POND TECHNOLOGIES HOLDINGS INC.
(formerly, IRONHORSE OIL & GAS INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

pondtech

Dated August 27, 2018

Pond Technologies Holdings Inc.

(formerly, Ironhorse Oil & Gas Inc.)
(the “Corporation”)

Management's Discussion and Analysis of Financial Condition and Results of Operations
For the Three and Six Months Ended June 30, 2018
(All amounts, except per share amounts and where specified, are in Canadian Dollars)

This Management’s Discussion and Analysis (“**MD&A**”) of financial condition and results of operations of Pond Technologies Holdings Inc., (“**Pond**” or the “**Corporation**”) constitutes management’s review of the Corporation’s financial and operating performance for the three and six months ended June 30, 2018, financial condition and future prospects. Except as otherwise noted, this MD&A is dated August 27**,** 2018 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2018 and 2017 as well as the audited annual financial statements of Pond Technologies Inc. for the years ended December 31, 2017 and 2016, and the related notes thereto.

Pond Technologies Holdings Inc., formerly named, Ironhorse Oil & Gas Inc., is incorporated under the *Business Corporations Act* of Alberta. Effective January 30, 2018 the Corporation completed a business combination and change of business transaction with Pond Technologies Inc. by way of a three-cornered amalgamation, that resulted in, amongst other things, the Corporation changing its name from Ironhorse Oil & Gas Inc. to Pond Technologies Holdings Inc.

As of February 6, 2018, the Corporation’s shares began trading on the TSX Venture Exchange under the new trading symbol “POND”. The Corporation’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.

This MD&A is prepared as at August 27, 2018 and is current to that date unless otherwise stated. The financial statements of the Corporation and extracts of those financial statements provided within this MD&A, were prepared in Canadian dollars and are in accordance with International Financial Reporting Standards (IFRS).

Commercialization Overview

The Corporation’s primary purpose is to pursue microalgal biomass cultivation using available sources of carbon dioxide (“CO2”), including CO2 rich emission sources from industrial plants. The resultant algae is used in the supply of nutraceuticals, commonly known as superfoods, aquaculture and animal feeds, as feedstock in the production of biofoams and algae based biomaterials, and to also supply other algae derived product markets.

The Corporation is actively pursuing opportunities in the nutraceutical, superfood marketplace. In addition, the Corporation is also working to extend its technology applications into related verticals, including the exploitation of its proprietary integrated growth platform for terrestrial plants, where it has sought additional intellectual property protection for these applications.

During the quarter ended June 30, 2018, Pond continued to enhance, market and deploy its technology through the following activities:

- The completed installation of the Matrix CO_2 testing system at Markham District Energy ("**MDE**"). This activity supports the design and construction of the initial nutraceutical bioreactors planned for this site.

- The engagement of Solaris Management Consultants Inc. ("Solaris"), a Vancouver based, full service engineering consultancy, to design the full process-flow package for the first phase of the pollution abatement facility located at Stelco's Nanticoke operations. The completion of the design package will support sales activities targeted at heavy industry through the development of appropriate engineering and marketing materials for potential customers.

  The process-package developed for the Stelco project has also been used in the design of the MDE nutraceutical plant. Completion of the design package for MDE will assist in the marketing of Corporation's solution to other district energy plants worldwide under the marketing agreement previously executed with MDE.

- On June 25, 2018, the Corporation announced that it had entered into a Letter of Intent with Inventiv Capital Management LLC ("**Inventiv**"), a sustainability focused private equity investment firm based in Greenwich, Connecticut under which Inventiv has agreed to provide US$100,000,000 in project funding, subject to satisfactory project due diligence and prior negotiation of special purpose vehicle structure with the Corporation to pursue such projects. The Letter of Intent contemplates Inventiv and its affiliates being actively engaged in developing US projects by sourcing opportunities for the deployment of Pond's technology.

- The Corporation enhanced its growth platform to include the sensor control and optimization of key growth inputs of terrestrial plants. This can be applied to sensor supported farming of terrestrial plants in greenhouses or other enclosed environments.

Recent Developments

Federal Development Agency Agreement, as amended

Pond and the Minister responsible for the Federal Economic Development Agency for Southern Ontario representing Her Majesty the Queen in Right of Canada ("**FedDev**") entered into a contribution agreement (the "**Federal Development Agency Agreement**") on February 6, 2012, pursuant to which FedDev has agreed to make a repayable contribution to Pond up to a maximum amount of approximately $908,000 or 33.33% of Pond's eligible and supported costs as defined in the terms of the Federal Development Agency Agreement relating to the development of an integrated carbon capture and algae production demonstration facility in St. Marys, Ontario, to validate Pond's biofuels technology that uses raw stack emissions from a cement plant. The Federal Development Agency Agreement was amended on March 28, 2014, on August 18, 2014 and again on January 9, 2017 to provide for an amended repayment schedule through to December 1, 2020. The loan balance as at June 30, 2018 was $390,773.

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

On February 19, 2016, Pond entered into a secured loan agreement with CW with a maximum credit amounting to $4,500,000 bearing interest at 12% per annum. The loan agreement incorporated the amount advanced under the promissory note and the promissory note was terminated and superseded by the loan agreement.

The loan bears interest at the rate of 12% per annum, and had no regularly scheduled repayment terms with a maturity date of the earlier of February 19, 2018 or the completion of a financing transaction resulting in a capital injection in excess of $4,500,000. The loan is secured by a general security agreement with a first charge on the Corporation's assets and a specific assignment of rights in all patents during the year.

During 2016, CW amended the credit facility agreement and Pond was advanced an additional $160,000. CW also issued amendments to defer interest payments, originally due quarterly, to March 31, 2017. The advance of $160,000 was subsequently settled by Pond through a non-brokered private equity placement in 2017. Pond issued 80,000 units to CW as repayment for the advance. Each unit was comprised of one common share of Pond (a "**Pond Share**") and one Pond Share purchase warrant (a "**Pond Warrant**"), each Pond Warrant entitling CW to purchase one Pond Share at an exercise price of $2.50 until January 16, 2019.

