POND TECHNOLOGIES HOLDINGS INC.

(formerly, IRONHORSE OIL & GAS INC.)

FINANCIAL STATEMENTS

DECEMBER 31, 2017

INDEPENDENT AUDITORS' REPORT

To: The Shareholders of Ironhorse Oil & Gas Inc.

We have audited the accompanying financial statements of Pond Technologies Holdings Inc. (formerly, Ironhorse Oil & Gas Inc.), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pond Technologies Holdings Inc. (formerly, Ironhorse Oil & Gas Inc.) as at December 31, 2017 and 2016, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Kenway Mack Slusarchuk Stewart LLP

Chartered Professional Accountants
Chartered Accountants

April 18, 2018

Calgary, Alberta

POND TECHNOLOGIES HOLDINGS INC.
Statements of Financial Position
(In thousands of dollars)

As at December 31	2017	2016
ASSETS		
Current assets		
Cash	**2,787**	2,831
Accounts receivable	**139**	146
Prepaid expenses and deposits (note 7)	**118**	123
	3,044	3,100
Property, plant and equipment (note 6)	**4,147**	9,158
Deferred income taxes (note 8)	**-**	1,026
	7,191	13,284
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**337**	312
Decommissioning liabilities (note 7)	**275**	273
	612	585
Contingent liabilities (note 15)		
Subsequent events (note 17)		
SHAREHOLDERS' EQUITY		
Shareholders' capital (note 9)	**29,875**	29,875
Contributed surplus	**2,048**	2,048
Deficit	**(25,344)**	(19,224)
	6,579	12,699
	7,191	13,284

The accompanying notes are an integral part of these Financial Statements.

Approved on behalf of the Board of Directors:

(signed) "Gerry Quinn"
Director

(signed) "Steve Martin"
Director

POND TECHNOLOGIES HOLDINGS INC.
Statements of Comprehensive Loss
(In thousands of dollars except per share amounts)

For the years ended December 31	2017	2016
REVENUES		
Petroleum and natural gas revenues, gross	**2,515**	1,731
Royalties	**(1,012)**	(641)
	1,503	1,090
EXPENSES		
Operating and transportation	**805**	711
General and administrative expense (note 16)	**716**	427
Finance costs (note 10)	**(20)**	(15)
Depletion and depreciation (note 6)	**738**	590
Impairments of property, plant and equipment (note 6)	**4,358**	797
	6,597	2,510
Loss before income taxes	**(5,094)**	(1,420)
Deferred income tax recovery (expense) (note 8)	**(1,026)**	384
Net loss and comprehensive loss	**(6,120)**	(1,036)
Deficit, beginning of the year	**(19,224)**	(18,188)
Deficit, end of the year	**(25,344)**	(19,224)
Loss per share (note 9)		
Basic and diluted	**(0.22)**	(0.04)

The accompanying notes are an integral part of these Financial Statements.

POND TECHNOLOGIES HOLDINGS INC.
Statement of Changes in Equity
(In thousands of dollars)

	Shareholders' Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance as at December 31, 2015	29,875	2,048	(18,188)	13,735
Net loss	-	-	(1,036)	(1,036)
Balance as at December 31, 2016	**29,875**	**2,048**	**(19,224)**	**12,699**
Net loss	-	-	(6,120)	(6,120)
Balance as at December 31, 2017	**29,875**	**2,048**	**(25,344)**	**6,579**

The accompanying notes are an integral part of these Financial Statements.

POND TECHNOLOGIES HOLDINGS INC.
Statements of Cash Flows
(In thousands of dollars)

For the years ended December 31	2017	2016
Cash flows from operating activities		
Net loss	**(6,120)**	(1,036)
Items not affecting cash:		
Depletion and depreciation (note 6)	**738**	590
Impairment of property, plant and equipment (note 6)	**4,358**	797
Accretion of decommissioning liabilities (note 7)	**5**	3
Deferred income tax expense (recovery) (note 8)	**1,026**	(384)
Expenditures on decommissioning liabilities (note 7)	**(9)**	(98)
Net change in non-cash working capital (note 14)	**26**	(555)
Net cash flow from operating activities	**24**	(683)
Cash flows from investing activities		
Property, plant and equipment expenditures (note 6)	**(79)**	1
Changes in non-cash working capital (note 14)	**11**	(2)
Net cash flow from investing activities	**(68)**	(1)
Increase (decrease) in cash	**(44)**	(684)
Cash, beginning of the year	**2,831**	3,515
Cash, end of the year	**2,787**	2,831
Supplemental cash information:		
Interest expense paid (received)	**(25)**	(18)

The accompanying notes are an integral part of these Financial Statements.

