pondtech

POND TECHNOLOGIES HOLDINGS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

(Canadian dollars in thousands)

(UNAUDITED)

pondtech

NOTICE OF NON-REVIEWED INTERIM CONDENSED FINANCIAL STATEMENTS

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

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

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

Pond Technologies Holdings Inc.

Interim Condensed Consolidated Statements of Financial Position

(Canadian dollars in thousands)

(Unaudited)

	Note		Jun 30, 2021		Dec 31, 2020
Assets					
Current assets					
Cash		**$**	**340**	$	156
Receivables	4		**1,038**		912
Inventories	5		**219**		179
Prepaid expenses and other assets			**185**		133
			1,782		1,380
Non-Current assets					
Intangibles	6		**1,802**		1,942
Capital assets	8, 12		**1,192**		1,266
Contract receivables	14		**523**		552
Deferred income taxes			**822**		822
Right-of-use assets	12		**179**		237
Total assets		**$**	**6,300**	$	6,199
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	9	**$**	**967**	$	3,030
Current portion of loans payable	10		**360**		2,978
Current portion of lease liabilities	12		**49**		80
Deferred contract revenue	14		**386**		386
			1,762		6,474
Non-Current liabilities					
Long-term portion of loans payable	10		**2,031**		40
Convertible debenture	11		**1,895**		1,787
Long-term portion of lease liabilities	12		**167**		174
Liabilities of discontinued operations	2		**-**		104
Total liabilities		**$**	**5,855**	$	8,579
Shareholders' equity (deficiency)					
Share capital	13	**$**	**34,666**	$	29,909
Contributed surplus	13		**7,854**		8,047
Accumulated deficit			**(42,076)**		(40,336)
Shareholders' equity (deficiency)			**444**		(2,380)
Total liabilities and shareholders' equity (deficiency)		**$**	**6,300**	$	6,199

Description of business and going concern (Note 1)

Commitments and contingencies (Note 19)

Subsequent events (Note 20)

Approved on behalf of the Board:

"Jacob Gamble"
Director

"Grant Smith"
Director

Pond Technologies Holdings Inc.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

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

(Unaudited)

		Three Months		Six Months	
Period ended June 30,	Note	**2021**	2020	**2021**	2020
Revenue					
Revenue	14, 18	**$ 700**	$ 1,030	**$ 2,201**	$ 2,092
Expenses					
Direct costs and expenses	15, 18	**549**	761	**1,779**	1,618
Operating expenses	18	**244**	212	**757**	770
General and administrative expense	15	**434**	339	**759**	623
Amortization	6, 8, 12	**129**	81	**280**	161
Stock-based compensation	13	**75**	164	**360**	222
		1,431	1,557	**3,935**	3,394
Operating loss		**$ (731)**	$ (527)	**$ (1,734)**	$ (1,302)
Other income / (expense)					
Interest income		**-**	-	**-**	1
Financial expenses	16	**(205)**	(160)	**(245)**	(372)
Net loss from continuing operations		**(936)**	(687)	**(1,979)**	(1,673)
Discontinued operations					
Net gain (loss) from discontinued operations	2	**239**	(88)	**239**	(174)
Net loss and comprehensive loss		**$ (697)**	$ (775)	**$ (1,740)**	$ (1,847)
Weighted average number of shares outstanding		**42,830,358**	23,193,061	**37,211,602**	22,999,656
Loss per share, basic and diluted					
Continuing operations		**$ (0.02)**	$ (0.03)	**$ (0.05)**	$ (0.07)
Discontinued operations		**0.01**	(0.00)	**0.01**	(0.01)
		$ (0.02)	$ (0.03)	**$ (0.05)**	$ (0.08)

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

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

For the six months ended June 30, 2021

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

(Unaudited)