On August 11, 2017, Pond sign an amendment to its loan agreement with CW. The amended terms include a loan maturity extension to June 30, 2019, reduction of quarterly interest payable to 8%, deferral of quarterly interest payable of 4%, a ("**First Interest Payment**") due of $581,398 payable on November 30, 2017 and a principal repayment of $1,000,000 on December 31, 2017. The amendment also requires Pond to make principal loan repayments if it raises in excess of $10,000,000 in financing during the term of the loan. In that event, the amount of the principal loan repayment will be 20% of the proceeds in excess of $10,000,000.

On November 16, 2017, Pond signed an amendment to its loan agreement with CW. The amended terms include an extension of the repayment to the First Interest Payment to December 21, 2017 and an extension fee of $10,000.

On December 19, 2017, Pond signed a second amendment to its loan agreement with CW. The amended terms include an extension of the principal repayment of $1,000,000 and the First Interest Payment to January 31, 2018 and an extension fee of $10,000 payable in cash upon the execution of the loan amendment.

On December 29, 2017, Pond made an early payment of the First Interest Payment of $581,398 and the second interest payment of $30,492.

On January 30, 2018 Pond paid $1,000,000 to CW to reduce the promissory principal loan balance from $4,500,000 to $3,500,000 which matures on June 30, 2019.

*St. Marys Cement Inc. ("**SMC**")*

On January 16, 2017, Pond issued 25,000 units to SMC as repayment for the $50,000 promissory note advanced by SMC to Pond on August 30, 2016. Each unit was comprised of one Pond Share and one Pond Warrant, each Pond Warrant entitling SMC to purchase one Pond Share at an exercise price of $2.50 until January 16, 2019.

*Ontario Centres of Excellence ("**OCE**") Carbon X Prize Award*

In partnership with Markham District Energy Inc. ("**MDE**") and the National Research Council of Canada (the "**NRC**"), Pond entered the natural gas category of the Carbon X-Prize competition in July 2016. Participants in this competition are tasked with converting a meaningful amount of CO2 into commercial products. In November 2016, Pond was selected as a semi-finalist and thereby qualified for a grant from the OCE. In January 2017, Pond received notification from the OCE that it had been awarded a grant of up to $833,000 in project related funding.

On March 2, 2017, Pond entered into a funding agreement with the OCE, in partnership with NRG COSIA Carbon XPRIZE, to provide up to $833,000 in funding to support the development and demonstration of the program's competition. The funding is for microalgal process improvement activities, including pilot scale demonstration, demonstration in controlled environment, and demonstration in real-life environment. Working with Markham District, Pond will use the OCE funding to make process improvements to apply its technology to the conversion of carbon dioxide waste emitted from Markham District's natural gas fired energy systems into different algae species. The program concluded on December 31, 2017 and Pond received a total of $649,100 from OCE under this program.

Brokered private placement (February 2017)

On February 23, 2017, Pond issued 450,000 units ("**Units**") at a price of $2.00 per Unit for total consideration of $900,000 (the "**February 2017 Brokered Private Placement**"). Each Unit was comprised of one Pond Share and one Pond Warrant. Pond also issued 36,000 Units (each, an "**Agent Unit**") to the selling agents under the private placement, which may be exercised at a price of $2.00 per Agent Unit. Each Agent Unit entitles the holder thereof to one Pond Share and one Pond Warrant. The Pond Warrants issued under the February 2017 Brokered Private Placement may be exercised for one additional Pond Share at a price of $2.50 per Pond Share until February 23, 2019.

Settlement of debt

On April 18, 2017, Pond agreed to settle a claim from an advisor with the issuance of 20,000 common shares and 20,000 warrants that may be exercised to purchase one additional common share at a price of $2.50 per share until April 17, 2019.

Markham MOU

Markham District and Pond entered into a memorandum of understanding (the "**Markham MOU**") on June 16, 2017 to establish the framework for collaboration on a project to evaluate the potential environmental benefits and revenue streams from combining Markham District's emissions technology and Pond's algae growing platform. The Markham MOU contemplates the first phase of the project to include (i) the testing of Markham District emissions for growth of different algae species, (ii) investigation of the market opportunity for offtakes of the selected algae species and quantity, and (iii) modeling of capital and operational expenses to finalize the business case for application of Pond technology. The term of the Markham MOU expired on June 30, 2018 and each party shall bear its own costs incurred until a definitive project agreement is signed and comes into effect.

A Collaborative Study Agreement was signed with Markham District Energy Inc. on February 19, 2018. The purpose of the agreement is to conduct preliminary design and engineering and cost estimates and perform on-site gas and algae growth testing for the project. The project is a greenhouse gas abatement facility to be located at MDE’s Warden Energy Centre using Pond’s algal growing technology to grow high-value algae products.

Brokered private placement (September 2017)

On September 21, 2017, Pond issued 240,000 Units at a price of $2.00 per Unit for total consideration of $480,000 (the “**September 2017 Brokered Private Placement**”). Each Unit was comprised of one Pond Share and one Pond Warrant. Pond also issued 19,200 Units (each, an “**Agent Unit**”) to the selling agents under the private placement, which may be exercised at a price of $2.00 per Agent Unit. Each Agent Unit entitles the holder thereof to one Pond Share and one Pond Warrant. The Pond Warrants issued under the September 2017 Brokered Private Placement may be exercised for one additional Pond Share at a price of $2.50 per Pond Share until September 20, 2019.

Brokered private placement (December 2017)

On December 28, 2017, Pond issued 1,000,000 Units at a price of $2.40 per Unit for total consideration of $2,400,000 (the “**December 2017 Brokered Private Placement**”). Each Unit was comprised of one Pond Share and one Pond Warrant. Pond also issued 80,000 Units (each, an “**Agent Unit**”) to the selling agents under the private placement, which may be exercised at a price of $2.40 per Agent Unit. Each Agent Unit entitles the holder thereof to one Pond Share and one Pond Warrant. The Pond Warrants issued under the December 2017 Brokered Private Placement may be exercised for one additional Pond Share at a price of $3.00 per Pond Share until December 28, 2019.