1. REPORTING ENTITY

Pond Technologies Holdings Inc., formerly, Ironhorse Oil & Gas Inc., ("the Company") is incorporated under the Business Corporations Act of Alberta. Effective January 30, 2018 the Company completed a three cornered amalgamation (Notes 16 and 17) and upon closing of this transaction, the Company changed its name from Ironhorse Oil & Gas Inc. to Pond Technologies Holdings Inc. Prior to January 31, 2018, the Company's primary business was the development and production of petroleum and natural gas reserves in western Canada.

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

2. BASIS OF PRESENTATION

Statement of Compliance

In these financial statements, unless otherwise indicated, all dollars are expressed in Canadian dollars which is the Company's functional currency, with all values rounded to the nearest thousand. The financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value through statements of comprehensive loss.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). A summary of the Company's significant accounting policies under IFRS is presented in Note 3.

These financial statements were authorized for issuance in accordance with a resolution of the Board of Directors on April 18, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue associated with the sales of crude oil, natural gas and natural gas liquids ("NGLs") owned by the Company is recognized when the risks and rewards of ownership have been substantially transferred to the customers, the sales price and costs can be measured reliably, and it is probable that the economic benefits will flow to the Company. This is generally met when title passes from the Company to its customer.

Transportation

Costs paid by the Company for the transportation of natural gas, crude oil and NGLs from wellhead to the point of title transfer are recognized when the transportation is provided.

Joint Arrangements

The Company's activities are owned and operated jointly with other parties. All the Company's joint arrangements are classified as joint operations. These financial statements reflect only the Company's appropriate share of the joint operation's controlled assets and liabilities it has incurred, its share of any liabilities jointly incurred, income from the sale or use of its share of the joint operation's output, together with its share of expenses incurred by the joint operation and any expenses it incurs in relation to its interest in the joint arrangement and a share of production in such activities.

Share-based Compensation

In accordance with the Company's stock option plan, stock options may be granted to directors, officers, employees and consultants, which are all categorized as employees and others providing similar services. The Company follows the fair value method to record the compensation expense for stock options granted under its stock option plan. Under this method, the Company estimates the fair value of stock options using the Black-Scholes option pricing model on the date of grant. Key components of the Black-Scholes model include estimates with respect to share price volatility, a risk free discount rate, option forfeitures and the expected life of the option. The Company recognizes the stock compensation over the vesting period as a share-based compensation expense with a corresponding increase to contributed surplus. When stock options are exercised, the issuance of shares is recorded as an increase to shareholders' capital and a corresponding decrease to contributed surplus.

Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, with impairments recognized in the statement of comprehensive loss in the period measured. Non-current assets held for sale are presented in current assets within the statement of financial position and are not depleted, depreciated or amortized.

Exploration and Evaluation ("E&E") costs

Costs incurred prior to obtaining the legal right to explore (pre-exploration costs) are expensed in the period in which they are incurred as E&E expense.

Costs incurred after the legal right to explore is obtained, are initially capitalized as E&E assets. E&E assets consist of the costs incurred which are pending the determination of technical feasibility and commercial viability of the reserves discovered. E&E assets include undeveloped land, technical services and studies, exploration drilling and testing costs thereon and are capitalized on an area-by-area basis.

Technical feasibility and commercial viability are established when proved and probable reserves are determined to exist. E&E assets are assessed for impairment if (i) sufficient data exists to determine the lack of technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds recoverable amount.

If commercial viability of the reserves is established for the exploration project, the capitalized costs are transferred from E&E asset to development and production assets which are classified as property, plant and equipment ("PP&E") on the statement of financial position. Assets are reviewed for impairment at the time they are transferred to PP&E. If an E&E project is determined to be unsuccessful, all associated costs are expensed to the statement of comprehensive loss as E&E expense.

Undeveloped land classified within E&E assets is amortized by major area over the average lease term and recognized in the statement of comprehensive loss. Drilling costs classified as E&E assets are not amortized but are subject to impairment.

Property, Plant and Equipment ("PP&E")

PP&E are stated at cost less accumulated depletion and depreciation and net impairment expense. PP&E are capitalized on an area-by-area basis and include costs associated with the development and production of petroleum and natural gas assets.

Overhead costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of use in the manner intended by management are capitalized. These costs include compensation costs paid to internal technical personnel dedicated to capital projects.

Gains and losses on the dispositions of PP&E are determined by comparing the sale proceeds with the carrying amount of the asset and are recognized separately in the statement of comprehensive loss.

Exchanges of properties are measured at fair value, unless the transaction lacks commercial substance or fair value cannot be reasonably measured. Where the exchange is measured at fair value, a gain or loss is recognized in the statement of operations. When fair value is not used, the carrying amount of the asset given up is used as the cost of the asset acquired.