			Share Capital					
	Number of Shares	Number of Warrants	Issued Share Capital	Reserve For Exchangable Shares	Total Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance - December 31, 2019	**22,675,469**	**7,655,205**	**$ 24,838**	**$ 3,750**	**$ 28,588 $**	**7,697**	**$ (33,720)**	**$ 2,565**
Shares issued (Note 13)	5,036,328	-	766	-	766	-	-	766
Warrants issued (Note 13)	-	4,048,000	-	-	-	513	-	514
Issuance costs	-	-	(24)	-	(24)	(12)	-	(36)
Agent Warrants expired	-	(192,075)	461	-	461	(461)	-	-
Grant of deferred share units (Note 13)	-	-	-	-	-	83	-	83
Stock-based compensation expense	-	-	-	-	-	134	-	134
Net loss for the period	-	-	-	-	-	-	(1,847)	(1,847)
Balance - June 30, 2020	**27,711,797**	**11,511,130**	**$ 26,041**	**$ 3,750**	**$ 29,791**	**$ 7,954**	**(35,567)**	**$ 2,179**
Shares issued (Note 13)	181,761	-	60	-	60	-	-	60
Shares issued from Reserve shares (Note 13)	1,548,134	-	929	(929)	-	-	-	-
Shares issued from deferred share units	84,906	-	58	-	58	(58)	-	-
Warrants issued (Note 13)	-	-	-	-	-		-	-
Issuance costs	-	-	(24)	-	-	(13)	-	(13)
Grant of deferred share units (Note 13)	-	-	-	-	-	68	-	68
Stock-based compensation expense	-	-	-	-	-	96	-	96
Net loss for the period	-	-	-	-	-	-	(4,769)	(4,769)
Balance - December 31, 2020	**29,526,598**	**11,511,130**	**$ 27,064**	**$ 2,821**	**$ 29,909**	**$ 8,047**	**(40,336)**	**(2,379)**
Shares issued (Note 13)	12,979,000	(2,979,000)	3,513	-	3,513	(378)	-	3,135
Shares issued from Reserve shares (Note 13)	84,496	-	51	(51)	-	-	-	-
Shares issued from deferred share units	284,031	-	152	-	152	(152)	-	-
Warrants issued (Note 13)	-	10,437,696	-	-	-	1,110	-	1,110
Warrants expired (Note 13)	-	(4,669,279)	-	-	1,163	(1,163)	-	-
Issuance costs	-	-	-	-	(71)	31	-	(40)
Grant of deferred share units (Note 13)	-	-	-	-	-	43	-	43
Stock-based compensation expense	-	-	-	-	-	317	-	317
Net loss for the period	-	-	-	-	-	-	(1,740)	(1,740)
Balance - June 30, 2021	**42,874,125**	**14,300,547**	**$ 30,780**	**$ 2,770**	**$ 34,666**	**$ 7,854**	**(42,076)**	**$ 444**

See accompanying notes to the consolidated financial statements.

Pond Technologies Holdings Inc.

Interim Condensed Consolidated Statement of Cash Flows
(Canadian dollars in thousands)
(Unaudited)

For the six months ended June 30,	Note	2021	2020
Operating Activities			
Cash receipts from customers		**$ 2,266**	$ 2,393
Contract receivables, net	14	**-**	(42)
Cash paid to suppliers and employees		**(4,447)**	(3,344)
Interest paid		**(669)**	(177)
Interest received		**-**	1
Cash used in operating activities - continuing operations		**(2,850)**	(1,169)
Cash used in operating activities - discontinued operations		**-**	41
Cash used in operating activities - continued and discontinued operations		**(2,850)**	(1,128)
Investing Activities			
Patent costs incurred	6	**(52)**	(45)
Purchase of capital assets	8	**(4)**	(8)
Cash used in investing activities - continuing operations		**(56)**	(53)
Cash used in investing activities - discontinued operations		**-**	-
Cash used in investing activities - continued and discontinued operations		**(56)**	(53)
Financing Activities			
Proceeds from issuance of units, net of issuance costs	13	**3,627**	876
Repayment of lease liabilities	12	**(38)**	(40)
Repayments of loans payable	10	**(499)**	(65)
Cash used in financing activities - continuing operations		**3,090**	771
Cash used in financing activities - discontinued operations		**-**	-
Cash provided by financing activities - continued and discontinued operations		**3,090**	771
Net change in cash		**184**	(410)
Cash beginning of period		**156**	1,035
Cash, end of period		**$ 340**	$ 625

See accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY AND GOING CONCERN

Pond Technologies Holdings Inc. (the "Company" or "Pond") is incorporated under the Business Corporations Act of Alberta. The Company's shares trade on the TSX Venture Exchange ("TSXV") under the trading symbol "POND" and on the OTC Markets under the symbol "PNDHF" and on the Frankfurt Exchange 'FSE4Oo". The Company's principal place of business is located at Unit 8, 250 Shields Court, Markham, Ontario.

The Company's primary business is to pursue microalgal biomass cultivation using available sources of carbon dioxide ("CO_2"), including CO_2 rich emission sources from industrial plants and the licensing of its technology. The resultant algae can be used in the production of nutraceuticals, commonly known as superfoods, growth of unique algae strains for the expression of complex proteins used in diagnostics and therapeutic treatments, aquaculture and animal feeds, and as feedstock in the production of biofoams and algae-based biomaterials. The Company has formed a nutraceutical business segment and is actively pursuing opportunities in the nutraceutical and superfood marketplace. The Company also holds an oil and conventional natural gas property.

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

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

For the three and six months ended June 30, 2021, the Company recorded a net loss from continuing operations of $936 (2020 – $687) and $1,979 (2020 - $1,673). The Company recorded a gain on disposal of discontinued operations of $239 (2020 – $(174)) for the six months ended June 30, 2021. The Company's ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds and realization of profitable operations. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. These circumstances in addition to the uncertainties presented by the COVID-19 pandemic lend significant doubt and material uncertainty as to the ability of the Company to meet its obligations as they come due and, accordingly, the ability to continue as a going concern.

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

BASIS OF PREPARATION

Statement of Compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of August 25, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent consolidated annual financial statements of Pond Technologies Holdings Inc. as at and for the year ended December 31, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the quarter ending June 30, 2021 could result in restatement of these unaudited interim condensed consolidated financial statements.