Completion of business combination (January 2018)

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

Brokered concurrent equity financing (January 2018)

Concurrent with the completion of the Transaction on January 30, 2018, Pond Technologies Inc. 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 part of the commission payable to the agents under the financing, the agents received 194,681 Units (an “**Agent Unit**”) as compensation. Each Agent Unit entitles the holder to purchase one Pond share and one Pond warrant at a price of $2.40 until January 30, 2020. The Agent Pond Warrants issued under the January 30, 2018 brokered placement may be exercised for one additional Pond Share at a price of $3.00 per Pond Share until January 30, 2020.

Satisfaction of conditions to close Transaction

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 Technologies Inc. and each Subscription Receipt was automatically exchanged for one common share of Pond Technologies Inc. and one common share purchase warrant of Pond Technologies Inc., with each such warrant entitling the holder thereof to purchase one common share of Pond Technologies Inc. at a purchase price of $3.00 and expiring on January 30, 2020. 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 Corporation.

Change of trading symbol

The Corporation's trading symbol was changed from "IOG" to "POND" upon issuance by the TSX Venture Exchange of its final bulletin in respect of the Transaction, which occurred on February 6, 2018.

Appointment of Directors

On January 30, 2018 Dr. Geraldine Kenney-Wallace, Steve Martin, J William Asselstine, Robert McLeese were elected and appointed as directors of the Corporation and Larry J. Parks, Michael A. Royan, Robert Desbarats and Wayne W. Chow resigned as directors of the Corporation.

SMC loan repayment in full (March 2018)

On March 2, 2018 Pond paid St. Marys Cement Inc. (Canada) ("SMC") $300,000 principal and $82,470 interest to settle in full the outstanding demand loan with SMC in full and discharge SMC's security interest in Pond's assets.

Overview of the Corporation's Business

The Corporation's principal place of business is now located at Unit 8, 250 Shields Court, Markham, Ontario with the primary purpose of pursuing microalgal biomass cultivation using available sources of carbon dioxide (CO2), including CO2 rich emission sources from industrial plants. The resultant algae is used in the supply of nutraceuticals, superfoods, aquaculture and animal feeds, as feedstock in the production of biofoams and algae based biomaterials, and to also supply other algae derived product markets.

The Corporation is actively pursuing opportunities in the nutraceutical and superfood marketplace. In addition, the Corporation is also working to extend its technology applications into related verticals, including the exploitation of its proprietary integrated growth platform for terrestrial plants, where it has sought additional intellectual property protection for these applications.

Commercial Revenue-Generating Bioreactors

Pond has made several significant improvements in the development of its technology, providing for shipping container-size bioreactors to be used in the production of high value products derived from the growth of specific strains of algae. Pond is seeking to demonstrate its technical advantage afforded by its bioreactor platform, through the production of high value algae, and a move towards targeted end product licensing of its technology to existing or new algae producers. If successful, this would result in a significantly improved revenue outlook for Pond over the near term. This should also provide support for additional license and royalty fees, and proprietary equipment sales.

In early 2015, Pond began to grow *H. pluvialis*, an example of high value algae. *H. pluvialis* contains astaxanthin which is both a powerful antioxidant, and necessary nutritional supplement for aquaculture feeds.

To date, *H. pluvialis* has proven difficult to cultivate industrially. Currently, much of the world's commercial supply is grown in very large outdoor ponds, where maintaining steady production levels, and achieving consistent quality, in addition to concern over contamination issues, are all significant operating difficulties.

Pond’s algae growth platform, based upon enclosed, controlled, and monitored photobioreactors, may provide a significant competitive advantage, and allow the Corporation to compete effectively on quality, consistency of supply, and price. Pond’s strategy will be to demonstrate its technological advantage, with its light engine technology as the cornerstone, establishing a presence in the market, which will allow Pond to approach entrenched producers with a view toward licensing its technology.

Pursuant to a collaborative research agreement entered into in October 2015, Pond has partnered with SMC and the NRC to show that algae can be used to reduce the greenhouse gas emissions from industrial facilities, transforming these emissions into valuable bio-products including biofuels, fertilizers, and animal feeds.

Overall Performance

The Corporation’s research and development work has positioned the Corporation to be able to deploy its technology on a commercial basis once further adoption of the technology by industry is achieved. Pond has completed a commercial sale of its bio-reactor technology and continues to expand the application of its technology. Pond is in discussions with industrial stack emitters to adopt its technology to grow microalgal and reduce the emitters of CO2 emissions, which if successful would result in the sale and adoption of commercial size Pond bioreactors and related technology. Pond will have working capital requirements arising from the commercial sale of its technology and the amount of working capital required will depend on the type and terms of any contract agreed to with a customer.

After signing the Markham MOU, Pond continues to negotiate the terms of a definitive project agreement to commercially grow nutraceutical type algae products at a Markham District facility. Pond’s goal is to create a commercial size operating facility located in Markham, Ontario to produce nutraceutical grade algae products. The amount of capital and working capital required to build an operating facility will be dependent upon the project’s sources of funding, building availability and time to construct and commission the facility.

Please see “*Discussion of Operations*” below for a comparison of the Corporation’s performance in the three and six months ended June 30, 2018 to the three and six months ended June 30, 2017.

Discussion of Operations

Results of continuing operations for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017.

Selected Financial Information				
The following table sets forth a summary of the Corporation's results of operations:				
For the three and six months ended June 30	**Three months ended June 30**		**Six months ended June 30**	
($ 000's)	**2018**	**2017**	**2018**	**2017**
Revenue from continuing operations	**33**	-	**68**	9
Operating and general and administrative expenses	**(1,637)**	(418)	**(2,289)**	(700)
Finance expenses	**(142)**	(168)	**(300)**	(335)
Amortization	**(90)**	(70)	**(180)**	(139)
Net income (loss) for the period	**(1,820)**	(655)	**(2,740)**	(1,166)
Net income (loss) from discontinued operations	**(1)**	-	**(39)**	-
Basic (loss) per share common share continuing operations($)(1)	**(0.09)**	(0.06)	**(0.15)**	(0.10)
Diluted (loss) per common share continuing operations ($)(1)	**(0.09)**	(0.06)	**(0.15)**	(0.10)
Basic (loss) per share common share discontinued operations ($)(1)	**(0.0001)**	-	**(0.002)**	-
Diluted (loss) per common share discontinued operations ($)(1)	**(0.0001)**	-	**(0.002)**	-
Total assets	**12,109**	4,478	**12,109**	4,478
Total current liabilities	**4,570**	2,732	**4,570**	2,732
Total non-current liabilities	**239**	3,808	**239**	3,808

Note:

(1) Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. The potential effect of exercising stock options and warrants, as applicable, have not been included in the calculation of loss per share because to do so would be anti-dilutive.