Depletion, Depreciation and Amortization

Development and production assets within PP&E are componentized into groups of assets ("areas") with similar useful lives for the depletion calculation. Depletion expense is calculated using the unit-of-production method based on:

(a) Total capitalized PP&E costs plus estimated future development costs of proved and probable reserves, including future estimated decommissioning costs;
(b) Relative volumes of petroleum and natural gas production and reserves, before royalties, converted at the energy equivalent conversion ratio of six thousand cubic feet ("mcf") of natural gas to one barrel of oil, and
(c) Total estimated proved and probable reserves calculated in accordance with National Instrument 51-101, "Standards of Disclosure for Oil and Gas Activities".

Impairment

Non-financial assets

The Company's development and production assets within PP&E are grouped into cash generating units ("CGU" or "areas") for purposes of assessing impairment. A CGU or area is a grouping of assets that generate cash inflows independently of other assets held by the Company. Geological formation, product type, geography and internal management are key factors considered when grouping the Company's oil and gas assets into areas.

The carrying amount of PP&E is reviewed for indicators of impairment at each reporting date. If any such indicators exist, then the assets recoverable amount is estimated. The recoverable amount is the greater of the area's fair value less cost to sell and the value-in-use. Fair value less costs to sell is estimated using the discounted after-tax future net cash flows. Discounted future net cash flows are based on forecasted commodity prices and costs over the expected economic life of reserves and discounted using market-based rates. Value-in-use is estimated using the discounted present value of the expected future cash flows from continuing use of an area.

An impairment loss is recognized in the statement of comprehensive loss for the amount by which the carrying amount of the asset or CGU exceeds the recoverable amount.

Impairment loss is reversed in the statement of comprehensive loss when there has been a subsequent increase in the recoverable amount of the asset or CGU, but only to the extent of what the carrying amount would have been had no impairment been recognized.

E&E assets are assessed for impairment if there is sufficient data that exists to determine technical feasibility and commercial viability of a development area or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the fair value or estimated future cash flows of an asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of comprehensive loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of comprehensive loss.

Decommissioning Liabilities

The Company recognizes decommissioning liabilities for future obligations associated with the retirement of petroleum and natural gas properties. The amount recognized is the net present value of the estimated future expenditures determined in accordance with current requirements and technologies. The decommissioning liability is calculated based on current cost estimates to reclaim and abandon wells and facilities, inflated to the

estimated retirement date and then discounted using a risk-free discount rate. The liability is recorded in the period that the obligation is created with a corresponding increase in the carrying value of the related asset. The liability is accreted over time as the effect of discounting unwinds with a corresponding accretion expense recognized in the statement of comprehensive loss within financing costs.

Periodic revision to the liability's specific discount rate, estimated timing of cash flows or to the original estimated undiscounted cost can result in an increase or decrease to decommission liability and the related asset in PP&E. Actual expenditures incurred are recorded against the accumulated liability.

Income Taxes
The Company follows the liability method for accounting for income taxes, where deferred income taxes are recorded for the effect of any temporary difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates expected to apply when the assets are realized or liabilities are settled. Deferred income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment recognized in the statement of comprehensive loss in the period that the change occurs except when it relates to items charged or credited directly to equity, in which case the related deferred income tax effect is also recorded in equity.

Deferred income tax assets and liabilities are offset to the extent there is a legally enforceable right to set off the recognized amounts and the intent is to either settle on a net basis or to realize the asset or settle the liability simultaneously. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

Flow-through Shares
The Company has financed some of its exploration and development activities through the issuance of common shares on a flow-through basis, pursuant to the terms of a flow-through financing, the tax deductions associated with the resource expenditure are renounced to investors in accordance with income tax legislation. The Company allocates the proceeds received from the flow-through financing between the offering of shares and the sale of a tax benefit. The amount recorded in shareholders' capital is based on the current market price of the shares and the difference is recorded as a current obligation on the statement of financial position. Deferred income tax liability is recognized when the expenditures are incurred and renouncement is probable. The flow-through share obligation is reversed at that time and the difference between the amount of the deferred tax liability and the flow-through share obligation is charged to deferred income tax expense.

Per Share Amounts
Basic and diluted per share amounts are calculated based on the weighted average number of shares outstanding for the period. Common shares issued during the period are included in the weighted average number of common shares from the date the consideration is received by the Company.

The weighted average number of diluted common shares outstanding is calculated using the treasury stock method which assumes that any deemed proceeds received from in-the-money stock options would be used to repurchase common shares at the average market price during the period. Anti-dilutive items are not included in the calculation.