Significant Accounting Policies

The significant accounting policies used in preparing these unaudited interim condensed consolidated financial statements are unchanged from those disclosed in Note 3 of the Company's 2020 annual consolidated financial

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

1. REPORTING ENTITY AND GOING CONCERN (Continued)

Significant Accounting Policies (Continued)

statements and have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

Critical Accounting Estimates and Judgments

For the six months ended June 30, 2021, the coronavirus ("COVID-19") had an impact on the global economy, including the Company's nutraceutical, technology services and oil and conventional natural gas lines of business. The Corporation has taken into account the impacts of COVID-19 and the unique circumstances it has created in making estimates, assumptions and judgments in the preparation of these condensed consolidated interim financial statements. Actual results may differ from estimated amounts, and those differences may be material.

Recent Accounting Pronouncements

In February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023. The IASB also issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023.

2. DISCONTINUED OPERATIONS

Oil and natural gas property

Effective June 1, 2021 the Company and Grizzly Resources Limited ("GRL") entered into a transaction to sell all of the Company's petroleum and natural gas assets in the Pembina Area, Alberta. GRL will assume all abandonment and reclamation liabilities related to the Assets and 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. The Company recognized a gain on disposition of $239, which was recorded in the consolidated statements of loss and comprehensive loss. Operating results and cash flow of the Company's oil and natural gas property for the period up to the date of sale in June 2021 were classified as discontinued operations in these consolidated statements of loss and comprehensive loss and in these consolidated statements of cash flows, respectively.

Net assets and liabilities of discontinued operations:

	Jun 30, 2021	Dec 31, 2020
Assets		
Capital assets of discontinued operations	**$ -**	$ -
Total assets	**$ -**	$ -
Liabilities		
Liabilities of discontinued operations	**$ -**	$ 104
Total liabilities	**$ -**	$ 104

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

2. DISCONTINUED OPERATIONS (Continued)

Oil and natural gas property (Continued)

Net loss and comprehensive loss from discontinued operations:

		Three months ended		Six months ended	
		Jun 30, 2021	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020
Revenue					
Revenue		-	19	-	424
		-	19	-	424
Direct costs and expenses					
Oil and conventional natural gas royalties		-	(63)	-	(178)
Oil and conventional natural gas operating costs		-	(11)	-	(267)
Expenses					
Recovery of Environmental Cost		-	-	-	-
Amortization & depletion		-	(32)	-	(153)
Impairment of capital asset		-	-	-	-
Gain on disposition		239	0	239	0
Net loss from discontinued operations	$	239	$ (88)	239	$ (174)

Net cashflows from discontinued operations:

		Jun 30, 2021		Dec 31, 2020
Operating activities				
Operating cash flows provided by discontinued operations	**$**	**-**	$	41
Investing activities				
Investing cash flows provided by discontinued operations	**$**	**-**	$	-
Financing activities				
Financing cash flows provided by discontinued operations	**$**	**-**	$	-

3. BUSINESS COMBINATION TRANSACTIONS

Acquisition of Regenurex Health Corporation

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

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

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

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

3. BUSINESS COMBINATION TRANSACTIONS (Continued)

Acquisition of Regenurex Health Corporation (Continued)

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

Option value model marketability discount 20% key assumptions*:*
Period of lack of marketability*:* - 1 year
Risk free rate: - 1.83%
Dividend yield – 0%
Volatility – 104.7%

The below summarizes the manner in which such Pond shares are to be issued:

Upon amalgamation, former holders of the Class A preferred shares of Regenurex received 3,539,198 non-voting senior preferred shares of Pond Naturals Inc. The senior preferred shares are exchangeable into common shares at the election of the holders thereof until August 1, 2022, at which time they will be automatically exchanged, for an aggregate of 2,211,998 Pond shares. Upon amalgamation, former holders of the common shares of Regenurex received 18,219,200 non-voting junior preferred shares of Pond Naturals Inc. The junior preferred shares are exchangeable into common shares at the election of the holders thereof until August 1, 2022, at which time they will be automatically exchanged, for an aggregate of 4,038,002 Pond shares.

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

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

Fair value of the 6,250,000 shares of the Company on January 30, 2019	**$**	**3,750**
Cash and cash equivalents	$	61
Receivables		109
Inventory		143
Right-of-use asset		122
Property plant and equipment		1,030
Accounts payable and accrued liabilities		(475)
Lease liability		(122)
Loans payable		(531)
Deferred Tax Asset		822
Goodwill		2,590
	$	**3,750**

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

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

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

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

4. RECEIVABLES

Receivables include customers and government balances. Accounts receivable from customers arise from transactions in the ordinary course of business. The government receivables arise from HST and GST recoveries. The past due amounts related to customer receivables total $623 (2020: $102).