The Corporation reported a net loss from continuing operations of $1,820,227 for the three months ended June 30, 2018, (June 30, 2017: loss of $655,412) and a net loss from continuing operations of $2,740,427 for the six months ended June 30, 2018 (June 30, 2017: $1,165,770).

Three months ended June 30, 2018

For the three months ended June 30, 2018 there was a $1,164,815 increase in net loss from continuing operations, as compared to the three months ended June 30, 2017. This was principally due to:

- Increase in operating expenses of $307,587 primarily due to:

  - $135,867 increase in salary to support business development and work relating to the commercialization of Pond's products;

  - $122,047 reduction in cost recoveries from government support programs; and

  - $49,673 increase in travel, transportation and product development work.

- Increase in general and administrative expenses of $729,332 primarily due to:

  - $316,250 equipment design and process engineering for the commercialization of Pond's technology;

  - $173,033 of general and administrative expenses relating to the new listed parent company including an increase in director fees;

- $88,144 increase in marketing, media and other consulting support;

- $78,000 in consulting advisory fees for project financing; and

- $73,905 increase in legal fees relating to patents and contract advice.

- Increase in stock-based compensation of $181,547 arising from the granting of 537,500 share options with an estimated life of five years.

- $20,623 increase in amortization arising from the recovery of amortized amounts from a government grant in 2017 which did not occur in 2018.

The increases in expenses were off-set by:

- decrease in finance expenses of $24,763, with such decrease primarily attributable to a $1,000,000 partial repayment of the $4,500,000 loan from CW in January 2018;

- Increase in revenue of $33,333; and

- Increase in interest income of $16,178 arising from an increase in cash deposits.

The Corporation reported a net loss from discontinued operations of $1,413 for the three months ended June 30, 2018, (June 30, 2017: $ nil) arising from the reclassification of the Corporation's remaining oil and gas asset to discontinued operations.

Six months ended June 30, 2018

For the six months ended June 30, 2018 there was a $1,574,657 increase in net loss from continuing operations, as compared to the six months ended June 30, 2017. This was principally due to:

- Increase in operating expenses of $484,545 primarily due to:

  - $188,800 increase in salary to support business development and work relating to the commercialization of Pond's products;

  - $234,684 reduction in cost recoveries from government support programs; and

  - $61,061 increase in travel, transportation and product development work.

- Increase in general and administrative expenses of $968,058 primarily due to:

  - $316,250 equipment design and process engineering for the commercialization of Pond's technology;

  - $266,424 of general and administrative expenses relating to the new parent company including an increase in director fees;

  - $201,249 increase in marketing, media and other consulting support;

  - $103,594 in consulting advisory fees for project financing; and

- $80,541 increase in legal fees relating to patents and contract advice.

- Increase in stock-based compensation of $196,586 arising from the granting of 537,500 share options with an estimated life of five years.

- $40,694 increase in amortization expense arising from the recovery of amortized amounts from a government grant in 2017 which did not occur in 2018.

The increases in expenses were off-set by:

- Decrease in finance expenses of $35,059, with such decrease primarily attributable to a $1,000,000 partial repayment of the $4,500,000 loan from CW;

- Increase in revenue of $59,429; and

- Increase in interest income of $20,740 arising from an increase in cash deposits.

The Corporation reported a net loss from discontinued operations of $39,161 for the six months ended June 30, 2018, (June 30, 2017: $ nil) arising from the reclassification of the Corporation's remaining oil and gas to discontinued operations which was acquired on January 30, 2018.

Project Development

Pond is working towards signing significant project contracts, including in respect of the Markham MOU described above and one other commercialization projects and will report on project development as and when further such agreements are entered into and material advances have been made.

For the quarter ended June 30, 2018 the Corporation completed installation of the Matrix CO_2 testing system at Markham District Energy (MDE), in-line with its project plans, and began operations to determine which of three alternative strains of algae were best suited for initial deployment at MDE in the full-scale plant currently being designed. Operation of the Matrix system at MDE supports the design and construction of the initial nutraceutical bioreactors planned for deployment at the MDE site, and these activities support the Corporation's plans to produce and supply nutraceutical algae to the market. By the end of the quarter, the project was 33% complete and $33,333 was recognized in revenue during the 2nd quarter.

During the quarter ended June 30, 2018 the Corporation engaged Solaris, a full-service engineering consultancy, to design the full process-flow package for the first phase of a pollution abatement facility to be located within an existing building at Stelco's Nanticoke operations. This first phase, the seed train, will support a much larger commercial algae facility, allowing for large-scale commercial production of algae for markets that include sustainable proteins and as ingredients for bio-foams. The completed process package will advance the Corporation's goal to improve the integration of equipment for pollution abatement, and supports sales and commissioning efforts by providing the appropriate engineering and marketing package to potential customers. The design package cost incurred in the 2nd quarter 2018 was $316,000 (total estimated to be $544,000) – design work was 60% completed by June 30, 2018. Once the design package is completed the Corporation will proceed to the procurement and construction stage, which is expected to be completed by December 31, 2018 for an estimated total cost of $3,500,000. The equipment is expected to be sold to a special purpose vehicle company created and owned by Stelco for this project.

The process-package being developed for the pollution abatement project at Stelco has been leveraged to assist in the design of the MDE nutraceutical plant, and Solaris was engaged during the quarter ended June 30, 2018 to complete a nutraceutical process design package for a 200,000L algae facility to be located at the MDE Warden Energy Centre. The cost incurred in developing the nutraceutical design package in the 2nd quarter 2018 was $108,000 (total estimated cost is $378,000) and the engineering work was 35% completed by June 30, 2018. Planned activities for the Corporation in the fourth quarter include using the completed nutraceutical design package, expected to be complete by late Q3 or early Q4, to develop a detailed facility cost estimation for the 200,000L nutraceutical plant – current estimate is $16,800,000 to complete the project.