Financial Instruments
Financial Instruments are classified as held for trading, held to maturity, loans and receivables, available for sale, and other liabilities. All of these classifications are measured initially at fair value, with subsequent measurements at amortized cost, except instruments held for trading or available for sale. Amortized cost is calculated using the effective interest rate method.

Changes in the amortized cost are recognized into income through amortization using the effective interest method or when the instrument is impaired or derecognized. Any related transactions costs are recognized into the statement of comprehensive loss in the period incurred.

Financial instruments held for trading are subsequently measured at fair value, with gains and losses recognized in the statement of comprehensive loss in the period they arise.

Financial instruments available for sale are subsequently measured at fair value, with gains and losses arising recorded in comprehensive income. These gains and losses are recognized in comprehensive loss when the instrument is sold, impaired, or derecognized.

New and Future Accounting Pronouncements

IFRS 9 - Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 "Financial Instruments" which replaces IAS 39, "Financial Instruments: Recognition and Measurement". The standard will come into effect for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. For financial liabilities, IFRS 9 retains most of the requirements of IAS 39. In addition, IFRS 9 introduces a new expected credit loss model for calculating impairment of financial assets, replacing the incurred loss impairment model required by IAS 39. The standard also specifies standards for hedge accounting.

Amendment of IFRS 15 - Revenue Recognition
The IASB has issued IFRS 15 "Revenue from Contracts with Customers" which replaces IAS 18 "Revenue". The expectation is that IFRS 15 provides a recognition standard that can be applied consistently across various transactions, industries and capital markets. The standard specifies the five steps that an organization would apply to recognize revenue; identifying the contract with the customer, identifying the performance obligations to transfer distinct goods or services within the contract, determining the transaction price, allocating the transaction price to each separate performance obligation on the basis of relative stand-alone selling prices, and recognizing revenue when or as the performance obligation is satisfied. An organization will be considered to have satisfied a performance obligation by transferring a promised good or service to a customer with a transfer being defined in terms of when the customer obtains control of the promised good or service. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company intends to adopt the amendments to IFRS 15 in its financial statements for the annual period beginning January 1, 2018. It is anticipated that the adoption of IFRS 15 will not have a material impact on the Company's financial statements.

Amendment of IFRS 16 – Leases
In January 2016, The IASB issued IFRS "Leases", which replaces IAS 17 "Leases," and provides that a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. For lessees, IFRS 16 removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases.

IFRS 16 will come into effect for years beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 "Revenue from Contracts with Customers" has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. It is anticipated that the adoption of IFRS 16 will not have a material impact on the Company's financial statements and it intends to adopt the amendments to IFRS 16 in its financial statements for the annual period beginning January 1, 2019.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingencies as at the date of the financial statements. Actual results may differ from these estimates. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

Judgments

Impairment

Judgments are required to assess when impairment indicators exist and impairment testing is required when determining recoverable amounts of PP&E assets. Judgements used in determining the recoverable amount could affect the carrying value of the related asset.

Exploration and Evaluation Costs

The accounting policy for exploration and evaluation assets is described in note 3. The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances in assessing whether economic quantities of reserves have been found.

Contingent liabilities

When a contingency is substantiated by confirming events, can be reliably measured and will likely result in an economic outflow; a liability is recognized in the financial statements as the best estimate required to settle the obligation. A contingent liability is disclosed when the possibility is considered more than remote but not yet probable, where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the financial statements.

Estimates

Carrying Value of Property, Plant & Equipment

Development and production assets within PP&E are depleted using the unit-of production method based on estimated proved and probable reserves determined using estimated future prices and costs. There are a number of inherent uncertainties associated with estimating reserves. By their nature, these estimates of reserves, including geoscientific interpretation, production forecasts, future commodity prices and costs, and related future cash flows are subject to measurement uncertainty; the impact of changes in these factors on the financial statements of future periods could be material.

Decommissioning Liabilities

The calculation of decommissioning liabilities includes management's estimates of future inflation rates, current risk free rates, future restoration and reclamation expenditures and the anticipated timing of those expenditures. The estimated liability and actual costs to be incurred could change significantly due to changes in well production performance, regulations, technology and discount rates applied to determine the net present value of the obligations described in note 7.

