



pondtech

POND TECHNOLOGIES HOLDINGS INC.

ANNUAL INFORMATION FORM
For the year ended December 31, 2020

July 31, 2021

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INTRODUCTORY INFORMATION

In this Annual Information Form (this “AIF”), unless otherwise specified or the context otherwise requires, reference to “Pond” or the “Company” includes reference to subsidiaries of Pond Technologies Holdings Inc. and its subsidiaries and includes, where the context requires, any prior legal names of such entities, including 2597905 Ontario Inc., Pond Technologies Inc., and Ironhorse Oil & Gas Inc.

Unless otherwise specified, all dollar amounts are expressed in Canadian dollars, all references to “dollars” or “\$” are to Canadian dollars and all references to “US\$” are to United States dollars.

FORWARD-LOOKING INFORMATION

This AIF contains certain forward-looking information or forward-looking statements within the meaning of applicable securities legislation (collectively “forward-looking information”). Forward-looking information typically contains statements with words such as “anticipate”, “expect”, “believe”, “plan”, “estimate”, “may”, “will”, “should”, “intends” or similar words suggesting future outcomes. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

Forward-looking information contained in this AIF includes, but is not limited to, statements regarding or statements dependent upon:

- *implementation of the Company’s business strategy and future operations;*
- *anticipated growth and related revenue generation;*
- *operating efficiency and results of operations;*
- *the Company’s earnings;*
- *expectations concerning the Company’s financial condition;*
- *market conditions, prices and costs;*
- *capital expenditures;*
- *risks of the Company;*
- *availability of regulatory approvals;*
- *the Company’s corporate objectives and plans or goals;*
- *development of strategic business relationships with the Company;*
- *the filing of patents, potential sale and licensing arrangements;*
- *anticipated development of biotechnology and technology services business, including technological advances;*
- *the development and production of nutraceutical algae;*
- *the impact of the COVID-19 pandemic on the Company’s business and operations;*
- *Future commodity prices;*
- *anticipated changes to the Company’s credit facilities, including the New Credit Facility;*
- *timing and development of the Company’s capital projects;*
- *the ability of the Company to fund its capital program and future development through cash flow from operations, debt financing, equity financing and other proceeds;*
- *future acts of governments and government agencies including orders of any kind that affect taxes, royalties, levies, fees, penalties and restrictions and their application, operating practices and standards, markets, employment, continuing rights to operate in the manner to which the Company has become accustomed; and*
- *expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance (financial or otherwise).*

The forward-looking statements contained in this AIF are based on certain assumptions, including assumptions regarding the continued legislative (including tax) regime in which Pond operates, the successful negotiation of binding agreements to give effect to partnership and licensing arrangements currently under negotiation, availability of cost-effective labour and supplies, the proper functioning of Pond's technology, the quality of the algae produced, the demand for Pond's technology, the ability of Pond to successfully compete against its competitors, contracted parties providing goods and services on the agreed timeframes, the Company's cash flow and expenses, obtaining and maintaining intellectual property protection, the ability of the Company to operate in the ordinary course during the COVID-19 pandemic, the Company's future liquidity position, and access to capital, to fund ongoing operations and obligations, expectations and assumptions relating to the stability of the global and national economic environment, the absence of significant fluctuations in foreign exchange rates and interest rates, and the accuracy of operating cost estimates.

Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by Pond and actual results may vary materially from such forecasts, predictions and projections. By its nature, Pond's forward-looking information involves numerous known and unknown risks, including those discussed under the heading "*Risk Factors*", and other uncertainties. The Company believes that the expectations reflected in the forward-looking information herein are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this AIF should not be unduly relied upon by investors. Readers are cautioned that the forgoing list of factors is not exhaustive. The forward-looking statements in this AIF are expressly qualified by this cautionary statement.

The Company does not undertake any obligation to publicly update or revise any forward-looking statement unless required by applicable law. Further, readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this AIF.

CORPORATE STRUCTURE

Name, Address and Incorporation

Pond Technologies Holdings Inc. (the "**Company**" or "**Pond**") is a corporation amalgamated under the *Business Corporations Act* of Alberta. Effective January 30, 2018 the Company 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 Company changing its name from Ironhorse Oil & Gas Inc. to Pond Technologies Holdings Inc. As of February 6, 2018, the Company's shares began trading on the TSX Venture Exchange ("**TSXV**") under the new trading symbol "POND." As of January 29, 2020 the Company's shares began trading on the OTC market under the trading symbol "PNDHF."

Pond Technologies Holdings Inc. has its registered office at Suite 3810, 888-3rd Street SW, Calgary, Alberta, T2P 5C5, and its head and principal office at 250 Shields Court, Unit 8 Markham, Ontario L3R 9W2.

Inter-corporate Relationships

As of the date of this AIF, the Company has two material wholly-owned subsidiaries, Pond Technologies Inc. ("**Pond Carbon**") a corporation incorporated under the laws of Ontario and Pond Naturals Inc. ("**Pond Naturals**") (successor by amalgamation to Pond Naturals Inc. and Regenerux Health Corporation), a corporation amalgamated under the laws of British Columbia on January 30, 2019. Pond Naturals continues to conduct the Company's operations for its Regenurex brand products.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The three year history of the Company is as follows:

2018

Pond Carbon Amalgamation

On January 30, 2018, the Company completed a “three-cornered” amalgamation under the provisions of the *Business Corporations Act* (Ontario), pursuant to which Pond Technologies Inc. and 2597905 Ontario Inc. (then a wholly-owned subsidiary of the Company), amalgamated (the “**Pond Carbon Amalgamation**”). The existing shareholders of Pond Technologies Inc. became shareholders of the Company, and the amalgamated entity continued as a subsidiary of the Company. In addition, immediately prior to completion of the amalgamation, the Company consolidated its issued and outstanding shares on the basis of 6.9 pre-consolidation common shares for each one post-consolidation common share (“**Common Shares**”) and changed its name from “Ironhorse Oil & Gas Inc.” to “Pond Technologies Holdings Inc.”

The Company’s trading symbol was changed from “IOG” to “POND” on February 6, 2018, upon issuance by the TSXV of its final bulletin in respect of the Pond Carbon Amalgamation.

The amalgamation agreement for the Pond Carbon Amalgamation dated October 4, 2017, as amended (the “**Amalgamation Agreement**”) is available on SEDAR at www.sedar.com.

Crystal Wealth Management System Ltd. (“CW” or “Crystal Wealth”)

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 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 include a deferral of quarterly interest payable of 4%.

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. On May 14, 2019, the Company signed an amendment to its \$3,500,000 loan agreement. The amendments included an extension of the loan maturity date from June 30, 2019 to June 30, 2021, an Early Redemption Incentive of a \$500,000 reduction on all outstanding principal if the loan and outstanding interest had been repaid in full by December 31, 2019 and no further changes to the existing interest terms.

Markham MOU

Markham District Energy (“**MDE**”) 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 contemplated 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 Markham MOU expired on June 30, 2018, and the term was extended.

A Collaborative Study Agreement was signed with MDE on February 19, 2018. The purpose of the agreement was to conduct preliminary design and engineering and cost estimates and perform on-site gas and algae growth testing for the project. The project was 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.

2019

Extension of Warrants

On January 4, 2019 the Company received approval from the TSXV to extend the expiry dates of five tranches of Common Share purchase warrants in the capital of the Company ("**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 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 were extended to January 30, 2021 and expired on that date without further extension.

Acquisition of Regenurex Health Corporation

On January 30, 2019, the Company closed its acquisition of Regenurex. The acquisition was affected 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 2,212,998 Pond shares.
- Upon amalgamation, former holders of the common shares of Regenurex received 18,219,200 nonvoting 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.

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 Company capitalized Pond Naturals Inc., by way of equity subscription, with \$275,000 (in addition to \$225,000 previously paid by the Company 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 a result of the Regenurex business combination on January 30, 2019 the Company assumed \$531,000 in loans. As at the date hereof, there are no outstanding loans.

Markham MOU

On May 2, 2019, the Company signed an Energy Services Lease Agreement (the “**MDE Lease Agreement**”) with MDE for the construction of an 8,000 square foot building to house an algae production facility at the MDE site. The Company was to provide evidence, satisfactory to MDE, of Pond’s ability to finance the construction and completion of the project as condition precedent before the agreement could take effect. Pond commenced design and engineering work for the construction of nutraceutical bioreactors for the MDE site and the MDE received building site plan approval from the City of Markham on July 31, 2019.

On October 30, 2019 the Company signed a letter extending the conditions precedent relating to Pond’s ability to finance the construction and completion of the project as contemplated, to February 5, 2020. Subsequent letters of extension extended the conditions precedent to allow the Company time to continue to seek project financing.

Non-Brokered Private Placement (June 2019)

On June 11 and 14, 2019, the Company issued a total of 2,742,504 units for total consideration of \$2,057,000. One unit was comprised of one Common Share and one Warrant. The Warrants may be exercised for one additional Common Share at a price of \$1.00 per Common Share on the earlier of 30 days after the holder of the Warrant receives notice from the Company that the Company’s Common Shares had traded at \$1.25 for at least 10 consecutive days or 2 years from date of issuance. A further 51 Warrants were issued to brokers on the same terms and conditions as the Warrant portion of the unit.

Crystal Wealth Management System Ltd.

Pond made a principal repayment of \$600,000 on June 28, 2019 reducing the outstanding principal balance on the CW loan from \$3,500,000 to \$2,900,000. In addition, Pond was required to make further principal repayments amounting to 20% of any financings and proceeds from the sale of its Pembina oil and gas property which in total exceed \$2,500,000. If the aggregate of the proceeds of any financing transactions and the sale of the Pembina asset are equal to or exceed \$10,000,000 Pond was required to repay the indebtedness in full including all principal, interest and other fees which may be outstanding at the time.

