

PONDEROUS PANDA CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

**For the three months ended
March 31, 2020**

**Unaudited – Prepared by Management
(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED
INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of Ponderous Panda Capital Corp. (“the Company”) for the three months ended March 31, 2020, have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Company’s Board of Directors.

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

The accompanying unaudited condensed interim financial statements of 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 CPA Canada for a review of the condensed interim financial statements by an entity’s auditor.

PONDEROUS PANDA CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
AS AT MARCH 31, 2020 AND DECEMBER 31, 2019

	March 31, 2020	December 31, 2019
	\$	\$
Assets		
Current		
Cash	487,911	498,083
Total assets	487,911	498,083
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	26,339	23,936
Total liabilities	26,339	23,936
Shareholders' equity		
Share capital (Note 4)	640,300	640,300
Reserves (Note 4)	96,000	96,000
Deficit	(274,728)	(262,153)
Total shareholders' equity	461,572	474,147
Total liabilities and shareholders' equity	487,911	498,083

Nature and continuance of operations (Note 1)

Approved on June 1, 2020 on behalf of the Board:

"David Smalley"

Director

"Larry K. Doan"

Director

PONDEROUS PANDA CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019

	Three months ended March 31, 2020	Three months ended March 31, 2019
	\$	\$
Expenses		
Filing fees	5,460	5,460
Professional fees (Note 5)	3,260	3,487
Regulatory fees	3,457	1,721
Rent	398	539
Loss and comprehensive loss for the period	(12,575)	(11,207)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	2,000,000	2,000,000

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

PONDEROUS PANDA CAPITAL CORP.
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019

	Number of Common Shares	Share Capital	Reserves	Deficit	Total Shareholders' Equity
		\$	\$	\$	\$
Balance, December 31, 2018	3,065,004	640,300	96,000	(205,058)	531,242
Loss for the year	-	-	-	(11,207)	(11,207)
Balance, March 31, 2019	3,065,004	640,300	96,000	(216,265)	542,449
Balance December 31, 2019	3,065,004	640,300	96,000	(262,153)	474,147
Loss for the period	-	-	-	(12,575)	(12,575)
Balance, March 31, 2020	3,065,004	640,300	96,000	(274,728)	461,572

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

PONDEROUS PANDA CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019

	Three Months ended March 31, 2020	Three Months ended March 31, 2019
	\$	\$
OPERATING ACTIVITIES		
Loss for the period	(12,575)	(11,207)
Changes in non-cash working capital items:		
Prepaid expenses	-	102
Accounts payable and accrued liabilities	2,403	11,383
	(10,172)	278
Change in cash during the period	(10,172)	278
Cash, beginning of period	498,083	549,090
Cash, end of period	487,911	549,368
Supplemental disclosure:		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

PONDEROUS PANDA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Unaudited – Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Ponderous Panda Capital Corp. (the “Company”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 22, 2017. The Company completed an initial public offering (“IPO”) of its common shares on April 27, 2018, and on May 2, 2018, its common shares began trading on the TSX Venture Exchange (“TSX-V” or the “Exchange”), under the symbol “PPCC.P”. The Company is classified as a Capital Pool Company (“CPC”), as defined in the Exchange Policy 2.4. The Company’s head office and registered and records office address is Suite 2300, 1066 W Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2.

The principal business of the Company is the identification and evaluation of material assets or businesses with a view to completing a transaction where the Company acquires significant assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These condensed interim financial statements (the “financial statements”) are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2020, the Company has an accumulated deficit of \$274,728.

The Company’s continuing operations are dependent upon its ability to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction, as defined in Exchange Policy 2.4, within 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory approval. The inability to achieve these objectives may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s common shares were halted from trading on April 28, 2020, for failure to complete a Qualifying Transaction within 24 months of listing. The Company continues its efforts to locate a Qualifying Transaction and is working to restore its Exchange listing.