Impairment

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

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

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

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

Impairment tests were carried out at December 31, 2017 and were based on value-in-use, using a discount rate of 10 percent to determine the future cash flows from oil and gas reserves and the following commodity price estimates:

	Oil Light Oil at Canadian Light Sweet ($Cdn/barrel)[1]	Gas AECO Spot ($Cdn/mmbtu)[1]
2018	65.44	2.85
2019	74.51	3.11
2020	78.24	3.65
2021	82.45	3.80
2022	84.10	3.95
2023	85.78	4.05
2024	87.49	4.15
2025	89.24	4.25
2026	91.03	4.36
2027	92.85	4.46
Thereafter	+2.0%/year	+2.0%/year

(1) Source: Sproule Associates Ltd. price forecast, effective January 1, 2018

Deferred Taxes

The calculation of deferred taxes is based on a number of assumptions including estimating the timing of reversals of temporary differences and estimating the ability to realize deferred tax assets. Assessing the recoverability of deferred tax assets requires the Company to make estimates related to the expectations of future cash flows from operations. To the extent that future cash flows and taxable income differ from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at year end could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

5. EXPLORATION AND EVALUATION ("E&E") ASSETS

E&E assets consist of the Company's undeveloped land and exploration projects which are pending the determination of proved and probable reserves.

As at December 31, 2017 and 2016 the Company did not have E&E assets recorded.

6. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

Cost	
Balance, December 31, 2015	23,700
Additions	(1)
Changes in decommissioning liabilities	8
Balance, December 31, 2016	23,707
Additions	79
Changes in decommissioning liabilities	6
Balance, December 31, 2017	**23,792**

Accumulated depletion and depreciation	
Balance, December 31, 2015	(13,162)
Depletion and depreciation expense	(590)
Impairment	(797)
Balance, December 31, 2016	(14,549)
Depletion and depreciation expense	(738)
Impairment	(4,358)
Balance, December 31, 2017	**(19,645)**

Carrying value	
As at December 31, 2016	9,158
As at December 31, 2017	**4,147**

The Company did not incur any general and administrative expenses directly attributed to the development of PP&E properties in 2016 and 2017.

Estimated future development costs of $66,700 were included in the calculation of depletion for the year ended December 31, 2017 (2016 - $140,600).

Impairment

For the year ended December 31, 2017, the Company recorded an impairment loss of $4,358,000 against PP&E related to its Pembina CGU (2016 - $797,000).

The impairment loss in 2017 related to the Company's main CGU at Pembina was due primarily to a reduction in the forward commodity prices for oil (price forecast lowered by an average of 6.7% over next three years) and modifications to the production forecasts primarily related to the 14-05-050-06 W5 well, as compared to the December 31, 2016 yearend reserve report forecast prepared by the Company's independent external reserve evaluators.

The recoverable amount for the Pembina CGU is $4.1 million and the value-in-use was determined by the net present value of the before tax cash flows from oil, natural gas and liquids proved plus probable reserves estimated by the Company's external reserve evaluators discounted at a rate of 10% (2016 – 10%).

7. DECOMMISSIONING LIABILITIES

Years ended December 31	2017	2016
Balance, beginning of year	**273**	360
Change in estimates and discount rate	**6**	8
Settlement of decommissioning liabilities	**(9)**	(98)
Accretion expense	**5**	3
Balance, end of year	**275**	273

The Company's decommissioning liabilities result from the net ownership interests in petroleum and natural gas assets including well sites, gathering systems and production equipment. The total undiscounted amount to settle the Company's decommissioning liabilities is estimated at $0.3 million (2016 - $0.3 million). Over the next 2-3 years approximately $20,000 of these costs are expected to be incurred with the remainder expected to be incurred between 2020 and 2033. A risk-free rate of 1.6% - 2% (2016 – 0.7% - 2%) and an inflation rate of 2% (2016 – 2%) were used to calculate the present value of the decommissioning liabilities.

In compliance with the Alberta Energy Regulator's (AER) licensee liability rating program, the Company was required to pay security deposits related to the Company's sole operated property at Dawson, Alberta. The Dawson wells were suspended in 2013 and decommissioning work commenced in 2016 as the wells were cut

and capped (cutting the well casing below the surface and placing a vented cap atop the well casing), surface equipment removed and pipelines abandoned reducing the security deposit requirement in 2016 which resulted in a partial refund of funds held. Currently the security deposit balance held by AER is $95,000. Remaining decommissioning work at Dawson includes environmental assessment and surface reclamation.

8. INCOME TAXES

The following table reconciles income taxes calculated at the Canadian statutory rate:

	2017	2016
Loss before income taxes	**5,094**	1,420
Canadian statutory tax rate	**27.0%**	27.0%
Expected income tax recovery	**1,375**	384
Effect of taxes resulting from:		
Unrecognized deferred tax asset	**(2,401)**	-
Deferred income tax recovery (expense)	**(1,026)**	384

[1] The statutory rate consists of the combined tax rate for the Company for the year ended December 31, 2017.