Convertible Promissory Note (November 2019)

On November 21, 2019, the Company issued a secured convertible promissory note to Georgian Villas Inc. (“**Georgian Villas**”), an entity controlled by one of Pond’s directors, Mr. Robert McLeese, with respect to a \$2,000,000 loan provided by Georgian Villas. The promissory note matures on November 15, 2021 and bears interest at 12% per annum, payable quarterly. The promissory note is convertible, at the option of GV, into common shares of Pond after the first anniversary date of the promissory note at a conversion price of \$1.00 per share, and is secured by a first priority interest over all of Pond Technologies Holdings

Inc. present and after-acquired property and assets, excluding any equity interest from time to time held by the Company other than equity interest in Pond Naturals. As consideration for agreeing to provide the loan, Georgian Villas also received a cash fee equal to 4% (\$80,000) 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 \$1,664,000. The difference between the fair value of the debt portion and principal amount of proceeds at date of issue of \$336,000 is determined to be the fair value of the conversion option that is recognized and included in shareholders equity as a convertible note reserve.

2020

Settlement of Debt

On January 24, 2020 the Company issued 167,783 Common Shares as settlement for \$79,000 of advisory fees owed to Cross Pond Ventures LLC (“**Cross Pond**”). The Common Shares were issued at the TSXV closing trading price \$0.47 per share on January 23, 2020 and were approved by the TSXV on March 2, 2020.

On June 17, 2020 the Company issued an aggregate of 868,545 Common Shares as settlement for \$194,000 for amounts owed under the terms of the following settlement agreements: (1) Cross Pond - 386,902 Common Shares as payment for \$85,000 of advisory fees owing under its Master Project Development Agreement with Pond, representing a deemed price per share of \$0.22; (2) Georgian Villas - 259,152 Common Shares to satisfy \$57,000 of accrued interest on its \$2,000,000 principal amount secured convertible loan to Pond, representing a deemed price per share of \$0.22; (3) ExCap Advisors Inc. - 149,277 Common Shares in satisfaction of \$35,000 of consulting fees owing, representing a deemed price per share of \$0.235; and (4) Steven Martin - 73,214 Common Shares to satisfy \$17,000 owing pursuant to past services rendered to Pond, representing a deemed price per share of \$0.23.

On October 8, 2020, the Company issued 181,761 Common Shares to Georgian Villas to satisfy \$60,000 of accrued interest owing under its \$2,000,000 principal amount secured convertible loan to Pond, representing a deemed price per Common Share of \$0.33.

Trading Symbols

On January 29, 2020 the Financial Industry Regulatory Authority approved the change in the Company’s stock symbol on the OTC market. The Company’s Common Shares began trading on the OTC market under the symbol “PHDHF”. The previous trading symbol was “IOGIF”.

Deferred Share Unit Plan

On February 20, 2020 Pond received TSXV acceptance of the Directors’ Deferred Share Unit Plan (the “**DSU Plan**”). The Plan was previously approved at Pond’s Annual General and Special Meeting of shareholders for the 2019 fiscal year. The number of Common Shares originally reserved for issuance under the DSU Plan at anytime was not to exceed 500,000 Common Shares (subsequently amended to 1,500,000). As at December 31, 2020, 704,932 Common Shares were reserved for issuance on settlement of DSUs.

European Licensing Arrangement

On March 19, 2020, the Company signed a non-exclusive licensing agreement with London based Remediate (UK) Ltd. Under the terms of the licensing agreement, Remediate will have the non-exclusive right to use Pond’s patents and know how in the countries and principalities of continental Europe as well

as the United Kingdom. As consideration for granting the license, Pond shall be paid a fee to be agreed upon, on a case by case basis, related to the separate agreements to be entered into between Remediate and the end users. For the years commencing January 1, 2020 to December 31, 2021 the aggregate fee to be no less than \$500,000 and thereafter not less than \$2,000,000 per annum each year thereafter. Pond continues to work with Remediate on securing agreements to purchase plant orders and licenses.

Crystal Wealth Management System Ltd.

On March 31, 2020 the Company signed an amendment to its loan agreement with Crystal Wealth to defer \$57,000 of interest due on March 31, 2020 until the earlier of June 30, 2020 or the completion of a new share offering. The interest due on June 30, and September 30, 2020 was paid in full.

FedDev Loan

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 initial terms of the loan agreement, the loan bears no interest and is repayable in 60 equal monthly installments with a loan balance of \$125,000 as at December 31, 2020. The FedDev loan was fair valued at inception and interest accretion for the imputed interest rate 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 \$10,000 per month thereafter for the remaining term of the loan. The loan remained interest free.

Non-Brokered Private Placement (June 2020)

On June 25 and 29, 2020, the Company issued a total of 4,000,000 units for total consideration of \$1,000,000. Each unit was comprised of one (1) Common Share in the capital of Pond and one (1) Warrant of Pond, with each Warrant entitling the holder thereof to purchase one (1) Common Share at a purchase price of \$0.25 and expiring on the date that is the earlier of: (i) 30 days after the date on which Pond gives notice to the holders of the Warrants after the Common Shares have traded at a closing price of greater than \$1.00 per share for 20 consecutive trading days on the TSXV and (ii) the date that is two years after the date that the Warrant is issued. The Common Shares and Warrants comprising the units are subject to a statutory hold period which expired on October 27, 2020 or October 30, 2020, depending on the tranche in which such securities were closed upon. A further 48,000 Warrants were issued to finders on the same terms and conditions as the Warrant portion of the unit.

2021

Deferred Share Unit Plan

On January 4, 2021 the TSXV approved an increase to the number of Common Shares reserved for issuance under the DSU Plan to 1,500,000 on January 4, 2021.

Non-Brokered Private Placement (March 2021)

On March 5, 2021, the Company closed a non-brokered private placement offering of 10,000,000 units at a purchase price of \$0.35 per unit for aggregate gross proceeds of \$3,500,000. Each unit was comprised of one Common Share in the capital of Pond and one Warrant of Pond, with each Warrant entitling the holder thereof to purchase one Common Share at a purchase price of \$0.45 and expiring on the date that is the earlier of: (i) 30 days after the date on which Pond gives notice to the holders of the Warrants after the

Common Shares have traded at a closing price of greater than \$1.35 per Common Share for 20 consecutive trading days on the TSXV and (ii) the date that is two years after the date that the Warrant is issued. The Common Shares and Warrants comprising the units are subject to a statutory hold period which will expire on July 6, 2021.

Crystal Wealth Management System Ltd.

On March 24, 2021 the Company entered into a further amending agreement with Crystal Wealth providing for an extension of the term of the loan to June 30, 2023, with Pond agreeing to make a payment of \$900,000 by March 31, 2021 towards interest and principal, monthly principal payments of \$50,000 beginning July 31, 2021, and continued quarterly as well as interest payments of 8% and 4% deferred interest. All previous principal repayment requirements including 20% of any financings and proceeds from a sale of its Pembina oil and gas property were deleted in their entirety. All other terms of the loan remain in effect.

Markham MOU

The MDE Lease Agreement expired without further extension on May 2, 2021, and Pond continues to work on projects which could lead to a new agreement for the use of the MDE site if new terms can be agreed.

Grant of Stock Options

On May 13, 2021, the Company granted an aggregate of 200,000 stock options to purchase Common Shares of the Company (“**Options**”) to eligible consultants under the Company’s existing stock option plan (the “**Option Plan**”). Each Option is exercisable for one Common Share of the Company at an exercise price of \$0.67 per Common Share. The closing price of the Common Shares of the Company on the TSXV on May 12, 2021 was \$0.67. The Options have a term of 3 years and vest as to one-half on the date of grant, one-quarter on the first anniversary of the date of grant, and the balance on the second anniversary of the date of grant.

Extension of Warrants

On May 21, 2021, the Company sought TSXV approval to extend the exercise date of 2,742,504 Warrants due to expire on June 11 and June 14, 2021 to December 15, 2021. The Warrants are exercisable into 1 Common Share of the Company at an exercisable price of \$1.00. TSXV approval of the extension was received on June 8, 2021.

Sale of Pembina Assets

On June 16, 2021 Pond sold to Grizzly Resources Ltd. (“**Grizzly**”) all of its petroleum and natural gas assets (the “**Assets**”) in the Pembina Area, Alberta (the “**Divestiture**”). As part of the divestiture, Grizzly assumed all abandonment and reclamation liabilities related to the assets and will pay up to \$2.25 million in future conditional consideration to Pond upon the sale of the assets and/or upon the resumption of production.

Initial Engineering Study with CSV

On June 22, 2021, Pond received a purchase order for an initial engineering study from CSV Midstream Solutions Corp. (“**CSV**”), a premier provider of midstream solutions. The initial project engineering study is for the design and construction of an algae plant utilizing CO₂ from an on-site natural gas plant.

The initial engineering study follows an executed letter of intent for Pond to support the design,

procurement and construction of an algae plant utilizing emissions from one of CSV's natural gas facilities near Grande Prairie, Alberta. Upon completion of the engineering study and a positive final investment decision by CSV, the first stage of development would be an algae plant that would supply Pond with an enhanced supply of astaxanthin. Pond would provide engineering services, proprietary equipment and operational support.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Located in Markham, Ontario, Pond is a Canadian technology company that provides profitable solutions to the global health and wellness challenges of climate change and nutrition. Pond's proprietary growth platform, including patented advanced photonics, optimizes key growth inputs in order to provide a controlled environment that maximizes the growth of algae and other organisms. This enables industrial emitters to generate new revenue streams from the transformation of underutilized CO₂ to valuable algae-based products, such as protein for animal feed and nutraceutical products like Chlorella, Spirulina, and Astaxanthin for human consumption.

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 of algae for the expression of complex proteins used in diagnostics and therapeutic treatments, aquaculture, animal feeds, and as feedstock in the production of algae-based biomaterials.

The Company has formed carbon reduction, nutraceutical and biotech business segments and is actively pursuing opportunities in the nutraceutical superfood marketplace, and the production of complex proteins used in therapeutic treatments. In addition, the Company is also working to extend its technology applications into related verticals, including land remediation, aquaculture and animal feeds, in an effort to commercialize the adoption of its integrated proprietary algae growth platform.

Pond is a publicly traded ESG company which is able to provide proprietary carbon-to-microalgae technology to address the global sustainability challenges of climate change, sustainable food production and the production of complex proteins used in therapeutic treatments.