On October 14, 2015 Pond Technologies Inc. entered into a Collaborative Research Agreement with the National Research Council of Canada ("NRC") providing financial support, staff and proprietary algae strains for a Scale-up Demonstration Project using a 25,000L photobioreactor installed at a SMC plant in St. Marys Ontario. The NRC funding of Pond's staff came to an end during Q1 2018, with the cost recovery of $55,163. On April 16, 2018 Pond entered into a similar Collaborative Research Agreement with the NRC and St. Marys Cement Inc. (Canada) and the project has assisted with the evaluation of Pond's LED light bar technology.

Pond has been exploring the use of its technology to optimize the growth of terrestrial plants, including in particular cultivation of cannabis. Pond has been in discussions with a number of licenced producers to explore growth options and protocols, and has begun filing for additional intellectual property to cover the use of its growth platform within the cannabis vertical.

Administrative Expenses

General and administrative expenses are office expense, director fees, legal fees, consultants, insurance, utilities and computer expenses. The $729,332 and $968,058 increase in general and administrative expenses for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017 was primarily due to consultant and other advisor fees for business development, costs relating to the new listed company parent, marketing and other work in 2018, which did not occur in the comparative period in 2017.

Interest Income

The Corporation earned interest income from its cash balances of $16,178 and $20,740, during the three and six months ended June 30, 2018 as compared to $nil and $nil for the three and six months ended June 30, 2017. The increase in earned interest is directly related to the increase in cash balances.

Finance Expenses

Interest expense arises from interest expense incurred on the CW and SMC loans, interest accretion on the FedDev, and credit card charges. The primary reason for the $24,763 and $35,059 decrease in finance expenses for the three and six months ended June 30, 2018 relates to the repayment $1,000,000 of the CW loan, and $300,000 on the SMC loan during the three months ended March 31, 2018 as compared to the same period in 2017.

Share Based Compensation

From time to time the Corporation grants staff and directors share options. 537,500 share options were granted during the three months ended June 30, 2018 (three months ended June 30, 2017: 150,000). The expense of $215,108 relates to the share options vesting issued in the second quarter and vesting from prior periods. No share options were granted during the three months ended March 31, 2018 and 2017.

Net Loss

Because of the changes noted above, the Corporation recorded a net loss of $1,759,810 or $0.09 per share for the three months ended June 30, 2018 as compared to a net loss of $655,412 or $0.06 per share for the three months ended June 30, 2017. The Corporation recorded a net loss of $2,680,008 or $0.15 per share for the six months ended June 30, 2018 as compared to a net loss of $1,165,770 or $0.10 per share for the six months ended June 30, 2017.

Loss from discontinued operations

Subsequent to the business combination Transaction on January 30, 2018 the Corporation reclassified its remaining operating petroleum and natural gas operation in western Canada ("Pembina") to discontinued operations. For the three months ended June 30, 2018 the Corporation incurred a $1,413 loss from discontinued operations, as compared to $Nil for the three months ended June 30, 2017. For the six months ended June 30, 2018 the Corporation incurred a $39,161 loss from discontinued operations, as compared to $Nil for the six months ended June 30, 2017.

The following is a summary of the barrel of equivalent oil per day ("BOE/D") and revenue and expenses for the three and six months ended June 30, 2018.

	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	**2018**	2017
Total BOE/D	**82**		**119**	
	$	$	**$**	$
Oil and gas revenues	**475,657**	-	**938,710**	-
Royalty costs	**(196,038)**	-	**(386,578)**	-
Operating expenses	**(110,123)**	-	**(304,883)**	-
Depletion	**(170,910)**	-	**(286,410)**	-
Net discontinued operations income / (loss)	**(1,413)**	**-**	**(39,161)**	**-**

The BOE/D volumes were lower in the three months ended June 30, 2018 as compared to the six months ended June 30, 2018. The decrease in volume was due to the fact that Pembina was shut down in the month of April and part of May to deal with third party owned downstream pipeline corrosion. The decrease in volume was offset by an increase in the average price per oil achieved in the second quarter, resulting in a $37,748 decrease between the first and second quarter of 2018.

Key management compensation

Key management includes key executive management and the Corporation's Board of Directors. The Corporation provides a benefit plan and other allowances to executive officers. In additional, key executive officers are granted stock options at the discretion of the Board of Directors.

Key management compensation is comprised of:

($ 000's)	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	**2018**	2017
	$	S	**$**	S
Stock-based compensation	**124**	34	**139**	34
Director and committee fees	**34**	-	**80**	5
Salaries and employee benefits	**116**	116	**247**	232

Summary of Quarterly Results

Financial ($ 000's except shares)	Year ended 2018		Year ended 2017				Year ended 2016	
	Q2 30-Jun	**Q1 31-Mar**	**Q4 31-Dec**	**Q3 30-Sep**	**Q2 30-Jun**	**Q1 31-Mar**	**Q4 31-Dec**	**Q3 30-Sep**
Revenue from continuing operations	**33**	35	-	-	-	9	-	-
Earnings / (loss) from continuing operations	**(1,603)**	(702)	(1,031)	(656)	(655)	(510)	(649)	(1,043)
Net earnings / (loss)	**(1,821)**	(945)	(1,031)	(656)	(655)	(510)	(649)	(1,043)
Earnings / (loss) per share from continuing operations	**(0.09)**	(0.06)	(0.06)	(0.06)	(0.06)	(0.04)	(0.12)	(0.08)
Net earnings / (loss) per share (1)	**(0.09)**	(0.06)	(0.06)	(0.06)	(0.06)	(0.04)	(0.12)	(0.08)
Cash (used in) provided by continuing operations	**(1,460)**	(1,576)	(991)	(322)	(258)	(720)	(374)	(240)
Capital expenditures	**(16)**	(83)	(7)	(4)	(29)	(24)	(13)	(10)
Cash and cash equivalents net of short-term debt	**1,160**	4,924	(1,450)	(2,454)	(2,217)	(686)	440	(491)

Note:

(1) Basic and dilutive loss per share is calculated by dividing the net loss by the weighted average number of shares in issue during the year. The potential effect of exercising stock options and as applicable, warrants have not been included in the calculation of loss per share because to do so would be anti-dilutive.