The net deferred income tax asset (liability) is comprised of the following:

	2017	2016
Deferred income tax liabilities:		
Property, plant and equipment	**17**	(1,269)
Deferred income tax assets:		
Decommissioning liabilities	**74**	74
Non-capital losses	**2,310**	2,221
Unrecognized deferred tax asset	**(2,401)**	-
Deferred income tax asset	**-**	1,026

Estimated tax pools	**2017**	2016
Canadian development expenditures	**30**	42
Canadian exploration expenditures	**3,195**	3,195
Undepreciated capital costs	**985**	1,220
Non-capital losses[1]	**8,555**	8,227
Total	**12,765**	12,684

[1] Non-capital losses carry-forward of $8.6 million ($8.2 million in 2016) expire in years 2027 to 2037.

In 2016, deferred tax assets were recognized for non-capital loss carry-forwards based on the Company's estimate that it is probable that it will earn sufficient taxable profits in the future to utilize these losses before they expire. As at December 31, 2017, the Company had approximately $2.4 million of unrecognized deferred tax assets (2016 - $nil).

The Company had no current taxes payable in 2017 or 2016.

9. SHAREHOLDERS' CAPITAL

The Company has authorized an unlimited number of commons shares and first preferred shares. The outstanding shareholders' capital is as follows:

	Number of shares	Amount
Balance, December 31, 2016 and 2017	**27,885,824**	**29,875**

Stock Options and Share-Based Compensation

The Company has a stock option plan under terms of which it will grant options to acquire common shares to certain officers, directors, employees and consultants, which vest equally over the first, second, and third anniversary of their grant date and have a maximum term of five years. Under terms of the plan, options totaling up to 10% of the common shares outstanding from time to time are issuable, and no more than 5% of the outstanding options may be issued to any one person as defined by the plan.

The following tables summarize information about the Company's stock options outstanding:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015	**125,000**	**0.17**
Forfeited or expired	(20,000)	0.17
Balance, December 31, 2016	**105,000**	**0.17**
Forfeited or expired	(105,000)	0.17
Balance, December 31, 2017	**-**	**-**

Exercise Price	Options Outstanding	Options Vested	2017 Remaining Contractual Life (Years)	Options Outstanding	Options Vested	2016 Remaining Contractual Life (Years)
0.17	**-**	**-**	**-**	105,000	105,000	0.05

The share-based compensation expense is calculated based on the fair value of the stock options granted during the year using the Black-Scholes pricing model. During 2016 and 2017, no options were granted and the balance of 105,000 options which were outstanding at December 31, 2016 expired unexercised.

Weighted average number of shares

Per share amounts	2017	2016
Weighted average common shares – basic	**27,885,824**	27,885,824
Weighted average common shares – diluted	**27,885,824**	27,885,824

For the year ended December 31, 2017 there were no stock options outstanding and therefore no diluted common shares calculation required.

10. FINANCE COSTS

Years ended December 31	2017	2016
Interest expense (income), net and finance charges	**(25)**	(18)
Accretion and decommissioning liabilities (note 7)	**5**	3
	(20)	(15)

11. CAPITAL MANAGEMENT

As at December 31, 2017, the Company had no bank debt or bank facility and positive working capital of $2.7 million.

The Company's shareholders' capital is not subject to external restrictions. The Company's working capital is calculated as follows:

	2017	2016
Current assets	**3,044**	3,100
Current liabilities	**(337)**	(312)
Working capital	**2,707**	2,788

12. FINANCIAL INSTRUMENTS

(A) Fair Value of Financial Assets and Liabilities

Accounts receivables have been classified as loans and receivables and accounts payable and accrued liabilities have been classified as other liabilities.

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short-term maturity of those instruments.

Fair value measurement of assets and liabilities recognized on the statement of financial position are categorized into levels within a fair value hierarchy based on the nature of valuation inputs. The fair value hierarchy has the following levels:

Level 1	Quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3	Inputs for asset or liabilities that are not based on observable market data.

Cash is classified as Level 1.

(B) Risks Associated with Financial Assets and Liabilities

Commodity price risk
The Company produces oil and natural gas which have historically been subject to fluctuations in price. The Company's production is mainly oil weighted averaging 121 barrels of oil equivalent per day during Q4. An increase of C$5 per barrel in the price of oil would increase quarterly cash flows available to the Company by approximately $52,000. A similar decrease in commodity prices would have the opposite impact.

Credit risk
Credit risk is the potential financial loss to the Company if a customer or joint venture partner is unable to meet its contractual obligations and arises principally from the Company's accounts receivable with respect to the sale of oil and natural gas. The Company's oil and natural gas is marketed on behalf of the Company by a related party under standard industry terms. In order to mitigate credit risk, oil and natural gas is marketed to various established credit worthy purchasers. The amounts are typically remitted to the Company by the 25th day of the month following production. Joint interest receivables are typically collected within one to three months following production.