Pond is recognized as a world leader in the development of its proprietary world class technology and related systems to optimize algae growth in controlled and scalable environments.

Pond believes that the multi-billion dollar sustainable animal feed and functional food protein markets, the production of complex proteins used in therapeutic treatments and nutraceutical markets are all ready for an algae-based revolution. These industries have been researching the uses of algae for decades, but no technology that can scale production has emerged. A scalable algae production technology would enable these industries to be more profitable and more sustainable, resulting in a paradigm shift similar to the transformational changes that we see in renewable energies today. Pond believes it provides the disruptive, scalable platform technology that has held the industry back to-date. Pond's aim is to become the largest supplier of algae-growing technology in the world.

The Company's research and development work has positioned the Company to be able to deploy its technology on a commercial basis once further adoption of the technology by industry is achieved. Pond is working to complete commercial sales of its bio-reactor technology and continues to expand the application of its technology including the recent development of microalgae plants assembled from modular container

units. Pond is in discussions with industrial stack emitters and commercial feed and ingredient producers and processors to adopt its technology to grow microalgal. If successful, this 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.

Pond's algae growth platform, based upon enclosed, controlled, and monitored photobioreactors, may provide a significant competitive advantage, and allow the Company to compete effectively on quality, consistency of supply, and price. Pond's strategy is to demonstrate its technological advantage, with its lighting, illumination, and control technology and its working know how as the cornerstone, establishing a presence in the market, which will allow Pond to approach producers with a view toward adopting and licensing its technology.

Areas of Operations

The following is a summary of the activity of each of Pond's business divisions.

Pond Naturals

Pond Naturals is engaged in the production, formulation and creation of custom blended nutrition products. Pond Naturals operates a 10,000 square foot algae production facility, in Agassiz, British Columbia, Canada. Pond Naturals sells algae, health food, and supplement ingredients generated from its own Regenurex brand and from third party producers. Pond Naturals' Astaxanthin is unique because it uses a proprietary natural extraction process that is both sustainable and environmentally friendly.

Astaxanthin production trials have shown that Pond Naturals can double production in its Agassiz pilot facility from 5 to 10 Kg/month through modest improvements to our 7,000L photobioreactors. Improvements are anticipated to be completed by the end of Q3 2021. In addition, expansion of the extraction facility began in Q1 and is expected to result in an increase of output from 10 to 30 Kg/month of astaxanthin and is also anticipated to be completed by the end of Q3 2021. Pond Naturals has entered into supply agreements with astaxanthin producers to provide biomass, as needed, to match the gap between production and extraction capacities.

Pond Biotech

Pond Biotech division ("**Pond Biotech**") grows genetically modified algae that express complex proteins used in diagnostics, therapeutics and medicines. The division was created with the potential to become a global contract manufacturing operation for bio-tech diagnostic and pharmaceutical companies looking to grow specific proteins at scale.

During 2020, Pond began working with genetically modified algae strains that host and produce valuable products including antigens, antibodies, or other therapeutic proteins. Pond's proprietary growth technology and bioreactors have successfully grown the genetically modified algae. Pond believes that it has a cost effective and scalability advantage to produce these valuable products with algae, as compared to mammalian cells production. Pond has successfully grown genetically modified algae that expresses a protein to be used in a diagnostic and is currently preparing to scale up production at its Markham plant to produce commercial quantities. The modified algae has successfully demonstrated genetic stability and expresses the desired protein in expected quantities. Pond is making progress toward a first commercial agreement for a protein expressed in a genetically modified algae system for use in a diagnostic system. As additional experiments are completed, Pond plans to look for further applications and opportunities in vaccines and therapeutics.

Pond completed an initial research contract and is nearing completion of a second, both demonstrating successful production of recombinant proteins with large commercial application in partnership with an end buyer, using Pond's proprietary growth platform. Pond has hired a new VP, Biotech, and has developed a new bioreactor design for the commercial production of recombinant proteins. Following final testing of this design, Pond will begin commercial production of recombinant proteins for diagnostic applications. Over the next quarter, Pond will begin delivery of product to partners, and look to expand production capacity at its Markham headquarters.

Pond Carbon

Pond Carbon is engaged in the sale and licensing of its CO₂ abatement technology to project developers, funders, engineering companies, and others in partnership with industrial emitters. Pond Carbon provides consulting feasibility studies, engineering and commissioning support services as well as the sale of equipment to companies seeking to adopt its technology.

During the fourth quarter of 2020, Pond Carbon introduced a modular and scalable containerized photo-bio reactor unit. The controlled and scalable unit package includes a laboratory, photobioreactor, controls and training and can be easily shipped anywhere in the world. This unit includes full capabilities to grow and harvest algae biomass and can serve as a 'proof-of-concept' for customers looking to transform their greenhouse gas emissions into valuable products or develop algae products for the market.

Pond Algae Growth Platform

The major systems of Pond's algae growth platform system are:

- **Gas handling** – where flue gas is collected, cooled, and water vapour is removed. The resulting flue gas is pressurized and sent to the sparging unit to bubble through the photobioreactor.
- **Photobioreactor** – the tank where the algae grows and the CO₂ is biologically fixed into algae biomass.
- **Illumination System** – the LED modules and the light distribution system described in section 2.1.2. The current system is designed to allow for the addition of sunlight via a solar collection system.
- **Algae harvesting** – the system for algae harvesting and separation from water. The water is extracted and recycled back to the photobioreactors. The algae is then dried to produce nutraceutical chlorella powder.
- **Dosing system** – this system adds nutrients to the photobioreactors as necessary to support algae growth.
- **Control system** – this monitors and controls the entire process.

The overall process at Pond's algae plants is pictured in the diagram below.

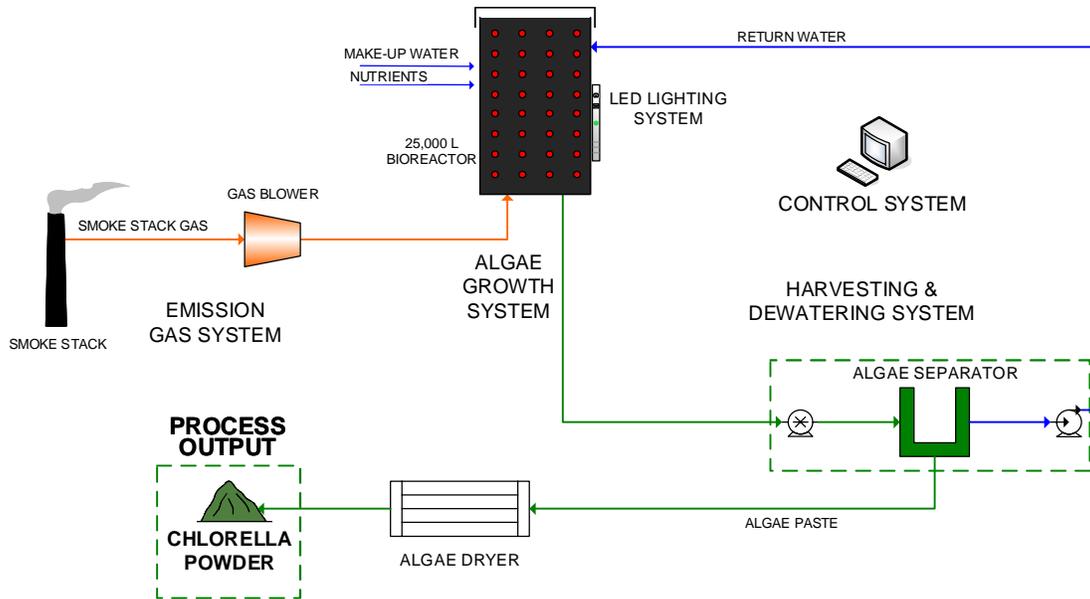


Figure - Process schematic for an algae plant

Discontinued Operations – Pembina

The Company owned 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 (“**Sinopec**”) 13-2-50-06 W5M (13-2) Battery via a Sinopec owned pipeline. The gas production from the L2L Pool has a hydrogen sulfide (H₂S) 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 Sinopec battery and then compressed and transported via pipeline to the Keyera Minnehik-Buck Lake (“**MBL**”) 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 H₂S 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 H₂S 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 Company 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.

In response to weakening oil prices and the reluctance of third-party operators in the area to reduce processing/transportation fees in response to the current environment, on April 14, 2020 the operator of the Nisku Pool L2L Pool shut-in production from the Pembina wells because continued production is uneconomic under the current commodity price environment.

Subsequent to the shut-in of the Pembina well, the 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 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 downgraded in 2020 from Proven Developed Producing to Proven Developed Non-Producing. The Company made a full capital cost provision of \$2,325 against the Pembina property interest in 2020.

On June 16, 2021 the Company completed the Divestiture with Grizzly. As part of the Divestiture, Grizzly will assume all abandonment and reclamation liabilities related to the Assets and pay up to \$2.25 million in future conditional consideration to the Company. See “*General Development of the Business – Three Year History – 2021 – Sale of Pembina Assets*”.

Specialized Skill and Knowledge

The Company’s business requires the application of high levels of technical skill in the areas of health supplements, algae production, engineering, and manufacturing. Pond has assembled a team of skilled technical experts who Pond believes provide the technical skills required to succeed in its business. See “*Risk Factors – Reliance on Key Personnel*”.

The Company's management team and board of directors have a demonstrated history of successful business operations, including global health supplements and ingredients, biotech companies and commercial manufacturing operations. The combination of extensive industry experience, comprehensive capital markets knowledge and strong leadership abilities has positioned the Company to successfully execute its business plan and support long-term value creation.

Competitive Conditions

Pond competes with other algae-based biomass producers and cultivators, including for applications within diagnostics and therapeutic treatments, aquaculture, animal feeds, and as feedstock in the production of algae-based biomaterials.

Additionally, Pond competes with other non-algae-based nutraceutical and biotech businesses generally, including in the nutraceutical superfood marketplace, therapeutics, and other technology applications in related verticals, including land remediation, aquaculture and animal feeds.

