted during period	870,000	0.25
Forfeited during period	(565,000)	2.00
Balance, as at September 30, 2020	1,867,500	\$ 1.20

During the three and nine months ended September 30, 2020 the Company granted 75,000 (2019: Nil) and 795,000 (2019: Nil) stock options. The fair value was determined using the Black-Scholes option pricing model at the weighted average assumptions:

	2020	2019
Risk-free interest rate	0.25	-
Estimated life of options (years)	5	-
Expected volatility	0.8	-
Price of shares at date of issuance	0.235	-
Exercise price of options	0.25	-
Dividend yield	-	-

Expected volatility was determined using the Company's actual share volatility and comparable companies' volatility at the time of the grant. As at September 30, 2020, 1,867,500 (2019: 1,592,500) stock options were exercisable and the weighted average remaining contractual lives of the stock options was 1.1 years (2019 – 2.4 years).

Contributed surplus

Contributed surplus is comprised of the following:

	Sept 30, 2020	Dec 31, 2019
Stock options and other	\$ 2,631	\$ 2,418
Warrants and Agent Warrants	5,312	5,279
	\$ 7,944	\$ 7,697

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

13. SHARE CAPITAL (continued)

Warrants

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

	Number of			Amount (000's)
	Warrants	Agent Warrants	Total	
Balance, as at January 1, 2019	4,689,279	327,275	5,016,554	\$ 2,826
Extension of Warrants	-	-	-	1,645
Warrants issued on subscription of units	2,742,504	-	2,742,504	1,145
Warrants issued for agent fees	-	51,347	51,347	21
Issuance costs	-	-	-	(55)
Expired Warrants and Agent Warrants	(20,000)	(135,200)	(155,200)	(305)
Balance, as at December 31 2019	7,411,783	243,422	7,655,205	\$ 5,279
Warrants issued on subscription of units	4,000,000	-	4,000,000	507
Warrants issued for agent fees	-	48,000	48,000	6
Issuance costs	-	-	-	(19)
Expired Agent Warrants	-	(192,075)	(192,075)	(461)
Balance, as at September 30 2020	11,411,783	99,347	11,511,130	\$ 5,312

As at September 30, 2020, 11,411,783 warrants and 99,347 Agent Warrants were outstanding (Dec 31, 2019 – 7,411,783 warrants and 343,422 Agent Warrants), with an average exercise price of \$1.51 and \$0.34 (2019: \$2.18 and \$2.40), respectively and an average estimated life of 1.2 and 1.5 years.

On January 3, 2019 the TSX Venture Exchange consented to the extension in the expiry date of 4,666,873 Warrants. The exercise price of the Warrants remained unchanged.

On June 25, 2020 the Company issued 4,000,000 warrants and 48,000 agent warrants to finders. For the warrants and Agent warrants issued in the non-brokered private placement, the fair value has been determined as \$513 using the Black-Scholes option pricing model and the following weighted average assumptions:

	2020	2019
Risk-free interest rate	0.30%	1.39%
Estimated life of warrants and Agent Warrants (years)	2.00	2.00
Expected volatility	100%	110%
Price of shares at date of issuance	\$ 0.25	\$ 0.80
Exercise price of warrants	\$ 0.25	\$ 1.00
Dividend yield	0%	0%

Deferred Share Units

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

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

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

13. SHARE CAPITAL (continued)

Deferred Share Units (continued)

As at September 30, 2020 there were 817,314 shares reserved for issuance on settlement of DSUs (Dec 31, 2019: 484,941) for which the Company recognized a \$44 charge to contributed surplus (2019- \$40) for the three months ended September 30, 2020. The 817,314 shares reserved for issuance on settlement of DSUs, which amount exceeds the 500,000 amount permitted under Pond's DSU Plan. Accordingly, Pond intends to seek applicable shareholder and TSXV approvals to ratify such an increase.

14. REVENUE, CONTRACT RECEIVABLE AND DEFERRED CONTRACT REVENUE

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

The majority of the Company's Nutraceutical Products revenue is generated from a purchase order contract in which nutraceutical goods, shipping and payment terms are specified. Revenue is recognized when the terms of the commitment are completed. Payment is normally thirty days from the date of invoice by the customer.

The majority of the Company's technology services revenue was generated from a contract in which goods and services are typically provided over time. The Company's technology services revenue was derived from several contractual obligations. Revenues from contracts are recognized on a percentage of completion basis. Deferred revenue is the difference between actual amounts invoiced and the amount of revenue recognized and is recorded in the consolidated statements of financial position.