The Corporation's revenue during the three and six months of year ended June 30, 2018 was derived from completing the delivery of a report for the building of a greenhouse abatement facility and technology adoption research. The Corporation's revenue increased in the first half of 2018 as customers engage Pond to provide reports on the adoption of its technology.

The change in the Corporation's quarterly losses will fluctuate primarily by the level of development work conducted in a quarter, the amount of government grants earned which are offset against the development costs incurred in a quarter and consultant and advisors used. The significant increase in the loss incurred for the three and six months ended June 30, 2018, compared to the three and six months ended June 30, 2017 was primarily due to new staff salaries, consultant and advisor fees paid to support the commercialization of Ponds products and the costs associated with complete the business combination.

The significant increase in loss from continuing operations during the 2nd quarter is primarily attributable to increase in costs relating to expenses incurred to progress the Corporation to the commercialization of its product, in a period where there is very little revenue to offset the expenses or absorb the expenses. As the Corporation moves into commercial sales the revenue and margins should see the losses reduced or turned to profit.

The decrease in cash used in the 2nd quarter of 2018 as compared to the three months ended June 30, 2017 is primarily due to a slight reduction in expenses related to engineering and other professional fees relating to the commercialization of Pond's products and a reduction in trade payables.

The reduction in cash net of short-term debt is primarily related to the reclassification of the $3,500,000 of CW debt from long-term to current as the debt matures on June 30, 2019.

Liquidity and Capital Resources

For the six months ended June 30, 2018, the Corporation's cash balance increased by $3,529,813 as compared to December 31, 2017. The increase in cash was a result of cash out flows of $3,035,887 for operating activities, net cash inflows of $247,249 from discontinued operations, net cash outflows of $99,404 on capital assets and patents and net cash inflows of $6,417,856 from financing activities including cash arising from the business combination of $2,129,787.

Net cash used in operating activities

Net cash used in operating activities in the six months ended June 30, 2018 was $3,035,887 (six months ended June 30, 2017: $978,115). The Corporation paid $2,930,213 to suppliers (six months ended March 31, 2017: $852,578) which included a $899,544 reduction in accounts payable, $230,939 paid interest on loans (six months ended June 30, 2017: $136,160) and the Corporation received interest income of $20,740 from cash deposits (six months ended June 30, 2017: $nil).

Net cash provided by discontinued operations

Revenue from discontinued operations for the six months ended June 30, 2018 of $938,710 exceeded amounts paid to suppliers and for royalties of $691,461 resulting in an increase of cash of $247,249 (2017 $nil).

Net cash used in investing activities

Net cash used in investing activities in the six months ended June 30, 2018 was $99,404 (six months ended June 30, 2017: $52,921). The Corporation paid $99,404 for the purchase of capital assets ($17,387 for the six months ended June 30). Cash used for purchase of patents in the six months ended June 30, 2018 was nil (three months ended June 30, 2017: $35,534)

Net cash provided by financing activities

During the six months ended June 30, 2018 the Corporation received net proceeds from financing of $5,640,569 (six months ended June 30, 2017: $792,034). The Corporation repaid loans of $1,352,500 (the six months ended June 30, 2017: $5,043). As a result of the business combination which occurred on January 30, 2018 the Corporation received $2,129,787.

Commitments and Contingencies

Loans Payable

As at June 30, 2018, $3,651,464 of the Corporation's loan obligations were current and due within one year (December 31, 2017: $1,405,000) and relate primarily to the CW loan which matures on June 30, 2019. The Corporation's non-current obligations of $239,309 relates to a loan payable to the FedDev.

The loan obligations to CW are secured debt over all the assets, undertaking and property of Pond Technologies Inc., and the loan amounts due to FedDev are unsecured.

Leases

The Corporation has entered into equipment and premise leases, with total minimum annual payments outstanding as at June 30, 2018 of $91,189 (June 30, 2017: $14,000).

Contingencies

The Corporation 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 Corporation. Any expected settlement of claims in excess of amounts recorded will be charged to operations as and when such determination is made.

Litigation

Concurrent with the closing of the business combination Transaction noted above, the Corporation assigned all its rights and interest in all claims made by the Corporation in the existing litigation with Sinopec Daylight Energy Ltd ("**Sinopec**") to Grizzly Resources Ltd. ("**GRL**"). GRL assumed the rights and interest and indemnified the Corporation from and against all of the Corporation's liabilities in respect of the claim made by Sinopec in the Sinopec litigation and all future costs associated therewith.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements.

Related Party Transactions

The Corporation enters into related transactions with management and agreements with its shareholders. Details of these transactions for the three and six months ended June 30, 2018 and 2017 are as follows:

Related Party Transactions				
	Three months ended June 30		**Six months ended June 30**	
(000's)	**2018**	**2017**	**2018**	**2017**
Transactions during the quarter:				
Loan interest	**127**	143	**261**	286
Conversion of loans payable to shares	**-**	-		50
Salaries and short-term employee benefits	**115**	116	**247**	232
Balances, end of quarter				
Loans payable to CW and SMC	**3,000**	4,800	**3,000**	4,800

Subsequent Events

The Corporation entered into a non-binding letter of intent to acquire all of the issued and outstanding shares (the "**Purchased Shares**") of Regenurex Health Corporation, ("**Regenurex**") a British Columbia based owner and operator of an algae production facility, engaged in the cultivation and extraction of astaxanthin, a valuable nutraceutical product. The Corporation will acquire the Regenurex brand, plant, and related production assets, through acquisition of the Purchased Shares for a minimum of $2,269,599, comprised of $500,000 cash ("**Cash Investment**") to be invested in Regenurex in consideration for the issuance to the Corporation of Regenurex common shares and 737,333 Pond shares valued at $2.40 per share. The letter of intent provides for an additional earn-out of up to 3,154,658 Pond shares at a deemed value of $2.40 for a maximum capped value of $7,595,180, pro-rated, based upon actual achieved financial performance of Regenurex in 2020. Additionally, upon closing the Corporation will eliminate the total outstanding debt of Regenurex of $565,000 in exchange for Pond shares issued to the debtholders priced at the 30 day average closing share price immediately prior to the closing date of the transaction and such Pond shares shall be subject to a five month contractual hold period. The Cash Investment proceeds will be used for the integration of the Corporation's technology into the Regenurex production facility and for working capital purposes.