While other companies are attempting to produce and cultivate algae-based biomass, and research and develop related biotechnological applications, the Company believes that the market will be large enough at maturity to handle multiple companies. While there are certain advantages to being first to market, including, but not limited to, brand recognition, establishment of distribution channels and ability to execute material partnerships with suppliers and customers, the Company believes that the ultimate market size will support a multitude of industry participants.

The Astaxanthin market is encumbered by the high cost of production and quality that can vary widely between manufacturers. Pond Naturals sees itself as a market leader in quality of natural Astaxanthin. Backed by controlled bioreactors and a proprietary natural extraction process where the product is never

dehydrated or exposed to harsh chemicals, the quality of Pond Natural’s Astaxanthin is high and is characterized by a sweet XXX laver profile rather than the fishy smell that is often experienced by many manufacturers. The primary advantages of naturally produced Astaxanthin are safety, efficacy, and sustainability. Natural Astaxanthin also has anti-inflammatory properties, which provides additional benefits for skin, joint, and eye health.

New Products

The Company completed a research contract which successfully produced recombinant proteins using Pond’s growth platform. Pond plans to begin commercial production of recombinant proteins for diagnostic applications, following final testing of a new bioreactor design.

Components

The key components of Pond’s algae growth platform include bioreactors and proprietary sensor controls. Bioreactor key components use third party produced components and include various size vessels, LED lighting, cooling, circulation systems and pumps. Sensors and related process data have been developed using third party sourced materials and software.

Intangible Properties

The Company has 24 International Patents in process globally including UK, Germany, France, Switzerland, Italy, Netherlands Taiwan, China, and also a protected IP portfolio in Canada, Australia, India. The patents cover modulation related to the flow of stack gas; dilution patents related to the mixing of stack gas; and adaptive control systems that predict optimum harvest rates based on growth.

For a list of the Company’s patents in Canada, see the table below.

#	Canadian Patent #	Patent Title
1.	2738461	PROCESS FOR GROWING BIOMASS BY MODULATING GAS SUPPLY TO REACTION ZONE
2.	2738397	PRODUCING BIOMASS USING PRESSURIZED EXHAUST GAS
3.	2738410	DILUTING EXHAUST GAS BEING SUPPLIED TO BIOREACTOR
4.	2928496	RECOVERING OFF-GAS FROM PHOTOBIOREACTOR
5.	2738459	RECOVERING MAKE-UP WATER DURING BIOMASS PRODUCTION
6.	2898315	PROCESS FOR MANAGING PHOTOBIOREACTOR EXHAUST

7.	2834279	PROCESS USING EXHAUST GASES FOR EFFECTING GROWTH OF PHOTOTROPHIC BIOMASS
8.	2738418	PROCESS FOR GROWING BIOMASS BY MODULATING INPUTS BASED ON CHANGES TO EXHAUST SUPPLY
9.	2738516	BIOMASS PRODUCTION
10.	2826322	BIOMASS PRODUCTION
11.	2799988	BIOMASS PRODUCTION
12.	2856253	SPARGER SYSTEM
13.	2836218	MULTILEVEL PHOTOBIOREACTOR
14.	2819583	PROCESS AND SYSTEM FOR PRODUCING ALGAL OIL
15.	2764291	LOW-COST INTEGRATED POND-PHOTOBIOREACTOR
16.	2761251	FAST ERECTABLE BIOREACTOR
17.	2858204	LOW-COST PHOTOBIOREACTOR
18.	2954638	PHOTOBIOREACTOR SYSTEMS AND METHODS FOR PRODUCING BIOMASS
19.	2917497	METHODS AND APPARATUS FOR CRYSTALLIZATION OF SALTS
20.	2977019	INDOOR SHRIMP AQUACULTURE SYSTEM AND METHOD
21.	2699406	BIOLOGICAL OILS AND PRODUCTION AND USES THEREOF
22.	2488443	PHOTOBIOREACTOR AND PROCESS FOR BIOMASS PRODUCTION AND MITIGATION OF POLLUTANTS IN FLUE GASES
23.	2766627	OPTIMIZED FC VARIANTS AND METHODS FOR THEIR GENERATION

Cycles

On an overall basis, the business is not considered cyclical or seasonal. The customers for CO2 capture

generally run on a year round basis. The consumer markets for the Company's products like algae-based foods or animal feed proteins require year round supply. From a consumer standpoint, as the Company's products are not used to treat seasonal afflictions, it is not anticipated that there would be significant seasonal purchasing variation.

Economic Dependence

Pond Naturals

The Company's Pond Naturals distribution business relies on its ability to source third party manufactured ingredients to sell to its customer base.

On November 30, 2018, Pond acquired the exclusive distribution rights from RFI, LLC for an initial term of 5 years with an exclusive right to renew for a further 5 years provided certain sales targets are met, which management believes will be attained. Pond Naturals' strategy is to resell certain RFI products and promote algae derived products into growing high value markets, including nutraceuticals, food colorants, cosmetics, and animal and aquaculture feeds.

Pond Carbon

On March 23, 2020 the Corporation signed a non-exclusive licensing agreement with London based Remediate (UK) Ltd. Under the terms of the licensing agreement, Remediate will have the non-exclusive right to use Pond's patents and know how in the countries and principalities of continental Europe as well as the United Kingdom. As consideration for granting the license, Pond shall be paid a fee to be agreed upon, on a case by case basis, related to the separate agreements to be entered into between Remediate and the end users. In no event will the fee be less than \$500,000 per annum, payable quarterly, until December 31, 2021, and thereafter not less than \$2,000,000 per annum.

See "*General Development of the Business – Three Year History – 2020 – European Licensing Arrangement.*"

Changes to Contracts

Energy Services Lease Agreement with MDE

As noted earlier under the heading "*General Development of the Business – Three Year History – 2019 – Markham MOU*", on May 2, 2019, the Company signed an Energy Services Lease Agreement with MDE for the construction of a 8,000 square foot building to house an algae production facility at the MDE site. The Corporation was to provide evidence, satisfactory to MDE, of Pond's ability to finance the construction and completion of the project as condition precedent before the agreement could take effect. Pond commenced design and engineering work for the construction of nutraceutical bioreactors for the MDE site and the MDE received building site plan approval from the City of Markham on July 31, 2019.

On October 30, 2019 the Company signed a letter extending the conditions precedent relating to Pond's ability to finance the construction and completion of the project as contemplated, to February 5, 2020. Subsequent letters of extension extended the conditions precedent to allow the Corporation time to continue to seek project financing. The agreement expired without further extension on May 2, 2021 and Pond continues to work on projects which could lead to a new agreement for the use of the MDE site if new terms can be agreed.

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. The OCEFA expired on December 31, 2020 and it is unlikely that the Project will proceed.

Environmental Protection

The Company is currently not aware of any material financial and operational effects of environmental protection requirements on the capital expenditures, profit or loss and competitive position of the Company in the current financial year and in future years.

Employees

As at December 31, 2020, the Company employed or retained the services of 20 individuals (including personnel hired on a contract basis) at its head office and at its production facility in Agassiz, British Columbia.

As at the date of this Annual Information Form, the Company employed or retained the services of 25 individuals (including personnel hired on a contract basis) at its head office and at its production facility in Agassiz, British Columbia.

Foreign Operations

The Company operates in Canada and provides services to its customers primarily in Canada, USA and the UK. The Company’s head office located in Markham Ontario includes the operations and technology development for Pond Biotech and Pond Carbon. Additionally, the Company also maintains a 10,000 square foot algae astaxanthin production facility, in Agassiz, British Columbia, as well as a 20,000 litre prototype plant located at St Mary’s, Ontario.

Lending

The Company currently does not have any lending operations.

Bankruptcy and Reorganizations

There have been no bankruptcy, receivership or similar proceedings against the Company, or any voluntary receivership, bankruptcy or similar proceeding by the Company within its three most recently completed financial years or that were completed during or are proposed for the current financial year.

Social or Environmental Policies

The company has not implemented formal social or environmental policies regarding the Company's relationship with the environment or with the communities in which it does business, or regarding human rights policies.

However, the Company is fully committed to a policy of corporate responsibility in all aspects of its operations, and towards maintaining high standards of environmental protection and care in its business. Towards this end, the Company continues to implement, expand and promote its development and social responsibility policies and programs, including to protect the environmental.

In addition, the business purpose of the Company's Pond Carbon division is focused on developing carbon capture and abatement solutions using its algae technologies in order to reduce global carbon emissions. The development of environmental protection and enhancement solutions is an integral part of the Company's business.

RISK FACTORS

Pond is committed to a proactive program of risk management through consistent identification and evaluation of risks inherent to the business, prospects, financial position, financial condition or operating results of the Company. The following section sets forth certain of the principal risks of the Company which could have a material adverse effect on the Company's business.

The risks and uncertainties described in this AIF are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company.

Readers should give special consideration to the risk factors set forth below and the information contained in the section entitled "*Forward-Looking Information*".

Lack of Significant Revenues

The Company 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 Company is confident in its technology, it cannot know with complete certainty if or when any of its technologies will be commercialized.

History of Net Losses

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

Collaborative Arrangements

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

Production Risks

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 Company has taken what it believes to be reasonable steps to mitigate risks associated with its processes, certain factors may arise beyond the Company's control, therefore, the Company cannot, and does not attempt to, provide any form of assurance with regard to its systems, processes, or cost-effectiveness.

Consumer Perception Regarding Greenhouse Gas Abatement

The Company 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.

COVID-19 Pandemic

The recent COVID-19 pandemic, and actions taken, and that may be taken, by governmental authorities in response thereto, have resulted and may continue to result in, among other things: increased volatility in financial markets and foreign currency exchange rates; disruptions to global supply chains; adverse effects on the health and safety of the Company's workforce, or guidelines or restrictions to protect health and safety of such workforces, rendering employees unable to work or travel; temporary operational restrictions; and an overall slowdown in the global economy.

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 related to the COVID-19 outbreak 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. Additionally, 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 going forward.

The full extent of the risks surrounding the severity and timing of the COVID-19 pandemic is continually evolving and is not fully known at this time; therefore, there is significant risk and uncertainty which may have a material and adverse effect on our operations.