		Jun 30, 2021		Dec 31, 2020
Customer accounts	$	663	$	871
Government receivables		375		41
	$	1,038	$	912

		Jun 30, 2021		Dec 31, 2020
Current	$	366	$	34
Past due but not impaired trade receivables, net				
Under 30 days		49		776
30 - 60 days		35		11
60-90 days		377		4
over 90 days		211		87
Total receivables	$	1,038	$	912

5. INVENTORIES

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

		Jun 30, 2021		Dec 31, 2020
Raw materials	$	71	$	53
Work-in-process		115		71
Finished goods		33		55
	$	219	$	179

The cost of nutraceutical inventories recognized as an expense during the three and six months ended June 30, 2021 in respect of continuing operations was $531 (2020 - $700) and $1,779 (2020 - $1,618). During the six months ended June 30, 2021 the Company recorded $Nil write-downs of inventory (2020: $Nil).

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

6. INTANGIBLES

Costs	Patent Filing Costs and Acquired Intellectual Property	Distribution Rights	Total
Balance, January 1, 2020	$ 2,867	$ 640	$ 3,507
Additions	45	-	45
Balance, June 30, 2020	2,912	640	3,552
Additions	36	-	36
Disposals	(153)	-	(153)
Balance, December 31, 2020	**2,795**	**640**	**3,435**
Additions	**-**	**-**	**-**
Disposals	-	-	-
Balance, June 30, 2021	**2,795**	**640**	**3,435**
Accumulated amortization			
Balance, January 1, 2020	1,166	69	1,235
Additions	72	33	105
Balance, June 30, 2020	1,238	102	1,340
Additions	73	112	185
Disposals	(32)	-	(32)
Balance, December 31, 2020	**1,279**	**214**	**1,493**
Additions	70	70	140
Disposals	-	-	-
Balance, June 30, 2021	**1,349**	**284**	**1,633**
Net carrying amount			
Balance, January 1, 2020	1,701	571	2,271
Balance, June 31, 2020	1,674	538	2,240
Balance, December 31, 2020	1,516	426	1,942
Balance, June 30, 2021	**$ 1,446**	**$ 356**	**$ 1,802**

7. GOODWILL

On January 30, 2019 the Company acquired Regenurex Health Corporation (Note 3). Goodwill of $2,590 was determined based upon the allocation of the fair value of the consideration paid and fair value of assets and liabilities assumed.

Goodwill, December 31, 2019	**$** 100
Impairment	
Impairment charge	(100)
Goodwill, December 31, 2020 and June 30, 2021	**$** -

The Company has allocated the Goodwill to its Regenurex CGU. The Company performs its annual impairment test as at December 31. The recoverable amount of the Regenurex CGU has been determined by a value-in-use calculation, using a discounted cash flow model, based on a 5 year projection period, together with a terminal value. Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive. The cash flow projections during a forecast period were based on expected gross margins and raw materials price inflation throughout the forecast period. The cash flows beyond the five-year period have been extrapolated using a steady 2.0% per annum growth rate which is the projected long-term average growth rate.

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

7. GOODWILL (Continued)

The recoverable amount used a pre-tax discount rate of 26.7% per annum. During the year ended December 31, 2020, the Company concluded the recoverable amount of the CGU is less than the carrying value, resulting in a goodwill impairment charge amounting to $100 (2019: $2,490) based on the impairment analysis performed.

8. CAPITAL ASSETS

	Project equipment plant machinery and leasehold	Furniture fixtures and	Computer hardware and	Oil & natural gas property plant	Total
Cost					
Balance, January 1, 2020	$ 2,801	$ 126	$ 115	$ 4,136	$ 7,178
Additions	-	-	-	-	-
Disposals	(8)	-	-	-	(8)
Change in decommisioning liability	-	-	-		-
Balance, June 30, 2020	2,793	126	115	4,136	7,178
Additions	31	-	-	-	31
Disposals	-	-	-	-	-
Change in decommisioning liability	-	-	-	5	5
Balance, December 31, 2020	2,824	126	115	4,141	7,214
Additions	15	-	4	-	**19**
Disposals	(15)	-	-	-	**(15)**
Change in decommisioning liability	-	-	-	-	**-**
Balance, June 30 2021	**2,824**	**126**	**119**	**4,141**	**7,218**
Accumulated amortization					
Balance, January 1, 2020	1,421	71	87	1,713	3,292
Amortization and depletion	105	3	9	-	117
Disposals	(6)	-		-	(6)
Balance, June 30, 2020	1,520	74	96	1,713	3,403
Amortization and depletion	103	5	7	-	115
Disposals	-	-	-	-	-
Transferred to discontinued operations	-	-	-	2,428	2,428
Balance, December 31, 2020	1,623	79	103	4,141	5,946
Amortization and depletion	74	3	3	-	80
Disposals	-	-	-	-	**-**
Balance, June 30 2021	**1,697**	**82**	**106**	**4,141**	**6,026**
Net carrying amount					
Balance, January 1, 2020	1,380	55	28	2,423	3,886
Balance, June 30, 2020	1,273	52	19	2,423	3,775
Balance, December 31, 2020	1,202	47	18	-	1,266
Balance, June 30, 2021	**$ 1,127**	**$ 44**	**$ 13**	**$ -**	**$ 1,192**

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		Jun 30, 2021		Dec 31, 2020
Accounts payable	**$**	**663**	$	1,997
Interest payable		**84**		567
Payroll and other accruals		**220**		466
	$	**967**	$	3,030

Accounts payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of accounts and other payables are considered to be the same as their fair values, due to their short-term nature.