At December 31, 2017 accounts receivable were $139,000 of which: $119,000 relates to the Company's Pembina area property net revenues, with the remaining balance receivable from joint venture partners. Approximately 99% of the outstanding accounts receivable were settled subsequent to year end.

The Company's allowance for doubtful accounts was nil as at December 31, 2017 and 2016. The Company did not record any additional provision for non-collectible accounts receivable during the years ended December 31, 2017 and 2016.

Liquidity risk
Liquidity risk is the potential for the Company to have difficulty in meeting its obligations associated with financial liabilities as they become due. The Company's financial liabilities consist of accounts payable and accrued liabilities. All of the Company's financial liabilities have contractual maturities of less than one year and accounts payable are processed within normal payment terms.

The Company prepares an annual budget which is monitored and updated throughout the year. Occasionally the Company enters into fixed price contracts with respect to the sale of a portion of its production to protect its cash flow from commodity price declines. There were no contracts outstanding as of the year end.

The Company's approach to managing liquidity risk is to meet its obligations when due through its available cash resources and seek potential credit facilities in the future. Budgets and forecasts are prepared based on reasonable assumptions about production, pricing, royalty structure and estimated future capital expenditures. These assumptions are updated on a regular basis. The budgets and forecasts are reviewed on an ongoing basis in order to identify future cash and financing requirements.

Interest rate risk
The Company does not have an operating facility at December 31, 2017.

Foreign exchange rate risk
The Company is exposed to the risk of changes in the Canadian/U.S. dollar exchange rate on sales of commodities that are denominated in U.S. dollars or directly influenced by U.S. dollar benchmark prices. As of December 31, 2017 the Company had no accounts receivable or accounts payable denominated in foreign currencies.

13. RELATED PARTY TRANSACTIONS

The Company and Grizzly Resources Ltd. ("GRL") are considered related by virtue of common management. The Company and GRL are also significant joint venture partners in the Company's operating areas. The Company has entered into an annual management contract with GRL to provide technical and administrative services.

Joint venture transactions
The nature of the joint venture transactions between GRL and the Company are governed by industry standard joint operating agreements. GRL provides monthly joint interest billings to the Company which include capital expenditures, operating costs, revenues and royalty costs related to joint venture lands. Throughout the year, GRL provided the Company's Board of Directors with information related to these joint properties to seek approval for any significant capital requirements or approval for major funding requirements that would be required by the Company. The common joint venture property between the two companies is the Pembina area of Alberta.

Management fee transactions
GRL charges the Company a monthly management fee for services required to manage the Company's day to day operations. The fee is based on an estimate of accounting services, senior management services, information technology costs, reception, office rent and other general office administration. The monthly management fee for the year ended December 31, 2017 was $15,000 per month (2016 - $15,000 per month). The management agreement is reviewed annually to account for any changes in the Company's operating assets. Subsequent to yearend and effective February 1, 2018, the management agreement was amended with management fees being reduced to $7,500 per month.

A summary of related party transactions included in the financial statements are as follows:

For the years ended December 31,	2017	2016
Capital expenditures	**79**	-
Operating expenses[1]	**802**	674
Petroleum and natural gas revenues	**2,514**	1,691
Royalties	**1,010**	675
General and administrative – management fees	**180**	180

Included in the net receivable (payable) balances are the following amounts owed from a related party:

As at December 31	2017	2016
Grizzly Resources Ltd. [1]	**(83)**	(106)

[1] Amounts include accrual estimates.

Actual invoiced amounts outstanding at December 31, 2017 were settled in the first quarter of 2018.

Director fees

Total director fees of $40,000 were paid during 2017 (2016 - $40,000), with $10,000 (2016 - $10,000) of that total paid to a member of the Board of Directors who is also a director of Grizzly Resources Ltd.

Key Management and Personnel

Key management personnel of the Company consist of its directors, officers and the management and consultants of GRL that provide the monthly management services described above. Additionally share-based awards may be awarded to employees and consultants of GRL for providing management services to the Company.

14. SUPPLEMENTAL DISCLOSURES

For the years ended December 31	2017	2016
Changes in non-cash working capital:		
Accounts receivable	**7**	57
Prepaid expenses and deposits	**5**	185
Accounts payable and accrued liabilities	**25**	(799)
	37	(557)
Relating to:		
Operating activities	**26**	(555)
Investing activities	**11**	(2)
	37	(557)

15. CONTINGENCIES

On February 23, 2016, the Company and GRL jointly filed a Statement of Claim in the Court of Queen’s Bench of Alberta against Sinopec Daylight Energy Ltd. (“Sinopec”), the operator of pipelines and facilities associated with the Pembina L2L Pool production. The Company and GRL are seeking damages against Sinopec for misrepresentation and breach of contract. On April 15, 2016 Sinopec Daylight Energy Ltd. filed a Statement of Defense in response to the Statement of Claim, as well as a Counterclaim. On May 24, 2016, the Company and GRL filed a Statement of Defense to the Sinopec Counterclaim.