Global Financial Markets

Market events and conditions, including disruptions in the international credit markets and other financial systems, have caused significant volatility in global financial markets. These events and conditions have caused a decrease in confidence in the global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. This volatility may affect the Company's ability to obtain equity or debt financing on acceptable terms.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects.

Commercial Viability of the Application of the Company's Technology to Markets

Much of the Company'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 Company.

Volatility of Share Price

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 Company's control.

Dependency upon Continuous Improvements

The Company'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.

Litigation and Claims

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to personal injuries, property damage, property tax, land rights, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations.

Even if the Company prevails in any such legal proceeding, the proceedings could be costly and time consuming and may divert the attention of management and key personnel from the Company's business operations, which could adversely affect its financial condition.

Intellectual Property Protections and Litigation

Commercial success will depend in part on obtaining and maintaining patent, confidential knowhow/trade secret and trade-mark protection of the Company'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.

Due to the rapid development of technologies in biotechnology fields, in the normal course of the Company's operations, the Company may become involved in, named as a party to, or be the subject of, various legal proceedings in which it is alleged that the Company has infringed the intellectual property rights of others or commence lawsuits against others who the Company believes are infringing upon its intellectual property rights. The Company's involvement in intellectual property litigation could result in

significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Company's favour. In the event of an adverse outcome as a defendant in any such litigation, the Company may, among other things, be required to: (a) pay substantial damages; cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (b) expend significant resources to develop or acquire non-infringing intellectual property; (c) discontinue processes incorporating infringing technology; or (d) obtain licences to the infringing intellectual property. However, the Company may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Company's business and financial results.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Income Taxes

The Company files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada) and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Company, such reassessment may have an impact on current and future taxes payable. Tax authorities having jurisdiction over the Company may disagree with how the Company calculates its income for tax purposes or could change administrative practices to the Company's detriment.

Information Technology Systems and Cyber-Security

The Company has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. If any of such programs or systems were to fail or create erroneous information in its hardware or software network infrastructure, possible consequences include a loss of communication links or reliable information, an inability to find, produce, process and sell oil and natural gas and an inability to automatically process commercial transactions or engage in similar automated or computerized business activities. If any of such programs or systems were to fail or create erroneous information in its hardware or software network infrastructure, which is not resolved within a short period of time, could have a material adverse effect on the Company's business.

The Company is also subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach and destruction or interruption of the Company's information technology systems by third parties or insiders. Although the Company has security measures and controls in place that are designed to mitigate these risks, a breach of its security measures and/or a loss of information could occur and result in a loss of material and confidential information and reputation, breach of privacy laws and a disruption to its business

activities. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Company.

Reputation Risk

The Company relies on its reputation to build and maintain positive relationships with stakeholders, to recruit and retain staff, and to be a credible trusted company. Any actions that the Company takes that causes a negative public opinion has the potential to negatively impact the Company's reputation which may adversely impact its share price, development plans or its ability to continue operations.

Manufacturing Capacity

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

Competition

The company competes within competitive industries. There is potential that the Company 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 Company.

Acquisitions and Transactions

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

Additionally, the Company considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Any completed acquisitions, strategic transactions, or investments could fail to increase shareholder value. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets and lines of business may be periodically disposed of, so that the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets and lines of business, the Company, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Company.

Integration of Subsidiaries

The Company could fail to integrate subsidiaries and other interests into the business of the Company.

Variation in Production Costs

The Company'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 Company may operate, and it may not be able to predict or control these costs.

Governmental Regulation

The activities of the Company are subject to regulation by governmental authorities.

Environmental and Safety Laws

The Company'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.

Access to Government Grants and Subsidies

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

Reliance on Key Personnel

The Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel in industries in which the Company competes is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

A loss of key personnel or material erosion of employee morale, at the corporate and field levels, could have a materially adverse effect on the Company's ability to meet customer, trade partner and strategic partner expectations, thereby adversely affecting the Company's business and results of operations. The loss of services of members of the Company's senior management team could impair the Company's ability to execute the Company's strategy and implement operational initiatives, thereby having a material adverse effect on the Company's financial condition and results of operations.

Limited Operating History

The Company has a limited operating history.

Conflicts of Interest of Directors and Officers

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

No Certainty regarding Sale of Securities

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 Company.

Dilution

In the event that the Company 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 Company's existing shareholders.

Ownership of Shares by a Limited Number of Existing Shareholders

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 Company that could otherwise be beneficial to the Company's shareholders.

No Anticipation of Dividends

The Company has not declared or paid any dividends on any of its shares in the past three most recently completed financial years, and does not anticipate paying any dividends on the common shares in the foreseeable future.

DIVIDENDS

The Company has not declared or paid any dividends on any of its shares in the past three most recently completed financial years. The Company does not anticipate paying dividends in the foreseeable future, as future earnings will be retained to finance further expansion of business and operations. Any decision to pay dividends on any class of shares will be made by the Board on the basis of earnings, financial requirements and other conditions existing at such future time. There are restrictions that could prevent Pond Carbon, a subsidiary of the Company from paying dividends or distributions.

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the rights, privileges, restrictions and conditions attaching to the shares in the share capital of the Company.

Common Shares

An unlimited number of Common Shares, without par value, have been authorized, of which 29,526,598 Common Shares were outstanding at December 31, 2020 and 43,275,518 Common Shares were outstanding at July 31, 2021.

The holders of the Common Shares shall be entitled to receive dividends if, as and when declared by the board of directors of the Company out of the assets of the Company properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Company entitled to receive dividends in priority to or concurrently with the holders of the Common Shares, the board of directors may in its sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares of the Company.

In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall, subject to the rights of the holders of any other class of shares of the Company entitled to

receive assets of the Company upon such a distribution in priority to or concurrently with the holders of the Common Shares, be entitled to participate in the distribution. Such distribution shall be made in equal amounts per share on all the Common Shares at the time outstanding without preference or distinction.

The holders of the Common Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Company and to one (1) vote in respect of each Common Share held at all such meetings.

The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

First Preferred Shares

An unlimited number of first preferred shares of the Company (“**First Preferred Shares**”) issuable in series have also been authorized, of which none are outstanding.

The First Preferred Shares may at any time and from time to time be issued in one or more series. The board of directors of the Company may from time to time before the issue thereof fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series of First Preferred Shares.

The First Preferred Shares shall be entitled to priority over the Common Shares and all other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of assets of the Company in the event of any liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs.

The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to priority in the payment of dividends and in the distribution of assets of the Company in the event of any liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs.

The First Preferred Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Warrants

The following table sets forth all Warrants of the Company that are outstanding as of the date of this AIF (presented on a post-consolidation basis):

Number of Warrants	Exercise Price (CAD\$)	Expiry Date
2,742,555 ⁽¹⁾	\$1.00	The earlier of 30 days after the holder of the Warrant receives notice from the Company that the Company’s Common Shares had traded at \$1.25 for at least 10 consecutive days or December 15, 2021.
764,750 ⁽²⁾	\$0.25	The earlier of: (i) 30 days after the date on which Pond gives notice to the holders of the Warrants after the Common Shares have traded at a closing price of greater than \$1.00 per share for 20

		consecutive trading days on the TSXV and (ii) the date that is two years after the date that the Warrant is issued (being June 25, 2020 or June 29, 2020)
10,000,000 ⁽³⁾	\$0.45	The earlier of: (i) 30 days after the date on which Pond gives notice to the holders of the Warrants after the Common Shares have traded at a closing price of greater than \$1.35 per Common Share for 20 consecutive trading days on the TSXV and (ii) the date that is two years after the date that the Warrant is issued (being March 5, 2021).

Notes:

(1) Issued in connection with the June 2019 non-brokered private placement. See “*General Development of the Business – Three Year History – 2019 - Non-Brokered Private Placement (June 2019)*” and “*General Development of the Business – Three Year History – 2021 – Extension of Warrants*”. 51 of these Warrants were issued to brokers.

(2) Issued in connection with the June 2020 non-brokered private placement. See “*General Development of the Business – Three Year History – 2020 - Non-Brokered Private Placement (June 2020)*”.

Issued in connection with the March 2021 non-brokered private placement. See “*General Development of the Business – Three Year History – 2021 - Non-Brokered Private Placement (March 2021)*”.

Share Options

The Company’s Option Plan was previously approved by shareholders of the Company at the annual and special meeting of the Company held on December 9, 2020.

The Option Plan permits the granting of Options to directors, officers, employees, consultants and other service providers (“**Optionees**”) of the Company. The Option Plan is intended to afford persons who provide services to the Company an opportunity to obtain an increased proprietary interest in the Company by permitting them to purchase Common Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with the Company. The Option Plan is administered by the Board.

Pursuant to the terms of the Option Plan, the aggregate number of Shares reserved for issuance:

- (a) on exercise of all options issued under the Option Plan at any given time shall not exceed 10% of the number of outstanding Shares;
- (b) to any one Optionee in a 12 month period shall not exceed 5% of the number of outstanding Shares;
- (c) to any one director or officer under the Option Plan shall not exceed 5% of the number of outstanding Shares;
- (d) to any one consultant in a 12 month period shall not exceed 2% of the number of outstanding Shares; and
- (e) to all eligible charitable organizations shall not exceed 1% of the number of outstanding Common Shares,

all subject to the terms of the Option Plan. Further, the maximum number of securities of the Company issuable to insiders, as such terms is defined in the Option Plan, at any time pursuant to the Option Plan shall not exceed 10% of the number of outstanding Common Shares. The maximum number of securities

of the Company issued to insiders, within any one year period, under the Option Plan, shall not exceed 10% of the number of outstanding Company Shares.

Options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Shares that were reserved for issuance thereunder being available for a subsequent grant of options pursuant to the Option Plan. As the Option Plan is a “rolling” plan, the issuance of additional Common Shares by the Company or the exercise of options will also give rise to additional availability under the Option Plan.