Stelco Algae Holdings

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

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

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

During the three months ended September 30, 2020 the Company made \$Nil (2019 \$Nil) advances under the terms of the promissory note and received repayments of \$Nil (2019: \$Nil) resulting in a contract receivable balance of \$746. The contract receivable matures in less than one year and therefore, the Company adopted the practical expedient in IFRS 15 and did not discount the contract receivable.

Impairment charge

Due to the uncertainty relating to possible future project financing relating to the Stelco project the Company has taken an impairment charge of \$674 during year ended December 31, 2019 against the contract receivable balance owed by Stelco. The impairment charge was calculated using the estimated replacement cost of property plant and equipment, less amortization reflecting the carrying value of its security value in the contract receivable.

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

14. REVENUE, CONTRACT RECEIVABLE AND DEFERRED CONTRACT REVENUE (continued)

Deferred Contract Revenue

A reconciliation of the beginning and ending carrying amounts of deferred revenue is as follows:

	Sept 30, 2020	Dec 31, 2019
Balance, beginning of year	\$ 437	\$ 533
Related revenue earned in the period	(290)	(852)
Payments received in the period	260	756
	\$ 407	\$ 437

15. BREAKDOWN OF EXPENSES

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

Year three and nine months ended September 30,	Three Months		Nine Months	
	2020	2019	2020	2019
<i>Operating expenses</i>				
Salaries and benefits	\$ 203	\$ 418	\$ 675	\$ 1,306
Rent	27	33	96	95
Travel and transportation	14	73	52	186
Project supplies and maintenance	55	45	245	127
	\$ 299	\$ 569	\$ 1,068	\$ 1,714
<i>General and administrative expenses</i>				
Legal	\$ 25	\$ 65	\$ 191	\$ 243
Computer	16	20	42	57
Consultants, advisors and other	175	333	606	1,243
	\$ 216	\$ 418	\$ 839	\$ 1,543

16. FINANCE EXPENSES

Three and nine months ended September 30,	Three Months		Nine Months	
	2020	2019	2020	2019
Interest expense on loans	\$ 96	\$ 98	\$ 272	\$ 315
Interest accretion, net of imputed interest adjustment	4	7	8	16
Interest on debenture	60	-	178	-
Accretion on debenture	47	-	132	-
Interest on lease obligations	7	3	23	3
Interest benefit on initial fair value of loan	-	-	(19)	-
Interest Benefit on loan modification	-	-	(21)	-
Bank and other expenses	6	6	19	17
	\$ 221	\$ 114	\$ 593	\$ 351

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

17. RELATED PARTY TRANSACTIONS

The Company enters into related party transactions with management and arrangements with its shareholders. Details of these transactions and balances are as follows:

	3 Months Sept. 30,		9 Months Sept. 30,	
	2020	2019	2020	2019
<u>Transactions:</u>				
Loan interest to shareholders CW and GV	\$ 195	\$ 68	\$ 573	\$ 275
Legal services rendered to the Company	24	2	98	77
Pembina property management fee	9	23	27	68
<u>Balances</u>				
Loan payable to CW	2,843	2,900	2,843	2,900
Debenture to GV	\$ 1,737	\$ -	\$ 1,737	\$ -

Key management compensation

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

Key management compensation is comprised of:

Three and nine months ended September 30,	Three months		Nine months	
	2020	2019	2020	2019
Stock based compensation	\$ -	\$ 59	\$ 51	\$ 208
Director and committee fees - cash and DSU	46	46	164	145
Salaries and benefits	\$ 96	\$ 151	\$ 288	\$ 454

18. SEGMENTED INFORMATION

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

The three reportable segments, for the three and nine months ended September 30, 2020, are Nutraceutical Products (including production and sales to consumers and business and distribution or third party products) Technology Services (including the production of microalgae biomass, consulting, engineering services and the construction of biomass production facilities) and Oil and Natural Gas production. The Nutraceutical Products segment was a new segment in 2019 and arose through the acquisition of Regenurex and the acquisition of Canadian distribution rights.

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

18. SEGMENTED INFORMATION (continued)

Reportable Segments

Consolidated Statements of Financial Position					
As at September 30, 2020					
	Nutraceutical Products	Technology Services	Oil and Natural Gas	Other	Total
Non-Current Assets					
Intangibles	\$ 522	\$ 1,667	\$ -	\$ -	2,189
Goodwill	100	-	-	-	100
Capital assets	855	401	-	-	1,256
Contract receivable	-	746	-	-	746
Deferred income taxes	822	-	-	-	822
Right-of-use asset	\$ 159	\$ 42	\$ -	\$ -	201