10. LOANS PAYABLE

Loans

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

		CW(i)		FedDev (ii)		Naturals (iii)		Total
Balance, January 1, 2020	$	2,843		202		62		3,107
Loan advance at fair value		-		-		40		40
Accretion		-		12		-		12
Loan modification gain		-		(24)		-		(24)
Repayments		-		(73)		(44)		(117)
Balance, December 31, 2020		2,843		117		58		3,018
Loan advance at fair value		-		-		-		-
Accretion		-		6		-		6
Loan modification gain		(142)		-		-		(142)
Repayments		(413)		(60)		(18)		(491)
Balance, June 30, 2021		**2,288**		**63**		**40**		**2,391**
Less: Current portion of loans payable		**297**		**63**		**-**		**360**
Long-term portion of loans payable	**$**	**1,991**	**$**	**-**	**$**	**40**	**$**	**2,031**

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

The loan initially bore interest at 12% per annum and is secured by a general security agreement with a first charge on the Company's assets and a specific assignment of rights in all patents.

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, and include a deferral of quarterly interest payable of 4%.

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

On March 24, 2021 the Corporation entered into an 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 by March 31, 2021 towards interest and principal, monthly principal payments of $50 beginning July 31, 2021, and continued quarterly interest payments of 8% and 4% deferred interest. All previous principal repayment requirements including

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

10. LOANS PAYABLE (Continued

20% any financings and proceeds from the sale of its Pembina oil and gas property were deleted in their entirety. All other terms of the loan remain in effect.

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

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

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

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

(iii) Canada Emergency Business Account program ("CEBA")

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

11. CONVERTIBLE DEBENTURE

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

On the issue of the convertible note the fair value of the liability component was determined to be $1,664 using a 36% market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortized cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognized as a finance cost as interest accretion.

Convertible Debenture - December 31, 2019		1,615
Interest accretion		86
Repayment		(11)
Convertible Debenture - June 30, 2020		1,690
Interest accretion		97
Repayment		-
Convertible Debenture - December 31, 2020	$	1,787
Interest accretion		108
Repayment		-
Convertible Debenture - June 30, 2021	**$**	**1,895**

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

11. CONVERTIBLE DEBENTURE (Continued)

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

12. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

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

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

Lease liabilities, January 1, 2020	$	277
Interest on lease liabilities		14
Lease payments		(41)
Lease liabilities, June 30, 2020		250
Interest on lease liabilities		18
Lease modification adjustments		51
Lease payments		(65)
Lease liabilities, December 31, 2020		254
Interest on lease liabilities		15
Lease payments		(53)
Lease liabilities, June 30, 2021	**$**	**216**

		Jun 30, 2020		Dec 31, 2020
Current	**$**	**49**	$	80
Non-current		**167**		174
Lease liabilities	**$**	**216**	$	254

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

Right-of-use asset, January 1, 2020	$	264
Amortization		(42)
Right-of-use asset, June 30, 2020		222
Additions		51
Amortization		(36)
Right-of-use asset, December 31, 2020		237
Amortization		(58)
Right-of-use asset, June 30, 2021	**$**	**179**

Amounts recognized in statement of loss and comprehensive loss:

		Jun 30, 2021		Jun 30, 2020
Amortization for right-of-use asset	**$**	**58**	$	42
Interest expense on lease liabilities		**15**		14
	$	**73**	$	56

13. SHARE CAPITAL

Authorized

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

	Number of shares		Amount ($ 000's)
Balance, as at January 1, 2020	22,675,469	$	28,588
Shares issuance	5,218,089		826
Reserve for exchangeable shares	1,548,134		-
Shares issued from deferred share units	84,906		58
Issuance costs	-		(24)
Expired Agent Warrants	-		461
Balance, as at December 31, 2020	29,526,598		29,909
Share issuance	12,979,000		3,513
Reserve for exchangeable shares	84,496		-
Shares issued from deferred share units	284,031		152
Issuance costs	-		(71)
Expired Warrants	-		1,163
Balance, as at June 30, 2021	**42,874,125**	**$**	**34,666**

Transactions in 2020

Settlement of Debt

On March 2, 2020 the Company issued 167,783 common shares as payment to settle advisory fees incurred of $79 ($0.47 per share).

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

On October 8, 2020 the Company issued a total of 181,761 common shares as payment to settle $60 of interest incurred on its convertible debenture ($0.33 per share average).

Non-Brokered private placement

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

Transactions in 2021

Non-Brokered private placement

On March 5, 2021, the Company issued a total of 10,000,000 units at $0.35/unit for $3,500. Each unit was comprised of one common share and one warrant. Each warrant may be exercised for one additional common share at a price of $0.45 per common share on the earlier of 30 days after the holder of the warrant receives notice from the Company that the Company's shares had traded at a price of $1.35 per share for at least 20 consecutive days on the TSXV or 2 years from date of issuance.