Options granted pursuant to the Option Plan have a term not exceeding five years and vest in such manner as determined by the Board. In the absence of any specific determination to the contrary by the Board, options will vest and be exercisable as to 1/3 on each of the first, second and third anniversaries of the date of grant, subject to acceleration of vesting in the discretion of the Board. If an option is set to expire within 10 business days following the end of a Black Out Period (as such term is defined in the Option Plan), the expiry date of the option shall be extended for 10 business days following the end of the Black Out Period.

The exercise price of the options granted pursuant to the Option Plan is determined by the Board at the time of grant, provided that the exercise price shall not be less than the discounted market price, determined in accordance with the rules of the TSXV. For this purpose, discounted market price shall mean the closing trading price per Common Share on the last trading day preceding (a) the issuance of a news release in respect of the option grant; or (b) the date of grant, as applicable, on which there was a closing price, less the applicable discount.

In the event that an Optionee ceases to be a director, officer, employee of or service provider to the Company or a subsidiary of the Company for any reason, including without limitation, resignation, dismissal or otherwise but excluding death, the Optionee may, prior to the expiry date of the options and within 90 days from the date of ceasing to be a director, officer, employee or service provider, exercise any options which are vested within such period, after which time any outstanding options shall terminate. In the event of death of the Optionee, the Optionee’s legal representative may, within one (1) year from the Optionee’s death and prior to the option expiry date, exercise the options which are vested within such period, after which time any remaining options shall terminate.

The following table sets forth all Options that are outstanding as of the date of this AIF

Number of Options	Exercise Price (CAD\$)	Expiry Date
90,000	\$2.00	May 25, 2022
300,000	\$2.00	May 1, 2023
765,000	\$0.25	April 29, 2025
75,000	\$0.40	August 3, 2025
300,000	\$0.26	December 9, 2025
1,495,000	\$0.62	March 31, 2024
200,000 ⁽¹⁾	\$0.67	May 13, 2024

100,000	\$0.57	June 29, 2026
Total - 3,195,000		

Notes:

- (1) Issued in connection with the 2021 grant of stock options to eligible consultants. See “*General Development of the Business – Three Year History – 2021 – Grant of Stock Options*”.

Deferred Share Units

The Company’s DSU Plan is designed to attract and retain highly qualified individuals to serve as directors of the Company and its affiliates, and to relate such individuals' interests more closely to the Company’s performance and its shareholders' interests.

In general, pursuant to the DSU Plan, directors may elect to have all or a portion of their cash compensation as directors be satisfied through the issuance of deferred share units (“**DSUs**”). The number of such units credited to the directors will be equal to the compensation amount elected divided by the greater of \$0.50 and the then market price of the Common Shares listed on the TSXV. Upon ceasing to be a director, settlement of the DSUs shall be satisfied through the payment of cash, the issuance of Common Shares, or a combination thereof, as determined by the Company. DSUs will be fully vested upon being credited to a Director’s DSU account and the Directors’ entitlement to the settlement of his or her DSU. The number of Common Shares reserved for issuance under the DSU Plan at any time shall not exceed 1,500,000 Common Shares. As at December 31, 2020, there were 704,932 Common Shares reserved for issuance under the DSU Plan.

The following table sets forth all DSUs that are outstanding as of the date of this AIF:

Number of DSUs	Exercise Price (CAD\$)	Settlement Date
493,598	The formula for calculating the number of DSUs to be credited to directors to be equal to the compensation amount elected divided by the greater of \$0.50 and the then market price of the Common Shares listed on the TSXV	30 days after ceasing to be a director

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the TSX Venture Exchange (“**TSXV**”) under the symbol “**POND**”. The following table sets forth the price range and trading volume of the Common Shares for the Company’s most recently completed financial year, as reported by the TSXV.

	High (\$)	Low (\$)	Volume
2020			
January	0.54	0.47	248,100
February	0.54	0.32	466,700

March	0.38	0.16	458,200
April	0.26	0.18	237,700
May	0.28	0.23	181,200
June	0.26	0.22	235,300
July	0.45	0.26	548,800
August	0.40	0.28	293,200
September	0.30	0.21	550,300
October	0.37	0.22	539,100
November	0.35	0.25	355,800
December	0.33	0.23	412,100
2021			
January	0.55	0.28	670,000
February	0.80	0.36	2,276,000
March	0.69	0.44	1,373,600
April	0.80	0.60	1,419,900
May	0.77	0.60	869,700
June	0.70	0.55	883,600
July	0.58	0.42	1,000,700

Note:

- (2) The Company's trading symbol was changed from "IOG" to "POND" upon issuance by the TSXV of its final bulletin in respect of the Transaction, which occurred on February 6, 2018.

Prior Sales

The following table sets forth the details regarding all issuances of securities that are outstanding but not listed or quoted on a marketplace during the most recently completed financial year of the Company to the date hereof.

Date of Issuance/Grant	Type of Security	Number of Securities Issued	Issue/Exercise Price
June 25, 2020, and June 29, 2020	Warrants	1,069,000 ⁽¹⁾	\$0.25
Various ⁽³⁾	Options	3,195,000 ⁽²⁾	Various see above options table
Granted quarterly since Q1 2019	DSUs	704,932	See Note 4.

Notes:

- (1) Issued in connection with the June 2020 non-brokered private placement. See "*General Development of the Business – Three Year History – 2020 - Non-Brokered Private Placement (June 2020)*". The Warrants were issued by way of issuance of 4,000,000 units comprised of one Common Share and one Warrant per each unit, for aggregate consideration of \$1,000,000. A further 48,000 Warrants were issued to finders on the same terms and conditions as the Warrant portion of the units.
- (2) Issued in connection with the 2021 grant of stock options to eligible consultants. See "*General Development of the Business – Three Year History – 2021 – Grant of Stock Options*".
- (3) See table above under the heading "*Share Options*".

- (4) Reflects all DSUs issued by way of quarterly payments to certain officers and directors of the Company. In respect of that portion of a Director's director compensation that is payable on a quarter conversion date basis which is to be satisfied by crediting the Director's DSU account, the Company shall credit, and shall be deemed to have credited, as of the conversion date, the number of DSUs determined by dividing (i) the monetary amount of the Director's director compensation to be satisfied in the form of DSUs by (ii) the greater of \$0.50 and the market value of the Common Shares on such date. DSUs will be fully vested upon being credited to a Director's DSU account and the Directors' entitlement to the settlement of his or her DSUs.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, there are no securities of the Company held in escrow or that are subject to a contractual restriction on transfer, either for the company's most recently completed financial year or as at the date of this Annual Information Form.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The names, province or state and country of residence, positions with the Company and the principal occupations during the past five years of the directors and executive officers of the Company are set out below.

Name and Province or State of Residence	Office or Position with the Company	Present and Principal Occupation During the Last Five Years
Grant Smith ⁽³⁾ <i>Markham, Ontario, Canada</i>	Director and CEO since 2020	Chief Executive Officer of the Company (April 2020 to present). Mr. Smith has served as President of the Company's subsidiary, Pond Naturals Inc., since December, 2018. Mr. Smith is a 25-year veteran of the North American nutraceutical industry and has a strong track record of building strategic relationships and driving sustainable growth within an organization. Mr. Smith will be responsible for shepherding a company-wide effort to increase sales across all divisions as well as supporting the Company's technology licensing efforts through the sourcing of off-take contracts for the high-value algae products that the Company's technology produces.
Thomas Masney <i>Mississauga, Ontario, Canada</i>	Chief Financial Officer since 2014	Non-Executive Director and Chair of Audit Committee of Orosur Mining Inc. TSX and AIM since 2020
J. William Asselstine ^{(1),(2),(3)} <i>Oakville, Ontario, Canada</i>	Director since 2018	Vice President, Sustainability and Cement Sales Canada at SMC (2015 to present); Vice President, Logistics at SMC (2009 to 2015); Vice President, Promotion and Marketing Services (2005 to 2015); Director of Pond Technologies Inc. since 2015.
Robert McLeese ^{(1),(3)} <i>Toronto, Ontario, Canada</i>	Director since 2016 Chairman of the Board since December 2020	Chairman of Pond since December 2020; President and Director at Access Capital Corp. (1990 to present); President at ACI Energy, Inc. since 1998, Chair since 2011; President and Chair at Georgian Villas Inc. (2004 to present); President and Chair at Colmac Holdings Ltd. (2011 to present); Director at EDC (2015 to

Jacob Gamble ^{(1),(2)} <i>Ridgefield, Washington, United States</i>	Director since 2020	present) Director at Rand Capital Corp. (2015 to 2016); Director of Pond Technologies Inc. since 2016. Managing Director JMG Partners LLC. Chief Executive Officer (2018-19) and Chairman (2018-2020) of the Board for Ventura Cannabis and Wellness Corp., California, listed on the NEX trading board of the TSX-V; Chief Operating Officer, Big Bear Capital, Anato Investment Group, Portland, Oregon (2017-2018); Managing Director, Investments, Paulson Investment Company (2016-2017); Vice President, Fisher Investments, Camas, Washington (2002-2015).
John M Farah Jr. PhD ⁽²⁾ <i>Swarthmore, Pennsylvania United States</i>	Director since 2021	Industry Advisor, Coulter-Drexel Translational Research Partnership, Drexel University (2015 - present); Managing Director, John M Farah Jr LLC (2011-present); Senior Clinical Consultant Veradigm, an Allscripts business (2018 - present); Independent Director, Aeolus Pharmaceuticals (AOLS) Audit Committee (2005-2018); Vice President (VP) International Pharmaceutical Operations, Cephalon, Inc (2003-2011); Independent Director, GenSpera, Inc. (GNSZ) Compensation & Governance Committees (2008-2010)]

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Nomination and Compensation Committee.
- (3) Member of Governance Committee
- (4) Held by Colmac Holdings Ltd., Georgian Villas Inc. and Colmac Power Inc., entities of which Mr. McLeese is a principal.
- (5) Directors elected at the Meeting will serve in such capacity until the next annual general meeting of Shareholders or until they resign or are removed from office.

The term of each director expires at the next annual meeting of shareholders of the Company.