The anticipated closing of this transaction is October 31, 2018. Closing is subject to a number of conditions precedent, including but not limited to, satisfactory due diligence, board approvals, the entering into by the parties of a binding definitive agreement in respect of the transaction and receipt of all applicable third party and TSXV approvals.

Risk Factors

Many factors could cause the Corporation's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors, which are discussed in greater detail in the joint management information circular of the Corporation and Pond in respect of the Transaction filed with securities regulators and available under the Corporation's profile on www.sedar.com, which risk factors are incorporated by reference into this document, and should be reviewed in detail by all readers:

- The Corporation has yet to generate significant revenues from the licensing of its technology or sale of microalgal biomass products. Investments in research and development in the field of microalgal biomass production are necessary to develop the technology required to generate future revenues. While the Corporation is confident in its technology, it cannot know with complete certainty if or when any of its technologies will be commercialized;
- The Corporation has a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability;
- There can be no assurance that the Corporation will be able to establish additional collaboration agreements on favourable terms, if at all, or that current or future collaborative arrangements will be successful;
- The production of algae involves complex aquaculture systems with inherent risks including disease and contamination, and should the algae growth system fail to grow algae, or should the algae fail to consume the greenhouse gas introduced to the system, then the abatement will fail. While the Corporation has taken what it believes to be reasonable steps to mitigate risks associated with its processes, certain factors may arise beyond the Corporation's control, therefore, the Corporation cannot, and does not attempt to, provide any form of assurance with regard to its systems, processes, or cost-effectiveness;
- The Corporation will be highly dependent upon consumer perception of the safety and quality of its greenhouse gas abatement technology and algae products and the ingredients they contain, as well as that of similar systems and products developed and distributed by other companies;
- The Corporation may fail to manage growth effectively;
- Much of the Corporation's strategy is based on the belief that the application of its proprietary photobioreactors and control systems to use carbon dioxide in the production of bio-products for the markets it is addressing may result in the creation of commercially viable products or technical applications; however, there can be no assurance that such beliefs will prove to be correct or that there will be market acceptance of technology developed by the Corporation;
- The market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control;
- The Corporation's operations will depend on continuous improvements in technology to meet customer demands in respect of performance and cost, and to explore additional business opportunities;
- Commercial success will depend in part on obtaining and maintaining patent, confidential know-how/trade secret and trade-mark protection of the Corporation's technologies in Canada, the United States and other jurisdictions, as well as successfully enforcing this intellectual property and defending this intellectual property against third-party challenges;
- The Corporation may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;
- The Corporation may not be able to develop sufficient manufacturing capacity to meet demand in an economical manner or at all;

- There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation;
- The Corporation may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;
- The Corporation could fail to integrate subsidiaries and other interests into the business of the Corporation;
- The Corporation's production costs will be dependent on the costs of the energy sources used to run its production facilities. These costs are subject to fluctuations and variations in different locations where the Corporation may operate, and it may not be able to predict or control these costs;
- The activities of the Corporation are subject to regulation by governmental authorities;
- The Corporation's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety;
- The Corporation cannot be certain that it will be able to secure additional government grants or subsidies. Any existing grants or new grants that the Corporation may obtain may be terminated, modified or recovered by the granting governmental body under certain conditions;
- The Corporation's ability to recruit and retain management, skilled labour and suppliers is crucial to the Corporation's success;
- The Corporation has a limited operating history;
- Completed acquisitions, strategic transactions, or investments could fail to increase shareholder value;
- Certain of the directors and officers of the Corporation are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Corporation and as officers and directors of such other companies;
- There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Corporation;
- In the event that the Corporation issues convertible debt or equity securities to raise additional funds, its existing shareholders may experience dilution, and the new convertible debt or equity securities may have advantageous rights, preferences and privileges when compared to those of the Corporation's existing shareholders;
- A substantial number of common shares are owned by a limited number of existing shareholders and as such these shareholders are in a position to exercise influence over matters requiring shareholder approval or cause delay or prevent a change in control of the Corporation that could otherwise be beneficial to the Corporation's shareholders; and
- The Corporation does not anticipate paying any dividends on the common shares in the foreseeable future.

Critical Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are affected by management's application of accounting policies and historical experience, and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are, and will continue to be, evaluated on an ongoing basis. However, actual results could differ significantly from these estimates.

Management believes that the following critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the Corporation's financial statements. It is believed that there have been no significant changes in the critical accounting estimates for the periods presented in the financial statements:

Foreign Currency Translation
The consolidated financial statements are presented in Canadian dollars.

Asset impairment
Assets are reviewed for an indication of impairment at each statement of financial position date. If an indication of impairment exists, the asset's recoverable amount is estimated. Numerous factors can be used to trigger an impairment review and significant estimates and assumptions could be used to determine if impairment exists. These could include estimates of future cash flows, interest and discount rates, etc.

Research & Development tax credits
The Corporation is entitled to government assistance in the form of research tax credit and grants. Grants are subject to compliance with terms and conditions of the related agreements. Government assistance is recognized when there is reasonable assurance that the Corporation has met the requirements of the approved grant program or, with regard to tax credits, when there is reasonable assurance that they will be realized.

Management monitors whether the recognition requirements for research and development tax credits receivable continue to be met. The Corporation has made estimates of the recoverable amounts but research and development tax credits must be examined and approved by the tax authorities and the amount allowed may be different from the amount recorded.

Changes in Accounting Policies including Initial Adoption

IFRS 15, *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers.* The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 15 will replace IAS 11, *Construction Contracts* IAS 18, Revenue, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue – Barter Transactions Involving Advertising Services*.