Proposed Transaction (terminated)

On August 26, 2019, the Company entered into a Letter of Intent (“LOI”), for the acquisition of Veridyne Power Corp. (“Veridyne”), a private company in the business of developing Solid Oxide Fuel Cell (“SOFC”) power generating units. The LOI was intended to facilitate a business combination that would constitute the Company’s Qualifying Transaction (the “Proposed Transaction”). The LOI expired on March 25, 2020 and the Company took the decision not to further extend it, thereby terminating the Proposed Transaction. Under the terms of the LOI no break fee was due as the Proposed Transaction expired.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited financial statements for the period ended December 31, 2019, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). It is suggested that these financial statements be read in conjunction with the audited financial statements.

PONDEROUS PANDA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION (CONTINUED)

Basis of preparation

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements of the Company are presented in Canadian dollars, which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and critical judgments, and methods of computation and presentation, applied in these financial statements are consistent with those of the most recent audited financial statements and are those the Company expects to adopt in its financial statements for the year ended December 31, 2020.

4. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value and unlimited preferred shares with no par value.

Transactions for the issue of share capital during the three months ended March 31, 2020:

- The Company did not issue any common shares during the three months ended March 31, 2020.

Transactions for the issue of share capital during the year ended December 31, 2019:

- The Company did not issue any common shares during the year ended December 31, 2019.

Escrowed securities

The Company entered into an escrow agreement (the "Escrow Agreement") in relation to common shares issued prior to the IPO. Pursuant to the Escrow Agreement, 1,065,004 common shares were placed in escrow on the date of IPO. Upon the Company completing a Qualifying Transaction, the Escrowed Common Shares will be subject to a timed release over a 36-month period.

As at March 31, 2020, 1,065,004 (December 31, 2019 – 1,065,004) common shares were held in escrow.

Loss per share amounts

In accordance with the Company's accounting policy, basic and diluted weighted average number of common shares outstanding excludes 1,065,004 common shares held in escrow.

Warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2019	200,000	\$ 0.30
Outstanding at March 31, 2020	200,000	\$ 0.30

PONDEROUS PANDA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Unaudited – Prepared by Management)

4. SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants (continued)

As at March 31, 2020, the outstanding and exercisable share purchase warrants were as follows:

Number of Warrants	Exercise Price	Expiry Date	Remaining life (in years)
200,000	\$ 0.30	April 27, 2020	0.07

The Company's outstanding share purchase warrants expired unexercised subsequent to March 31, 2020.

Stock options

On January 22, 2018, the Company adopted a Stock Option Plan (the "Plan") under which it is authorized to grant stock options to executive officers, directors, employees, and consultants. Under the Plan, the number of options that may be issued is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant. While the Company is a CPC until completion of a Qualifying Transaction, the aggregate number of common shares that may be reserved for issuance under the Plan shall not exceed 10% of the common shares to be outstanding as at the closing of the Company's initial public offering. The exercise price of each stock option shall equal the market price of the Company's shares, less any applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

As at March 31, 2020, the outstanding and exercisable stock options were as follows:

Number of Options	Exercise Price	Expiry Date	Remaining life (in years)
306,500	\$ 0.30	April 27, 2028	8.07

5. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence. Key management personnel receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company.

Related party transactions:

During the three months ended March 31, 2020, professional fees included \$2,998 (2019 - \$3,067) for legal services rendered by a law firm owned by the Chief Executive Officer of the Company.

Related party balances:

As at March 31, 2020, accounts payable and accrued liabilities included \$15,475 owed to a related party (December 31, 2019 - \$17,950).

6. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

PONDEROUS PANDA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Unaudited – Prepared by Management)

and
6. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (Continued)

- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using Level 1 inputs. The carrying value of accounts payable and accrued liabilities approximates fair value due to its short-term nature.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by placing its cash with a major financial institution. Management feels that the Company's credit risk with respect to cash is remote.

Interest rate risk

The Company is exposed to interest rate risk to the extent that its cash maintained in a financial institution is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's financial liabilities are classified as current and are anticipated to mature within the next twelve months. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at March 31, 2020, the Company did not have any financial instruments denominated in foreign currencies and considers foreign currency risk insignificant.

Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. As at March 31, 2020, shareholders' equity was \$461,572 and there was no long term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's capital management approach during the three months ended March 31, 2020.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuance of common shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the

PONDEROUS PANDA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 and 2019
(Unaudited – Prepared by Management)

Company as defined under the Exchange Policy 2.4. The Company currently is not subject to other externally imposed capital requirements.