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

13. SHARE CAPITAL (Continued)

Stock option plan

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

Stock Options	Number of options oustanding		Weighted average exercise price
Balance, as at December 31, 2019	1,592,500	$	2.00
Granted during period	795,000		0.25
Forfeited during period	(565,000)		2.00
Balance, as at June 30, 2020	1,822,500		1.24
Granted during period	525,000		0.26
Cancelled during the period	(450,000)		2.00
Forfeited during period	412,500		1.66
Balance, as at December 31, 2020	2,310,000		1.03
Granted during period	1,795,000		0.62
Cancelled during the period	(150,000)		0.26
Balance, as at June 30, 2021	**3,955,000**	**$**	**0.58**

During the six months ended June 30, 2021 the Company granted 598,333 (2020: 795,000l) stock options. The fair value was determined using the Black-Scholes option pricing model at the weighted average assumptions:

		2021		2020
Risk-free interest rate		**0.49%**		0.41%
Estimated life of options (years)		**3.00**		5
Expected volatility		**107.00%**		110.85%
Price of shares at date of issuance	**$**	**0.62**	$	0.25
Exercise price of options	**$**	**0.62**	$	0.26
Dividend yield		**0%**		0%

Expected volatility was determined using the Company's actual share volatility and comparable companies' volatility at the time of the grant. As at June 30, 2021 2,870,833 (2020 – 1,822,500) stock options were exercisable and the weighted average remaining contractual lives of the stock options was 3.05 years (2020 – 2.6 years).

Contributed surplus

Contributed surplus is comprised of the following:

		Jun 30, 2021		Dec 31, 2020
Stock options and other	**$**	**2,989**	$	2,741
Warrants and Agent Warrants		**4,865**		5,306
	$	**7,854**	$	8,047

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

13. SHARE CAPITAL (Continued)

Warrants

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

	Number of			Amount
	Warrants	Agent Warrants	Total	(000's)
Balance, as at January 1, 2020	7,411,783	243,422	7,655,205	$ 5,279
Warrants issued on subscription of units	4,000,000	-	4,000,000	506
Warrants issued for agent fees	-	48,000	48,000	6
Issuance costs	-	-	-	(12)
Expired Agent Warrants	-	(192,075)	(192,075)	(461)
Balance, as at June 30, 2020	11,411,783	99,347	11,511,130	$ 5,318
Issuance costs	-	-	-	(12)
Balance, as at December 31 2020	11,411,783	99,347	11,511,130	5,306
Warrants issued on subscription of units	10,000,000	-	10,000,000	1,110
Warrants issued for agent fees	-	437,696	437,696	(10)
Warrants exercised	(2,931,000)	(48,000)	(2,979,000)	(378)
Warrants expired	(4,669,279)	-	(4,669,279)	(1,163)
Balance, as at June 30, 2021	**13,811,504**	**489,043**	**14,300,547**	**$ 4,865**

As at June 30, 2021, 13,811,504 warrants and 489,043 Agent Warrants were outstanding (2020 – 11,411,783 warrants and 99,347 Agent Warrants), with an average exercise price of $0.54 and $0.51 (2020: $1.51 and $0.25), respectively and an average estimated life of 1.6 years (2020: 0.7 years).

On March 18, 2021 the Company issued 10,000,000 warrants and 437,696 agent warrants. For the warrants and agent warrants issued in the non-brokered private placement, the fair value has been determined as $1,110 using the Black-Scholes option pricing model and the following assumptions.

		2021		2020
Risk-free interest rate		**22%**		30%
Estimated life of warrants and Agent Warrants (years)		**2.00**		2.00
Expected volatility		**98%**		100%
Price of shares at date of issuance	$	**0.24**	$	0.25
Exercise price of warrants	$	**0.45**	$	0.25
Dividend yield		**0%**		0%

Deferred share units

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

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

13. SHARE CAPITAL (Continued)

Deferred share units (Continued)

Nomination and Compensation Committee has chosen to settle the DSU Account in Company common shares from treasury.

As at June 30, 2021 there were 493,598 shares reserved for issuance on settlement of DSUs (December 31, 2020: 704,932) for which the Company recognized a $43 charge to contributed surplus (2020: $44). The 493,598 shares reserved for issuance on settlement of DSUs, which is less than the 1,500,000 amount permitted under Pond's DSU Plan.

14. REVENUE, CONTRACT RECEIVABLE AND DEFERRED CONTRACT REVENUE

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

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

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

Stelco Algae Holdings

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

Prior to the "notice to proceed" arrangement, in November 2017, Stelco, the Company and the Ontario Centres for Excellence Inc. ("OCE") entered into a Target GHG Industrial Demonstration Program Funding Agreement ("OCEFA") pursuant to which the OCE will fund up to 50% of eligible Project costs to a maximum of $5 million. The OCEFA expired on December 31, 2020.