As at July 31, 2021, the directors and executive officers of the Company beneficially owned, directed or controlled, directly or indirectly, the following voting securities of the Company and its subsidiaries:

- Mr. Grant Smith owns 361,664 Shares representing 0.84% of the current issued and outstanding Shares.
- Mr. Robert McLeese owns 5,517,812 Shares representing 12.8% of the current issued and outstanding Shares, as held by Colmac Holdings Ltd, Georgian Villas Inc. and Colmac Power Inc., entities of which Mr. McLeese is a principal.
- Mr. J. William Asselstine owns 5,000 Shares representing 0.01% of the current issued and outstanding Shares.
- Mr. Jacob Gamble owns 1,105,000 Shares representing 2.6% of the current issued and outstanding Shares.

The information as to voting securities beneficially owned, directed or controlled, not being within the knowledge of the Company, has been furnished by the respective individuals.

Cease Trade Orders

As of the date of this AIF, within 10 years before the date of this AIF, no director or executive officer of the Company was a director, chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity, (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under and securities legislation (and “**order**”), for a period of more than 30 consecutive days or (b) was subject to an order that was issued after the that person ceased to be acting in that capacity and which resulted from an event that occurred while that person was acting in that capacity.

Bankruptcies

Except as noted below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Farah acted as an independent director of Aeolus Pharmaceuticals, Inc., which became reliant solely upon U.S. Department of Health and Human Services service contracts from the Biomedical Advanced Research and Development Authority (“**BARDA**”) for public health medical emergencies associated with chemical, biological, radiological and nuclear accidents. Aeolus failed to access alternative funding after BARDA revenue was discontinued in March 2017, resulting in Aeolus commencing an out-of-court liquidation conducted by an Assignment for the Benefit of Creditors pursuant to Delaware law in March 2018.

Penalties or Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and/or officers of other reporting and non-reporting issuers, which may give rise to conflicts of interest. In accordance with corporate laws, directors who have an interest in a contract or a proposed contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors of the Company have other employment or other business or time restrictions placed on them and accordingly, these directors of the Company will only be able to devote part of their time to the affairs of the Company. In particular, certain of the directors and officers

are involved in managerial and/or director positions with other companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of the Company.

Conflicts will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a material contract or proposed material contract or agreement, the director shall disclose his or her interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA. In addition, the directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Except as disclosed herein, the Company is not aware of any existing or potential material conflicts of interest between the Company and any director or officer of the Company as of the date hereof.

Mr. Robert McLeese Chairman and Director of the Company is a significant shareholder.

Other than as disclosed herein, including as set forth above, none of the Company's directors or officers have any material conflict of interest between the Company or a subsidiary of the Company. See "*Risk Factors*" and "*Interest of Management and Others in Material Transactions*".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of management of the Company, there are no legal proceedings to which the Company is or was a party to or which any of its property is or was the subject of, nor are any such proceedings known to be contemplated, during the recently completed financial year, where the amount of the claim involved, exclusive of interest and costs, exceeded ten percent of the current assets of the Company.

To the knowledge of management of the Company, there have not been any penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority during the last financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of:

- (a) a director or executive officer of the Company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly more than 10% of any class or series of the Company's outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b),

within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Pond.

Management Agreement

The Company was party to a management agreement (the "**Management Agreement**") with Grizzly, a company that was, prior to completion of the Pond Carbon Amalgamation, related to the Corporation by

virtue of common management.

Before completion of the Pond Carbon Amalgamation, Grizzly provided, pursuant to the Management Agreement, technical and administrative services typically required in operating an oil and gas company. These included management, development, exploitation and operation of the Company's assets and access to geological and technical data. This arrangement provided the Company with the benefits of accessing a larger more comprehensive pool of technical and administrative services than it could otherwise afford. For the period ended December 31, 2020, total fees of \$36,000 (December 31, 2019: \$90,000) were paid by the Company to Grizzly under the Management Agreement. In connection with the completion of the Pond Carbon Amalgamation, the services provided by Grizzly were revised to focus exclusively on providing management services in respect of the Company's Pembina asset and the associated monthly fee was amended as of January 1, 2020 to \$3,000 per month. The Management Agreement was terminated on June 16, 2021 in connection with the sale of the Company's Pembina oil and gas asset to Grizzly. See "*General Development of the Business – Three Year History – 2021 – Sale of Pembina Assets*".

Pond's former director Gerry C. Quinn of Mississauga, Ontario is a director of Grizzly.

See "*General Development of the Business – Three Year History – Pond Carbon Amalgamation*".

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its office in *Toronto, Ontario*.

MATERIAL CONTRACTS

Except as disclosed below and other than contracts entered into in the ordinary course of business, the Company has not entered into any material contracts within the last financial year, or before the last financial year but which are still in effect.

The following are material contracts of the Company required to be filed on SEDAR pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"):

- the Amalgamation Agreement dated December 10, 2018, between Regenurex Health Corporation, the Company, Pond Naturals Inc., and Curtis Braun, as shareholder representative, as more particularly described in *General Development of the Business – Three-Year History – Pond Carbon Amalgamation*", a copy of which is available on SEDAR at www.sedar.com.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or related to, the year ended December 31, 2020 other than RSM Canada LLP, the current auditor of the Company.

RSM Canada LLP is independent within the meaning of the relevant rules and related interpretations prescribed in the relevant professional bodies in Canada and any applicable legislation or regulation.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

AUDIT COMMITTEE

Audit Committee Mandate and Terms of Reference

The Mandate of the Audit Committee of the Board is attached hereto as Schedule A.

Composition of the Audit Committee

The following table sets forth the names of each current member of the Audit Committee, whether such member is independent (in accordance with National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”)), whether such member is financially literate and the relevant education and experience of such member:

Name and Jurisdiction of Residence	Independent	Financially Literate	Relevant Education and Experience
Jacob Gamble <i>Ridgefield, Washington, United States</i>	Yes	Yes	Chief Executive Officer (2018-19) and Chairman (2018-2020) of the Board for Ventura Cannabis and Wellness Corp., California, listed on the NEX trading board of the TSX-V; Chief Operating Officer, Big Bear Capital, Anato Investment Group, Portland, Oregon (2017-2018); Managing Director, Investments, Paulson Investment Company (2016-2017); Vice President, Fisher Investments, Camas, Washington (2002-2015). Director of Pond Technologies Holdings Inc. since 2020.
J. William Asselstine <i>Oakville, Ontario</i>	Yes	Yes	Vice President, Sustainability and Cement Sales Canada at SMC (2015 to present); Vice President, Logistics at SMC (2009 to 2015); Vice President, Promotion and Marketing Services (2005 to 2015); Director of Pond Technologies Holdings Inc. since 2015.
Robert McLeese <i>Toronto, Ontario</i>	No	Yes	President and Director at Access Capital Corp. (1990 to present); President at ACI Energy, Inc. since 1998, Chair since 2011; President and Chair at Georgian Villas Inc. (2004 to present); President and Chair at Colmac Holdings Ltd. (2011 to present); Director at EDC (2015 to present) Director at Rand Capital Corp. (2015 to 2016); Director of Pond Technologies Holdings Inc. since 2016.

External Auditor Service Fees

Audit Fees

The aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit services were \$157,000 in 2020 and \$184,000 in 2019.

Audit – Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements that are not reported under "Audit Fees" above were \$nil in 2020 and \$nil in 2019.

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning were \$nil in 2020 and \$5,000 in 2019.

All Other Fees

The aggregate fees billed in each of the last two fiscal years for other professional services rendered by the Company's external auditor amounted to \$nil in 2020 and \$nil in 2019.

Exemptions

The Company relies on section 6.1 of NI 52-110 as the Company is a venture issuer.

ADDITIONAL INFORMATION

Additional information relating to the Company is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which can be accessed at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Information Circular of the Company for the Company's most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in the Company's audited financial statements and management's discussion and analysis for the year ended December 31, 2020, available on SEDAR.

**SCHEDULE A -
AUDIT COMMITTEE MANDATE**

I. PURPOSE OF THE AUDIT COMMITTEE

- A. The purpose of the Audit Committee is to fulfill the applicable public company's audit committee's legal and regulatory obligations and to provide assistance to the Board to enable it to fulfill its oversight responsibilities in relation to the financial reporting process, the system of internal controls, the audit process and management of the Corporation's risks as they relate to financial reporting.

II. STRUCTURE OF THE COMMITTEE

A. Composition

The Audit Committee shall be a standing committee of the Board of Pond and shall be composed of no less than three directors, a majority of who shall be independent and all of whom shall be financially literate, as such terms are defined in applicable securities regulations. In addition, the Chair of the Board may be a non-voting, ex officio member of the Audit Committee.

B. Quorum

Quorum for any meeting of the Audit Committee shall be a majority of voting Members present in person, by teleconference or any combination thereof.

C. Appointment of Members

Members of the Audit Committee shall be appointed by the Board annually on the recommendation of the Governance Committee and shall hold office at the pleasure of the Board. Where practical, no more than two members of the Audit Committee will rotate in any given year.

D. Role and Responsibilities of Committee

The roles and responsibilities of the Audit Committee shall be clearly defined to ensure that Members of the Committee understand their duties and responsibilities.

E. Chair of the Audit Committee

At the first meeting of the Audit Committee following its formation each year, or at such other times as may be required, the Members of the Audit Committee shall appoint from amongst themselves a Chair of the Audit Committee. The Committee shall report such appointment back to the Board at its next meeting for its confirmation. The duties of the Chair are set out in Section IV hereof.

In the absence of the Chair at any Audit Committee meeting, those Members present shall appoint a voting Member of the Audit Committee to be the Chair for the purposes of the conduct of that meeting.

F. Qualification of Members

Members of the Audit Committee shall, during their tenure on such committee, meet applicable requirements and guidelines for audit committee service, including those relating to being independent and unrelated to the Corporation and financially literate. Determination as to whether a particular Director satisfies the requirements for membership on the Audit Committee shall be made by the full Board.

G. Vacancy

A vacancy occurring in the membership of the Audit Committee may be filled by the Board at its discretion, provided that the Board shall fill any vacancy to ensure that there is a minimum of three members on the Audit Committee at all times.