For the three months ended September 30, 2020

Consolidated Statement of Loss & Comprehensive Loss	For The Three Months Ended September 30, 2020				
	Nutraceutical Products	Technology Services	Oil and Natural Gas	Other	Total
Revenue:					
Nutraceutical products	\$ 1,183	\$ -	\$ -	\$ -	1,183
Technology services	-	92	-	-	92
Oil and conventional natural gas	-	-	-	-	-
	1,183	92	-	-	1,275
Direct costs and expenses:					
Nutraceutical products	(1,004)	-	-	-	(1,004)
Technology services	-	(95)	-	-	(95)
Oil and conventional natural gas royalties	-	-	-	-	-
Oil and conventional natural gas operating costs	-	-	(9)	-	(9)
Operating expenses	(109)	(190)	-	-	(299)
General and administrative expenses	(11)	(156)	-	(49)	(216)
Amortization & depletion	(45)	(52)	-	-	(97)
Stock-based compensation	-	-	-	(12)	(12)
Impairment of capital asset	-	-	(2,325)	-	(2,325)
Operating profit/(loss)	14	(400)	(2,334)	(61)	(2,782)
Other income / (expense):					
Interest income	-	-	-	0	0
Finance expenses	(6)	(101)	(114)	-	(221)
Net loss and comprehensive profit/(loss)	\$ 7	\$ (501)	\$ (2,449)	\$ (61)	\$ (3,004)

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

18. SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2020

Consolidated Statement of Loss & Comprehensive Loss	Nutraceutical Products	Technology Services	Oil and Natural Gas	Other	Total
Revenue:					
Nutraceutical products	\$ 3,077	\$ -	\$ -	\$ -	\$ 3,077
Technology services	-	290	-	-	290
Oil and conventional natural gas	-	-	425	-	425
	3,077	290	425	-	3,792
Direct costs and expenses:					
Nutraceutical products	(2,460)	-	-	-	(2,460)
Technology services	-	(258)	-	-	(258)
Oil and conventional natural gas royalties	-	-	(178)	-	(178)
Oil and conventional natural gas operating costs	-	-	(276)	-	(276)
Operating expenses	(395)	(674)	-	-	(1,068)
General and administrative expenses	(159)	(473)	-	(207)	(839)
Amortization & depletion	(89)	(153)	(121)	(48)	(411)
Stock-based compensation	-	-	-	(234)	(234)
Impairment of capital asset	-	-	(2,325)	-	(2,325)
Operating loss	(25)	(1,267)	(2,476)	(489)	(4,258)
Other income / (expense):					
Interest income	-	-	-	(1)	1
Finance expenses	(6)	(268)	(319)	-	(593)
Net loss and comprehensive loss	\$ (32)	\$ (1,535)	\$ (2,795)	\$ (491)	\$ (4,850)

19. COMMITMENTS AND CONTINGENCIES

On January 30, 2018, concurrent with the closing of the Company's reverse take-over business combination with Pond Technologies Inc., the Company and Grizzly Resources Inc. ("GRL") entered into an Assignment Agreement, whereby the Company transferred all of its right, title and interest in and to and all burdens, obligations and liabilities in connection with a litigation matter, to GRL. GRL agreed to indemnify the Company from any potential liabilities that may arise from such litigation.

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

The Company may have various other contractual obligations from time to time in the normal course of operations. Generally, these types of contracts can be cancelled with 30 days' notice. The Company has entered two premises leases with the following total minimum annual payment as at September 30, 2020:

	Amount
Twelve months	\$ 102
Greater than 12 months	28
	\$ 130

Pond Technologies Holdings Inc.

Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020 and 2019

20. SUBSEQUENT EVENTS

On October 8, 2020 the Company issued 181,761 shares to satisfy \$60 of accrued interest owing under its \$2,000 principal amount secured convertible loan to Pond, representing a deemed price per share of \$0.33. Georgian Villas Inc. is an entity controlled by a director of Pond, Mr. Robert McLeese.

On November 2, 2020 the Corporation appointed Mr. Anthony Giovinazzo to the Corporation's Board of Directors. Mr. Cameron Mingay resigned from his director's position and as Chairman of the Board and Mr. Robert McLeese assumed the role of Pond's Chairman of the Board.

COVID-19

The Company is dependent on its workforce, distributors and project engineering service providers to sell and deliver its products and services. Developments such as social distancing and shelter-in-place directives have impacted the Company's ability to deploy its workforce effectively. These same developments may affect the operations of the Company's suppliers as their own workforces and operations are disrupted by efforts to curtail the spread of this virus. The effectiveness of remote work environments and hosted services may also be constrained due to unprecedented levels of internet usage stemming from the COVID-19 outbreak. The Company's research and development activities may also be impacted by the COVID-19 outbreak as well as travel restrictions. While expected to be temporary, these disruptions may negatively impact the Company's sales, its results of operations, financial condition, and liquidity in 2020.