The new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgment thresholds have been introduced, which may affect the amount and or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS.

The Corporation adopted IFRS 15 in its financial statements for the quarterly period beginning October 1, 2017.

IFRS 9 Financial Instruments ("**IFRS 9**") was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of interest to non-financial institutions. The Corporation adopted IFRS effective January 1, 2018.

IFRS 16 Leases ("**IFRS 16**") sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers. The Corporation is currently assessing the impact of IFRS 16 on its financial statements.

Financial Instruments and Other Instruments

As at June 30, 2018 the Corporation had two loans outstanding totaling of $3,890,773.

Crystal Wealth Loan

On February 19, 2016, Pond entered into a secured loan agreement with CW with a maximum credit amounting to $4,500,000. The loan agreement incorporated the amount advanced under the promissory note and the promissory note was terminated and superseded by the loan agreement. The proceeds of the loan were used: i) to pay amounts required to settle all claims pursuant to an action brought against the Company by Lorem Capital Inc., a shareholder of the Company, and others (the "Lorem Parties") including legal fees and related expenses; and ii) for working capital purposes.

The loan bears interest at the rate of 12% per annum, has no regularly scheduled repayment terms with a maturity date of the earlier of February 19, 2018 or the completion of a financing transaction resulting in a capital injection in excess of $4,500,000. The loan is secured by a general security agreement with a first charge on Pond Technologies Inc. assets and a specific assignment of rights in all patents during the year.

During 2016, CW amended the credit facility agreement and Pond was advanced an additional $160,000. CW also issued amendments to defer interest payments, originally due quarterly, to March 31, 2017. The advance of $160,000 was subsequently settled by Pond through a non-brokered private equity placement in 2017.

On August 11, 2017, Pond sign an amendment to its loan agreement with CW. The amended terms include a loan maturity extension to June 30, 2019, reduction of quarterly interest payable to 8%, deferral of quarterly interest payable of 4%, a ("**First Interest Payment**") due of $581,398 payable on November 30, 2017 and a principal repayment of $1,000,000 on December 31, 2017. The amendment also requires Pond to make principal loan repayments if it raises in excess of $10,000,000 in financing during the term of the loan. In that event, the amount of the principal loan repayment will be 20% of the proceeds in excess of $10,000,000.

On November 16, 2017, Pond signed an amendment to its loan agreement with CW. The amended terms include an extension of the repayment to the First Interest Payment to December 21, 2017 and an extension fee of $10,000.

On December 19, 2017, Pond signed a second amendment to its loan agreement with CW. The amended terms include an extension of the principal repayment of $1,000,000 and the First Interest Payment to January 31, 2018 and an extension fee of $10,000 payable in cash upon the execution of the loan amendment.

On December 29, 2017, Pond made an early payment of the First Interest Payment of $581,398 and the second interest payment of $30,492.

On January 30, 2018 Pond paid $1,000,000 to CW to reduce the principal loan balance from $4,500,000 to $3,500,000.

FedDev

Pursuant to the Federal Development Agency Agreement, Pond has received repayable loans from FedDev at a monthly rate of 33.33% of eligible costs as defined in the Federal Development Agency Agreement, subject to achievement of certain milestones. Under the terms of the loan agreement, the loan bears no interest and is repayable in 60 equal monthly installments with a loan balance of $382,000 as at June 30, 2017.

On December 29, 2016, the monthly installments were reduced to $2,500 until January 1, 2018, after which the payments will be increased to $8,750 for one year, and thereafter increase to $16,494 for the remaining term of the loan.

During the three and six months ended June 30, 2018 the fair value adjustment recognized in the Statement of Loss and Comprehensive Loss was $15,064 and $30,128 (June 2017: $22,892 and $45,784).

Outstanding Share Data

As at June 30, 2018 and the date of the MD&A, the Corporation has 19,414,431 Shares outstanding. The Corporation has 1,622,500 stock options all of which are exercisable at $2.00 per share. The warrants and Agent Warrants issued in the Corporation's non-brokered private placements and brokered private placements are presented as equity on the statement of financial position. As at June 30, 2018, 5,079,213 warrants and 356,681 Agent Warrants were outstanding (June 2017 – 1,197,340 and 62,800), with an average exercise price of $2.85 and $2.31 respectively, and an average estimated life of 1.2 and 1.3 years.

Forward Looking Information

Certain statements in this MD&A that are not current or historical factual information may constitute "forward-looking" statements within the meaning of applicable securities laws, regarding, among other things, the beliefs, plans, objectives, strategies, estimates, intentions or expectations of the Corporation, including as they relate to its financial results and the ability to execute on its investing and business strategies. Inherent in these forward-looking statements are known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements can often be identified by the use of words such as "may", "will", "expect", "believe", "plan", "intend", "anticipate", "estimate" and other similar terminology. These statements reflect current expectations regarding future events and performance and speak only as of the date of this MD&A.

Similarly, statements contained in, but not limited to, the sections titled "Overview of the Corporation's Business", "Liquidity and Capital Resources", "Commitments and Contingencies", "Project Development" and "Off-Balance Sheet Arrangements" of this MD&A, including those with respect to the implementation of the Corporation's business strategy, the development of the nutraceutical algae production, the development of the pollution abatement business and expectations concerning the Corporation's financial condition, results of operations, business, assets, prices, foreign exchange rates, earnings, market conditions, capital expenditures, risks, availability of regulatory approvals, corporate objectives and plans or goals, are or may be forward-looking statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, the factors discussed under "Risk Factors". Although the forward-looking statements contained in this MD&A are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements.

Investors and others should carefully consider risk factors including, without limitation, those set out under the heading "Risk Factors", and not place undue reliance on forward-looking statements. The Corporation anticipates that subsequent events and circumstances may cause the Corporation's views to change. Forward-looking statements are made as of the date of this MD&A and the Corporation assumes no obligation to update or revise any forward-looking statements to reflect new events or circumstances, except as required by law.

Additional Information

Additional Information concerning the Corporation is available in the joint management information circular of the Corporation and Pond filed on SEDAR at www.sedar.com under the Corporation's profile.