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

During the six months ended June 30, 2021 the Company made $Nil (2020:$Nil) advances under the terms of the promissory note and received repayments of $Nil (2020: $Nil) resulting in a contract receivable balance of $1,438 (2020: $1,438) at June 30, 2021.

Impairment charge

Due to the uncertainty relating to possible future project financing relating to the Stelco project the Company has taken an impairment charge of $Nil (2020: $674) against the contract receivable balance owed by Stelco. The contract receivable is secured by property, plant and equipment to which the Company currently has access. The impairment charge was calculated using the estimated replacement cost of property, plant and equipment in 2019, when it was first determined that the contract receivable was impaired, less an amount representing the reduction in value of the underlying assets due to their continued use.

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

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

Deferred Contract Revenue

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

		Jun 30, 2021		Dec 31, 2020
Balance, beginning of period	**$**	**386**	$	437
Related revenue earned in the period		**-**		(382)
Payments received in the period		**-**		331
	$	**386**	$	386

15. BREAK DOWN OF EXPENSES

The details for operating and general and administrative expenses, are as follows:

		Three Months Ended				**Six Months Ended**		
		Jun 30, 2021		Jun 30, 2020		**Jun 30, 2021**		Jun 30, 2020
Operating expenses								
Salaries and benefits	**$**	**171**	$	121	**$**	**573**	$	472
Travel and transportation		**17**		14		**32**		38
Project supplies and maintenance		**56**		78		**152**		259
	$	**244**	$	213	**$**	**757**	$	769
General and administrative expenses								
Legal	**$**	**71**	$	88	**$**	**140**	$	166
Computer		**34**		15		**48**		26
Consultants, advisors and other		**329**		235		**571**		431
	$	**434**	$	338	**$**	**759**	$	623

16. FINANCIAL EXPENSES

		Three Months Ended				**Six Months Ended**		
		Jun 30, 2021		Jun 30, 2020		**Jun 30, 2021**		Jun 30, 2020
Interest expense on loans	**$**	**74**	$	74	**$**	**158**	$	176
Interest accretion, net of imputed interest adjustment		**3**		5		**7**		4
Loan modification amortization		**-**		-		**(142)**		-
Interest on debenture		**60**		59		**89**		118
Accretion on debenture		**56**		44		**108**		85
Interest on lease obligations		**7**		8		**15**		16
Interest benefit on initial fair value of loan		**-**		(19)		**-**		(19)
Interest benefit on loan modification		**-**		(21)		**-**		(21)
Bank and other expenses		**5**		10		**10**		13
	$	**205**	$	160	**$**	**245**	$	372

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

17. RELATED PARTY TRANSACTIONS

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

	Three months Ended		Six months ended	
	Jun 30, 2021	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020
Transactions **:**				
Loan interest to shareholders CW and GV	**$ 134**	$ 190	**$ 247**	$ 378
Legal services rendered to the Company	**-**	53	**-**	74
Pembina property management fee	**-**	9	**-**	18
Balances, Jun 30, 2021 & Dec 31, 2020 **:**				
Loan payable to CW	**2,288**	2,843	**2,288**	2,843
Debenture to GV	**1,895**	1,690	**1,895**	1,690

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

Key management compensation is comprised of:

	Three months ended		Six months ended	
	Jun 30, 2021	Jun 30, 2020	**Jun 30, 2021**	Jun 30, 2020
Stock based compensation	**$ 3**	$ 51	**$ 85**	$ 54
Director and committee fees - cash and DSU	**28**	61	**52**	113
Salaries and benefits	**96**	96	**192**	192

18. SEGMENTED INFORMATION

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

The chief operating decision maker is the CEO of the Company and the Company's operating segments and are based on its three primary offerings and one regional geographic area.

The three reportable segments for six months ended June 30, 2021, are Nutraceutical Products (including production and sales to consumers and business and distribution or third-party products) Technology Services (including the production of microalgae biomass, consulting, engineering services and the construction of biomass production facilities) and Oil and Natural Gas production. The Nutraceutical Products segment was a new segment in 2019 and arose through the acquisition of Regenurex (Note 3) and the acquisition of Distribution rights (Note 6).

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

18. SEGMENTED INFORMATION (Continued)

Reportable Segments

For the period ended June 30, 2021

Consolidated Statements of Financial Position As at June 30, 2021	Nutraceutical Products	Technology Services	Oil and Natural Gas	Other	Total
Non-Current Assets					
Intangibles	$ -	$ 1,450	$ -	$ 352	$ 1,802
Goodwill	-	-	-	-	-
Capital assets	840	352	-	-	1,192
Deferred income taxes	822	-	-	-	822
Contract receivable	-	523	-	-	523
Right-of-use asset	130	49	-	-	179