H. Compensation for Committee Members

No Audit Committee Member shall receive any non-expense compensation from the Corporation other than what that Member is entitled to as a member of the Board or as an Audit Committee Member.

I. Number and Timing of Meetings

The Audit Committee shall meet at least four times a year, which meetings shall be scheduled to permit timely review of quarterly and annual financial statements and related documents.

Additional meetings may be held at the discretion of the Chair of the Audit Committee or at the request of a Member of the Audit Committee, the external auditors or Senior Management.

J. Secretary

A secretary of the Audit Committee shall be designated by the Audit Committee, and that person shall act as recording secretary for the Audit Committee and produce minutes of all meetings of the Committee in a timely manner. The secretary may, but need not be, a member of the Audit Committee.

K. Meetings with Senior Management and the External Auditors

The Audit Committee shall meet separately with Senior Management and the external auditors at least once per financial quarter and shall meet at such other times as the Audit Committee deems appropriate.

L. Notice and Place of Meetings

Notice of any meeting of the Audit Committee may be given orally, by facsimile, electronically, including by email, or in writing to each Audit Committee Member at least 48 hours in advance of such meeting, provided that any Member may waive such notice. Attendance by a Member of the Audit Committee at any meeting shall be deemed a waiver of notice of such meeting unless his or her attendance is made for the purpose of objecting to the manner in which the meeting was called.

A Member of the Audit Committee who attends a meeting for the purpose of objecting to whether the meeting was lawfully called shall not be considered to have waived the required notice.

M. Invitees

By invitation of the Chair of the Audit Committee, individuals who are not members of the Audit Committee may attend meetings, or portions thereof, from time to time, and may participate in discussions related to issues before the Audit Committee. However, only voting Members of the Audit Committee are entitled to vote at any such meeting.

N. Minutes and Procedures of Meetings

Subject to statutory requirements and the By-laws of the Corporation, the Audit Committee may set its own procedures at meetings, keep records of its proceedings and report to the Board when the Audit Committee considers it appropriate, but in any event, not later than at the next following Board Meeting. Minutes of an Audit Committee meeting shall be tabled at the next Board Meeting following the approval of such minutes by the Committee.

O. Delegation of Responsibilities

The Audit Committee may delegate to any person or subcommittee of the Audit Committee any of the Audit Committee's responsibilities that may be lawfully delegated.

P. External Auditors

The external auditors of the Corporation are ultimately accountable to the Board and shall report directly to the Audit Committee, in each case as representatives of the shareholders.

Q. Mandate

The Audit Committee shall review and reassess the adequacy of the Audit Committee Mandate on an annual basis to ensure that it accurately specifies the scope of the Committee's responsibilities and adequately sets out how the Committee is to carry out these responsibilities.

III. DUTIES OF THE COMMITTEE

The duties of the Audit Committee include, inter alia,

A. Compliance

- i. ensuring the Corporation's compliance with legal and regulatory requirements with respect to financial reporting and disclosure;
- ii. ensuring that Senior Management has implemented appropriate systems to identify and monitor Senior Management's and the Board's response to such issues as:
 - a. business risks;
 - b. legal, ethical and regulatory compliance; and
 - c. internal systems of control and the effectiveness of such internal controls to ensure compliance with policies and procedures relating to both financial transactions and financial reporting;

B. Meetings

- i. ensuring that accurate Minutes of all meetings of the Audit Committee are taken and approved at the next following meeting of the Committee and subsequently submitted to the Board at its next meeting for acceptance;

C. Internal Controls

- i. maintaining the integrity and quality of the Corporation's financial reporting and systems of internal control by overseeing Senior Management's system of internal control and reporting process in respect of such controls;

D. External Auditors

- i. reviewing and ensuring the qualifications and independence of the Corporation's external auditors;
- ii. making recommendations to the Board in respect of the appointment or re-appointment of external auditors for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
- iii. overseeing and evaluating the performance of the external auditors;
- iv. reviewing the annual audit plan prepared by the external auditors and Senior Management, as well as the proposed audit fees;
- v. reviewing the external audit process and determining whether it has been effectively carried out and whether any matters that the external auditors wish to bring to the attention of the Board have been afforded adequate attention;
- vi. making recommendations to the Board regarding remuneration for external auditors;
- vii. pre-approving all auditing services and permitted non-audit services to be performed for the Corporation by the external auditors;

- viii. meeting separately with the Corporation's internal auditor (if applicable), external auditors and Senior Management at least quarterly to assess issues and make determinations on whether issues need to be taken to the Board for review and assessment;
- ix. evaluating the independence of the external auditors in accordance with applicable professional requirements, and determining whether disclosed relationships or services may impact the objectivity and independence of the external auditors and ensuring that such independence has been documented in written correspondence to the Audit Committee;
- x. having responsibility for overseeing the work of the external auditors, including the resolution of disagreements regarding financial reporting between Senior Management and the external auditors; and
- xi. evaluating the external audit process and determining whether the external audit has been completed in accordance with applicable law;

E. Financial Reporting

- i. reviewing interim and annual financial statements of the Corporation;
- ii. reviewing changes in significant accounting policies and evaluating the impact of such changes on the current and future financial statements of the Corporation;
- iii. preparing, if required, an Audit Committee report for inclusion in the Corporation's annual Management Information Circular in accordance with applicable securities regulations;
- iv. reviewing and monitoring the effectiveness of disclosure controls and procedures to ensure material information or material changes which require public disclosure is appropriately disclosed in a timely fashion;
- v. being satisfied that adequate procedures are in place for the timely review of the Corporation's public disclosure of financial and other information extracted or derived from the Corporation's financial statements and periodically assessing the adequacy of those procedures;
- vi. reviewing and recommending to the Board for its approval the public release and filing of annual audited consolidated financial statements and quarterly unaudited consolidated financial statements of the Corporation, including news releases and management's discussion and analysis (MD&A);
- vii. reviewing the information contained in the Corporation's quarterly reports, annual report to the shareholders, MD&A, Annual Information Form, prospectuses and other public disclosure material to ensure that such information is complete and presented fairly;
- viii. reviewing material litigation and tax assessments in order to determine whether any such matters may have a material impact on the financial position of the Corporation; and
- ix. considering the Corporation's annual financial statements and ascertaining, after a review with external auditors and Senior Management, whether such statements present fairly and in all material respects, the financial position of ILA in accordance with generally accepted accounting principles, whether the selection of accounting policies is appropriate for the Corporation, and whether the financial statements should be recommended to the Board for its approval;

F. Reviewing Terms of Reference and Committee's Performance

- i. routinely assessing its effectiveness against the Audit Committee Mandate and reporting the results of such assessment regularly to the Governance Committee and Board;

G. Reviewing Reports to Shareholders

- i. as required by applicable regulations, including for inclusion in the Corporation's annual report to shareholders, or as more often as the Audit Committee deems appropriate, preparing reports to shareholders regarding the activities undertaken by it in the discharge of its responsibilities;

H. General

- i. reviewing the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation;
- ii. reviewing business practices undertaken by Senior Management to assess compliance with corporate policies and procedures;
- iii. reviewing ILA's complaint procedures to ensure that they adequately track and record complaints to Senior Management regarding accounting, internal accounting controls or auditing matters;
- iv. engaging independent counsel and other special advisors as the Audit Committee deems necessary or desirable from time to time in order to carry out its duties and responsibilities;
- v. investigating any activity of the Corporation as it deems appropriate, and ensuring that all employees of the Corporation fully cooperate with the efforts or enquiries of the Audit Committee;
- vi. communicating with the Board to ensure sufficient funding for the Audit Committee to permit it to fulfill its duties and responsibilities;
- vii. making provision for confidential, anonymous submission by employees of the Corporation of concerns regarding accounting, internal accounting controls or auditing matters, ensuring that the existing processes adequately provide for such submission, and establishing a process whereby the external auditor will receive timely notice of any such submissions;
- viii. reviewing, at least annually, the risk management programs and insurance policies of the Corporation to ensure their adequacy;
- ix. reviewing any issues referred to the Audit Committee by the Board, Senior Management or the external auditors; and
- x. reviewing, at least annually, the Audit Committee Mandate and making recommendations as to any changes to the Audit Committee and the Board as it deems appropriate.

The duties and responsibilities of the Audit Committee set forth herein have been set out as guidelines only, and do not necessarily represent all duties and responsibilities of the Audit Committee in all circumstances. The Audit Committee shall consider such other matters as may be referred to them or which they may become aware of, and take such actions as it determines necessary or advisable in the circumstances, which may include referring such matters to another Committee of the Board or the Board as a whole.

IV. DUTIES OF THE CHAIR OF THE COMMITTEE

In addition to the duties and responsibilities set out in the Board of Directors Mandate and any other applicable mandate or position description, the duties of the Chair of the Audit Committee shall include, inter alia,

- A. Providing overall leadership to facilitate the effective functioning of the Audit Committee, including, without limitation:
 - i. overseeing the structure, composition, membership and activities delegated to the Audit Committee;
 - ii. chairing every meeting of the Audit Committee and encouraging free and open discussion at meetings of the Audit Committee;

- iii. scheduling and setting the agenda for Audit Committee meetings with input from other Audit Committee members, the Chair of the Board of Directors and senior management as appropriate;
 - iv. facilitating the timely, accurate and proper flow of information to and from the Audit Committee;
 - v. arranging for management, internal and external auditors and others to attend and present at Audit Committee meetings as appropriate;
 - vi. arranging sufficient time during Audit Committee meetings to fully discuss agenda items;
 - vii. encouraging Audit Committee members to ask questions and express viewpoints during meetings;
and
 - viii. taking all other reasonable steps to ensure that the responsibilities and duties of the Audit Committee, as outlined in its Mandate, are well understood by Audit Committee members and executed as effectively as possible.
- B. Fostering ethical and responsible decision making by the Audit Committee and its individual members.
 - C. Encouraging the Audit Committee to meet in separate, regularly scheduled, non-management, closed sessions with the independent auditors.
 - D. Following each meeting of the Audit Committee, reporting to the Board of Directors on the activities, findings and any recommendations of the Audit Committee.
 - E. Carrying out such other duties as may reasonably be requested by the Board of Directors.