While the outcome of these claims is uncertain, and there can be no assurance that such claims will be resolved in the Company’s favour, the Company does not believe that the outcome of adverse decisions in

any proceedings related to these claims, or any amount which it may be required to pay, would have a material adverse impact on its financial position.

On January 30, 2018, concurrent with the completion of the Transaction described in Note 17, 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 the Sinopec litigation, to GRL. GRL agreed to indemnify the Company from any potential liabilities that may arise from such litigation.

16. BUSINESS COMBINATION AGREEMENT

On October 4, 2017 Ironhorse Oil & Gas Inc.("Ironhorse") entered into an amalgamation agreement with privately-held Pond Technologies Inc. ("Pond") and a wholly-owned subsidiary of Ironhorse ("AcquisitionCo") providing for the acquisition by Pond of Ironhorse by way of a three-cornered amalgamation. The Ironhorse wholly-owned subsidiary was incorporated in September of 2017 and no transactions were recorded to the entity during 2017.

On November 17, 2017, Ironhorse and Pond completed and mailed a joint information circular describing the proposed transaction to shareholders which was subsequently approved by Ironhorse shareholders at the Special and Annual General meeting held on December 18, 2017.

Ironhorse incurred approximately $356,000 to December 31, 2017 in total general and administrative costs related to the proposed transaction with Pond.

17. SUBSEQUENT EVENTS

On January 30, 2018, Ironhorse and Pond completed the business combination (the "Transaction"), which was effected pursuant to the amalgamation agreement dated October 4, 2017, as amended November 16, 2017, December 15, 2017, and December 21, 2017, between Ironhorse and its wholly-owned subsidiary, 2597905 Ontario Inc., and Pond. Pursuant to the Transaction: (i) all of the issued and outstanding common shares in the capital of Ironhorse were consolidated on the basis of 6.9 pre-consolidation shares for each one post-consolidation share; (ii) the Company changed its name from "Ironhorse Oil & Gas Inc." to "Pond Technologies Holdings Inc." (the "Resulting Issuer" or the "Company"); (iii) all of the issued and outstanding common shares in the capital of Pond were cancelled and exchanged on a one for one basis for 15,373,117 common shares of the Resulting Issuer; and (iv) all of the outstanding stock options and warrants of Pond were cancelled and exchanged for equivalent stock options and warrants of the Resulting Issuer.

Concurrent with the completion of the Transaction, Pond completed a brokered equity financing by issuing 2,641,873 subscription receipts ("Subscription Receipts") at a price of $2.40 per Subscription Receipt, for aggregate gross proceeds of $6,340,495. As a result of the satisfaction of the conditions to closing the Transaction, the escrow release conditions in respect of the Subscription Receipts were satisfied and the net financing proceeds were released to Pond and each Subscription Receipt was automatically exchanged for one common share of Pond and one common share purchase warrant of Pond, with each such warrant entitling the holder thereof to purchase one common share of Pond at a purchase price of $3.00 and expiring 24 months from the date of issuance. In connection with the completion of the Transaction, such shares and warrants were subsequently cancelled and exchanged for equivalent common shares and warrants of the Resulting Issuer. As part of the commission payable to the agents under the financing, the agents received 194,681 compensation warrants, with each such warrant entitling the holder to purchase, in accordance with its terms, one common share and one warrant of the Resulting Issuer at a price of $2.40 until January 30, 2020.

On January 30, 2018, concurrent with the completion of the Transaction, the Company entered into a Purchase and Sale agreement with Grizzly Resources Ltd.('GRL"), whereby Ironhorse sold its interests in all its oil and gas properties, other than the Pembina area, for a nominal amount and GRL agreed to assume abandonment and reclamation obligations for these properties for an amount equal to the abandonment and reclamation costs actually incurred by GRL plus 15%, to a maximum amount of not more than $457,183, which was advance funded by Ironhorse to GRL on closing of the Transaction.

On April 4, 2018, the Company granted approval of 537,500 stock options to eligible participants under the Company's existing stock option plan. Each Option is excisable for one common share of the Company at an exercisable price of $2.00 per share. The closing price of the common shares of the Company on the TSX Venture Exchange on April 3, 2018 was $1.43 per share.