Consolidated Statement of Loss & Comprehensive Loss	For The Three Months Ended June 30, 2021 Nutraceutical Products	Technology Services	Oil and Natural Gas	Other	Total
Revenue:					
Nutraceutical products	$ 682	$ -	$ -	$ -	$ 682
Technology services	-	18	-	-	18
	682	18	-	-	700
Direct costs and expenses:					
Nutraceutical products	(531)	-	-	-	(531)
Technology services	-	(18)	-	-	(18)
Operating Expenses	(164)	(163)	-	83	(244)
General and administrative expenses	(74)	(178)	-	(182)	(434)
Amortization & depletion	(50)	(41)	-	(38)	(129)
Stock-based compensation	-	-	-	(75)	(75)
Operating loss	(137)	(382)	-	(212)	(731)
Other income / (expense):					
Interest income		-	-		-
Finance expenses	(6)	(84)	-	(115)	(205)
Net loss from continuing operations	(143)	(466)	-	(327)	(936)
Net gain(loss) from discontinued operations	-	-	239	-	239
Net loss and comprehensive loss	**$ (143)**	**$ (466)**	**$ 239**	**$ (327)**	**$ (697)**

Major Customer Revenue (Three Months June 30, 2021)	Nutraceutical Products	Technology Services
Largest customer	$ 281	$ 18
Second largest customer	$ 124	$ -

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

18. SEGMENTED INFORMATION (Continued)

Reportable Segments (Continued)

For the period ended June 30, 2020

Consolidated Statements of Financial Position As at June 30, 2020	**Nutraceutical Products**	**Technology Services**	**Oil and Natural Gas**	**Other**	**Total**
Non-Current Assets					
Intangibles	$ 537	$ 1,673	$ -	$ -	$ 2,210
Goodwill	100	-	-	-	100
Capital assets	884	455	-	-	1,339
Deferred income taxes	822	-	-	-	822
Contract receivable	-	746	-	-	746
Right-of-use asset	168	55	-	-	222
Asset transferred to discontinued operations	$ -	$ -	$ 2,310	$ -	$ 2,310

Consolidated Statement of Loss & Comprehensive Loss	**For The Three Months Ended June 30, 2020**				
	Nutraceutical Products	**Technology Services**	**Oil and Natural Gas**	**Other**	**Total**
Revenue:					
Nutraceutical products	$ 950	$ -	$ -	$ -	$ 950
Revenue technology	-	80	-	-	80
	950	80	-	-	1,030
Direct costs and expenses:					
Nutraceutical products	(700)	-	-	-	(700)
Technology services	-	(61)	-	-	(61)
Operating expenses	(91)	(121)	-	-	(212)
General and administrative expenses	(35)	(201)	-	(103)	(339)
Amortization & depletion	(61)	(20)	-	-	(81)
Stock-based compensation	-	-	-	(164)	(164)
Operating loss	64	(323)	-	(267)	(527)
Other income / (expense):					
Interest income	-	-	-	-	-
Finance expenses	9	(169)	-	-	(160)
Net loss from continuing operations	73	(492)	-	(267)	(687)
Net loss from discontinued operations	0	0	(88)	0	(88)
Net loss and comprehesive loss	**$ 73**	**$ (492)**	**$ (88)**	**$ (267)**	**$ (775)**

19. COMMITMENTS AND CONTINGENCIES

On January 30, 2018, the Company and GRL entered into an Assignment Agreement, whereby the Company transferred all of its right, title and interest in and to and all burdens, obligations and liabilities in connection with a litigation matter, to GRL. GRL agreed to indemnify the Company from any potential liabilities that may arise from such litigation.

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

On June 1, 2021 the Company and GRL entered into a transaction to sell all of the Company's petroleum and natural gas assets in the Pembina Area, Alberta. GRL will assume all abandonment and reclamation liabilities related to the Assets and 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.

20. SUBSEQUENT EVENTS

On August 5, 2021, the Company issued a total of 902,428 units from the conversion of 3,507,782 junior preferred Pond Naturals shares and 200,000 senior preferred Pond Naturals shares.

On August 10, 2021, the Company executed a commercial agreement with a major Canadian oilsands producer and fortune 500 company to grow COVID-19 antigens that are expressed from a unique strain of algae. These antigens will be used for rapid diagnostic testing. As part of this agreement, Pond will collect up to CAD $1 Million in milestone payments and success fees over the next 8 months: $150 on signing, and the balance on achieving production volume and quality milestones.

This August 10, 2021 agreement will help develop commercial production capacity for the antigens required for a COVID-19 rapid diagnostic test at Pond facilities. Pond is working to conclude a commercial supply agreement with a manufacturer of the diagnostic test kits that will use the recombinant proteins or antigens manufactured by Pond. As part of this agreement, Pond also expects to be able to enter into commercial agreements to sell antigens and/or antibodies from genetically modified algae to generate additional revenue.

On August 17, 2021, the Company issued a total of 3,333,333 units at $0.45/unit for $1,500. Each unit was comprised of one common share and one-half common share purchase warrant. Each warrant may be exercised for one-half additional common share at a price of $0.60 on the earlier of 30 days after the holder of the warrant receives notice from the Company that the Company's shares had traded at a price of $1.35 per share for at least 20 consecutive days on the TSXV or two years from date of issuance.